

Corporate social responsibility practice of Malaysian public listed government-linked companies: A dimensional analysis

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ABSTRACT

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This paper examines the corporate social responsibility (CSR) practices of the Malaysian public-listed government-linked companies (GLCs) using a dimensional analysis. Four dimensions of CSR activities, namely community, employees, environment and governance, are investigated to study the latest CSR practice of GLCs in year 2016. Each dimension is divided into three subcategories to further examine the performance of GLCs on a particular CSR area. This is the first paper in Malaysia which uses CSR ratings (obtained from CSRHub database) to proxy for CSR practice. None of the past literature has been found to adopt this approach. The findings show that Malaysian public-listed GLCs performed better in community, employees and environment dimensions, whilst tend to underperform in governance dimension.

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1. Introduction

A government-linked company (GLC) is a private or public commercial company in which an existing government owns a direct controlling stake of 50% or has a government as a shareholder (Siwar & Harizan, 2009). In Malaysia, government-linked companies (GLCs) and government-linked investment companies (GLICs) play a significant role in making up the backbone of national economic structure and growth (Mariati & Kamarulzaman, 2005). With a mix of social and commercial objectives, they serve a central and major role in providing important public utilities and services such as energy, financial services, telecommunications, transportation, etc. (Atan & Razali, 2013). GLCs are given special advantages in terms of access to funds, tenders, and opportunities and therefore, subject to a greater requirement to comply with the government policies, including additional social obligations, i.e. corporate social responsibility (CSR). They are mandated to share the government responsibility in fulfilling their public accountability by leading other public listed companies (PLCs) to have good corporate practices on social and environmental matters (Hawani et al., 2011; Gandhi et al., 2018).

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In GLCs, government-appointed board of director members and senior management make major decisions regarding contract awards, strategy, restructuring, financing, merger, acquisition and divestment for GLCs either directly or through GLICs. The GLICs controlled GLCs by allocation of funds for their investment (Bhatt, 2016). There are seven GLICs, namely, Employees Provident Fund, Khazanah National Bhd, Kumpulan Wang Amanah Pencen, Lembaga Tabung Angkatan Tentera, Lembaga Tabung Haji, Menteri Kewangan Diperbadankan and Permodalan Nasional Bhd. Ministry of Finance and GLICs are investment arms of the government that allocated funds to GLCs (Putrajaya Committee on GLC High Performance Transformation, 2013).

In 2006, CSR development in Malaysia made a big leap when the Prime Minister (PM) who was also the Finance Minister in Budget Speech 2007/08 highlighted the requirements for PLCs to report on their CSR activities to indoctrinate a socially responsible culture. Effective communicating and reporting will help Malaysian companies, including the GLCs, to gain public confidence and recognition, help attract the interest of socially responsible investment funds and more effectively manage different stakeholder expectations other than deliver financial and operational results (Shirley et al., 2009, Ramakrishnan et al. 2016). This was supported through the launch of The Silver Book by Putrajaya Committee on GLC (PCG) which provides the guidelines of CSR reporting to GLCs and the launch of CSR framework for PLCs to make CSR reporting by Bursa Malaysia (BM) in 2006. These timely initiatives are useful in positioning Malaysian companies in the globally competitive market using the CSR platform.

The CSR framework and the Silver Book for the PLCs and GLCs are to help them in the practice of CSR. However, they neither provide the complete story about CSR nor the answer. The guidelines provided are not applicable uniformly to all sectors and companies as each has to align them with the nature and purpose of business. The framework proposes four dimensions:

- Environment: Biodiversity, Climate Change, Endangered Wildlife, Energy (Renewable Energy, Energy Efficiency, Biofuel) and Waste Management;
- Community: Children, Education (Schools Adoption Scheme), Employee Volunteerism, Graduate Employment, Underprivileged and Youth Development;
- Marketplace: Corporate Governance, Green Products, Ethical Procurement, Social Branding, Stakeholder Engagement, Supplier Management and Vendor Development; and
- Workplace: Employee Involvement, Gender Issues, Human Capital Development, Health & Safety, Human Rights, Labour Rights, Quality of Life and Workplace Diversity.

In Malaysia, there is an absence of internationally adopted accounting standards for disclosing CSR information. Therefore, CSR disclosures in Malaysia would be solely voluntary in nature and companies have full discretion in deciding what to disclose in annual reports. The lack of the international CSR reporting standards such as GRI and KLD in Malaysia makes the research on the CSR practice of Malaysian companies become limited. Very few studies were conducted specifically on GLCs' CSR practice through a dimensional analysis. None of the past literature applied CSR rating to proxy for CSR practice in Malaysia.

The aim of this paper is to conduct a dimensional analysis on the CSR practice of public-listed GLCs through the adoption of an international CSR rating developed by CSRHub. There are four dimensions defined by CSRHub, namely community, employees, environment and governance. Each dimension is further divided into three subcategories to study the specific regime of each CSR dimension. Three research objectives are outlined:

- (1) To identify the CSR dimension that GLCs performed the best (with the highest average CSR rating).

- (2) To identify the dimensional subcategory that GLCs performed the best (with the highest average CSR rating).
- (3) To examine GLCs from which sector/industry has the best CSR practice (with the highest average CSR rating).

2. Literature review

The study accomplished by Teoh and Thong (1984) is one of the earliest and major studies on CSR practice conducted in Malaysian context. The study surveyed a combination of one hundred foreign and locally owned companies in Malaysia through a personal interview questionnaire on three CSR-related issues: the concept of CSR, the nature and extent of corporate involvement in such activities and the corporate social reporting. The results show that only 29 percent of the companies in the sample reported on CSR practice in their annual report, in which the most frequently reported CSR dimensions were human resource and products or services related issues. However, the study did not examine the level of CSR practice and the extent of CSR disclosures. The results also show that foreign-owned companies made more CSR disclosures than local Malaysian companies did.

Andrew (1989) studied 119 annual reports of public-listed companies in Malaysia and Singapore in 1983 through examining their level of CSR disclosures found a disappointing result as only 26% of the companies engaged in CSR practice (Alamer et al., 2015a; 2015b). Large- and medium-sized companies were inclined to engage more in CSR practice as compared to smaller-sized companies. The most frequently reported CSR dimension or theme was human resource related activities. Companies from banking and finance industry in the sample exhibited higher CSR disclosures in the annual reports. However, the study did not make any comparison between Malaysian and Singaporean companies in relation to CSR practice. Therefore, the CSR practice in each individual nation remained unidentified.

Ahmad et al. (2003) examined 98 listed companies across different industries from the main board of Kuala Lumpur Stock Exchange (KLSE) through content analysis on their annual reports. The results showed that 84% of the companies engaged in CSR practice and made certain level of CSR disclosure. Four dimensions of CSR (environment, community, marketplace and workplace) were studied and found that 72.4% of the companies made disclosure on marketplace dimension in terms of products and services subcategory, whilst 62.2% of the companies made disclosure on workplace dimension in terms of employee subcategory. Companies from banking and finance industry also reported the highest level of CSR disclosure as compared to other industries. Comparatively, Shirley et al. (2009) examined the CSR web reporting made by 117 second board companies listed on Bursa Malaysia through content analysis on their annual reports in 2006. Only 23.1% of the companies engaged in CSR practice and made certain level of CSR disclosure. Out of the four dimensions, community dimension topped the list followed by environment dimension, contrarily, marketplace is the least favorable one. Companies from industrial products industry made the highest proportion of CSR disclosure. Hawani et al. (2011) assessed the level of CSR disclosure of 44 GLCs listed on Bursa Malaysia by developing disclosure index based on four general themes (human resource, marketplace, community and environment) of CSR through content analysis found that there was a shift from human resource to marketplace from 2005 to 2006. Based on the analysis of marketplace dimension, GLCs showed more concern on the subcategories of product quality and safety, research and design, shareholder communication channel and customer service. The least favored dimension was environment.

3. Methodology

Based on the market capitalization as at the end of 2016, out of the top 100 PLCs on Bursa Malaysia, 37 were identified to be GLCs. 7 GLCs were excluded from the present study due to the unavailability of data on CSRHub (CSR rating database). Therefore, a total of 30 GLCs were included (Appendix 1).

CSRHub is the world's largest sustainability business intelligence database which provides remarkably comprehensive and relevant CSR or Environmental, Social and Governance (ESG) information. The database provides transparent ratings and rankings of 17,267 companies from 133 countries, driven by 525 industry-leading CSR/ESG data sources (<https://www.csrhub.com/>).

CSRHub measures the CSR performance of companies based on four categories/dimensions, namely community, employees, environment and governance. Each dimension is further divided into three main subcategories:

- Community (Subcategories: Community Development & Philanthropy, Human Rights & Supply Chain, Product)
- Employees (Subcategories: Compensation & Benefits, Diversity & Labor Rights, Training, Health & Safety)
- Environment (Subcategories: Energy & Climate Change, Environment Policy & Reporting, Resource Management)
- Governance (Subcategories: Board, Leadership Ethics, Transparency & Reporting)

It can be challenging to provide consistent and relevant CSR ratings/scores to a broad range of companies originated from different nations and industries due to the following reasons. First, different data sources track different topics in different ways. For example, one source might measure community dimension by total amount of money it contributes to local charities while another might track it by measuring the number of community activities involved by the company. Second, different sources use various ways to quantify the CSR performance, for example, the use of numerical score, positive or negative signs and relative rankings (such as "Top 100" or "Best Performing") are some of the common measures. Third, different countries apply different CSR reporting system and guidelines and it makes the CSR performance of different countries not comparable.

With the attempt to minimize the above sources of bias and inconsistency, CSRHub develops its rating system by using the following approach (CSRHub, 2017a):

- Map to a central schema: CSR performance is divided into four main categories (or dimensions) and twelve subcategories. An open-ended number of special issues is established to hold those CSR issues that do not fit into the twelve subcategory schema.
- Convert to a numeric scale: Each data item from different sources is converted into a positive rating on a 0 to 100 scale.
- Normalize: To analyze the variations between the sources, scores from different data sources for the same company are compared to determine the biases. The scores from a source are then adjusted to remove bias and create a more consistent rating.
- Aggregate: Each data source is weighted differently according to the estimate of its credibility and value. All the available data on a company is then incorporated to generate base ratings at the subcategory level and subsequently aggregated to generate the ratings for category or dimension level.
- Trim: Those companies that do not have sufficient CSR information will not be rated.
- Map to other international reporting standards: To generate a more reliable rating, CSRHub schema is mapped, for example, to the Global Reporting Initiative (GRI) G3.1 guideline. (CSRHub, 2017b)

To proxy for the CSR performance of GLCs, CSR ratings for 30 Malaysian GLCs were retrieved from CSRHub database. Average CSR ratings were then computed for each category (dimension), subcategory and industry (sector).

4. Results and findings

Average CSR ratings of 30 GLCs listed on Bursa Malaysia for the year ending 2016 were computed based on 4 dimensions and 12 subcategories. The results are as illustrated in Table 1.

Table 1
Average CSR Ratings based on Dimensions and Subcategories

Ranking of Dimension	Dimensions/ Subcategories	Average CSR Rating	Lowest	Highest	Standard Deviation
1	Environment	64.67	53	92	9.57
	Energy & Climate Change	67.93	50	93	11.24
	Environment Policy & Reporting	64.03	51	95	8.35
	Resource Management	61.87	41	91	11.88
2	Employees	61.40	41	79	8.28
	Diversity & Labor Rights	69.62	44	90	10.04
	Training, Health & Safety	64.21	48	75	6.76
	Compensation & Benefits	50.97	18	83	14.37
3	Community	61.10	47	87	9.33
	Community Development & Philanthropy	63.53	44	91	9.97
	Human Rights & Supply Chain	60.67	41	83	9.06
	Product	53.05	37	66	7.76
4	Governance	55.37	36	84	9.81
	Leadership Ethics	58.60	41	81	9.09
	Board	54.73	32	87	11.74
	Transparency & Reporting	52.73	27	83	11.76

The CSR dimension that GLCs performed the best in 2016 was Environment, followed by Employees and Community. The least favorable was Governance. Environment Dimension, with the highest average CSR rating, measures a company's interactions with the environment at large, including the efficiency in using natural resources, the impact of company's operation on the Earth's ecosystems, compliance with environmental regulations, etc. On average, GLCs scored 64.67 points on this dimension. Among the three subcategories, Energy and Climate Change received the highest average rating. This subcategory specifies the company's policies and strategies in addressing climate change, energy-efficient operations, development of renewable energy and other alternative environmental technologies. Employees Dimension includes the diversity of labor force, treatment of unions and labor rights, compensation and benefits of employees, occupational training, health and safety issues, etc. On average, GLCs scored 61.40 points on this dimension. Among the three subcategories, Diversity & Labor Rights obtained the highest average rating. This subcategory evaluates a company's workplace policies and practices on fair and non-discriminatory treatments of employees and the ability to maintain diversity by providing equal opportunities on promotion and benefits regardless of age, gender, ethnicity, religion or sexual orientation, and promote work-life balance. Community Dimension covers the company's engagement in charitable giving and volunteerism, human rights and supply chain treatment, development of environmental-friendly and sustainable products, etc. On average, GLCs scored 61.10 points in this dimension. Among the three subcategories, Community Development & Philanthropy obtained the highest average rating. This subcategory assesses how the company interacts with the communities in which it does business.

Governance Dimension has the lowest average rating (i.e. 55.37 points) as Malaysian public-listed GLCs tend to underperform on this dimension. This dimension includes board diversity, independence and compensation, leadership ethics of management, company's reporting practices and transparency to its stakeholders, etc. All three subcategories have a relatively low average rating. Out of twelve subcategories, GLCs performed the best in Diversity & Labor Rights, Energy & Climate Change and Training, Health & Safety. However, they tend to underperform in Compensation & Benefits, Transparency & Reporting and Product. Subcategory of Compensation & Benefits has the highest standard

deviation (14.37 points) represents an evident dispersion of CSR ratings among the GLCs in this subcategory. Greater the value of standard deviation, larger the dispersion of CSR ratings. It is also confirmed by the largest difference between lowest and highest average CSR ratings, i.e. 18 and 83 respectively. Ranking of twelve subcategories of CSR are exhibited in Table 2.

Table 2
Ranking of Subcategories with Average CSR Rating

Ranking	Subcategory	Dimension	Average CSR Rating	Lowest	Highest	Standard Deviation
1	Diversity & Labor Rights	Employees	69.62	44	90	10.04
2	Energy & Climate Change	Environment	67.93	50	93	11.24
3	Training, Health & Safety	Employees	64.21	48	75	6.76
4	Environment Policy & Reporting	Environment	64.03	51	95	8.35
5	Community Development & Philanthropy	Community	63.53	44	91	9.97
6	Resource Management	Environment	61.87	41	91	11.88
7	Human Rights & Supply Chain	Community	60.67	41	83	9.06
8	Leadership Ethics	Governance	58.6	41	81	9.09
9	Board	Governance	54.73	32	87	11.74
10	Product	Community	53.05	37	66	7.76
11	Transparency & Reporting	Governance	52.73	27	83	11.76
12	Compensation & Benefits	Employees	50.97	18	83	14.37

Descriptive statistics on the number of GLCs originated from different sectors, with an average CSR rating for each sector are as illustrated in Table 3.

Table 3
Average CSR Ratings based on Industries/Sectors

Industry/Sector	No. of GLCs	Percentage on Total	Average CSR Rating	Standard Deviation
Trading/Services	14	46.67%	59.70	5.10
Finance	5	16.67%	59.66	7.99
Properties	3	10.00%	58.96	11.49
Consumer Products	2	6.67%	69.25	5.30
Construction	2	6.67%	58.06	6.42
Plantation	1	3.33%	52.19	5.47
Industrial Products	1	3.33%	56.75	6.62
IPC	1	3.33%	57.80	15.00
REITs	1	3.33%	73.27	11.28
Total	30	100.00%		

Based on the average CSR ratings, the sectors with outstanding CSR performance include REITs and consumer products sectors, scoring an average CSR rating of 73.27 and 69.25 respectively. Plantation sector, however, has the lowest average CSR rating, i.e. poorer CSR performance compared to other sectors.

5. Conclusion

This paper has examined the CSR practice of 30 Malaysian public-listed GLCs in year 2016 by using CSR ratings obtained from CSRHub. The Environment dimension obtained the highest average CSR rating whilst Governance dimension the lowest. For subcategories, Diversity & Labor Rights obtained the highest average CSR rating whilst Compensation & Benefits the lowest. Both highest and lowest rated subcategories belong to Employees dimension. For sectors, REITs has the highest average CSR rating whilst Plantation the lowest. The results of present study were different from past literature, possibly due to the facts that past literature applied CSR disclosure score (i.e. self-reporting) to proxy for CSR, however, the present study adopted CSR rating (i.e. third-party assessment). CSR disclosure score is obtained through content analysis of company's annual reports, in contrary, CSR rating from

CSRHub is derived from multiple sources of information. The findings of present study provide a valuable insight to GLCs to revise their CSR practice and to improve on the low-rating areas such as Product, Transparency & Reporting and Compensation & Benefits subcategories.

This study is subject to several limitations. First, only one year (i.e. year 2016) CSR performance has been studied. Second, small sample size of 30 GLCs makes the results of statistical tests inaccurate and insignificant as to study the differences in CSR practice across different industrial sectors. Third, unavailability of data on CSRHub makes large sample size study not feasible.

There are some suggestions for future study. First, a longitudinal study can be conducted to study the trends and patterns of CSR practice in Malaysian GLCs. Second, a comparative study of CSR practice between GLCs and non-GLCs may provide meaningful insights on their differences. Third, the study can be replicated by using a larger sample size to study the differences of CSR practice across different industrial sectors. Fourth, regression tests can be done to examine the relationship between CSR ratings and other corporate attributes such as firm's size, firm's profitability, etc. Fifth, interview or questionnaire survey can be conducted to investigate the underlying reasons and motives of contributing more in certain CSR dimensions and subcategories.

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Appendix

List of Public-Listed GLCs

Name of GLCs	Sector
1. Affin Holdings Bhd	Finance
2. Axiata Group Bhd	Trad/Serv
3. BIMB Holdings Bhd	Finance
4. Boustead Holdings Bhd	Trad/Serv
5. Bursa Malaysia Berhad	Finance
6. Dutch Lady Milk Industries Bhd	Consumer
7. Felda Global Ventures Holdings Bhd	Plantation
8. Gamuda Bhd	Constructn
9. IHH Healthcare Berhad	Trad/Serv
10. IJM Corporation Bhd.	Constructn
11. KLCC Property Holdings Bhd	REITS
12. KPJ Healthcare Berhad	Trad/Serv
13. Malakoff Corporation Berhad	Trad/Serv
14. Malayan Banking Bhd	Finance
15. Malaysia Airports Holdings Bhd	Trad/Serv
16. Malaysia Building Society Berhad	Finance
17. Malaysian Resources Corporation Berhad	Properties
18. MISC Berhad	Trad/Serv
19. MMC Corporation Berhad	Trad/Serv
20. Petronas Dagangan Bhd	Trad/Serv
21. Petronas Gas Bhd	Ind-Prod
22. Pos Malaysia Berhad	Trad/Serv
23. Sime Darby Bhd	Trad/Serv
24. S P Setia Bhd	Properties
25. Telekom Malaysia Bhd	Trad/Serv
26. Tenaga Nasional Bhd	Trad/Serv
27. Time Dotcom Bhd	IPC
28. UMW Holdings Bhd	Consumer
29. UOA Development Bhd	Properties
30. Westports Holdings Bhd	Trad/Serv

CSRHub Category and Subcategory Schema

COMMUNITY	Community Development and Philanthropy	Community Subcategories Human Rights and Supply Chain	Product
The Community Category covers the company's commitment and effectiveness within the local, national and global community in which it does business. It reflects a company's citizenship, charitable giving, and volunteerism. This category covers the company's human rights record and treatment of its supply chain. It also covers the environmental and social impacts of the company's products and services, and the development of sustainable products, processes and technologies.	The Community Development and Philanthropy subcategory covers the relationship between a company and the communities within which it is embedded. It reflects a company's community citizenship through charitable giving, donations of goods, and volunteerism of staff time. It also includes protecting public health (e.g., avoidance of industrial accidents) and managing the social impacts of its operations on local communities. The subcategory also includes a company's land use and building design impact on the local economy and ecosystem.	The Human Rights and Supply Chain subcategory measures a company's commitment to respecting fundamental human rights conventions, its ability to maintain its license to operate by supporting freedom of association and excluding child, forced or compulsory labor. This subcategory covers a company's transparency in overseas sourcing disclosure and monitoring and a company's relationship with and respect for the human rights of indigenous peoples near its proposed or current operations.	The Product subcategory covers the responsibility of a company for the development, design, and management of its products and services and their impacts on customers and society at large. This subcategory reflects a company's capacity to reduce environmental costs, create new market opportunities through new sustainable technologies or processes, and produce or market goods and services that enhance the health and quality of life for consumers. This subcategory rating covers the integrity of a company's products and sales practices, including their labeling and marketing, social impacts and end-of-life disposition. It also relates to product safety and quality and the company's response to problems with safety and quality.
EMPLOYEES	Compensation and Benefits	Employees Subcategory Diversity and Labor Rights	Training, Safety and Health
The Employees category includes disclosure of policies, programs, and performance in diversity, labor relations and labor rights, compensation, benefits, and employee training, health and safety. The evaluation focuses on the quality of policies and programs, compliance with national laws and regulations, and proactive management initiatives. The category includes evaluation of inclusive diversity policies, fair treatment of all employees, robust diversity (EEO-1) programs and training, disclosure of workforce diversity data, strong labor codes (addressing the core ILO standards), comprehensive benefits, demonstrated training and development opportunities, employee health and safety policies, basic and industry-specific safety training, demonstrated safety management systems, and a positive safety performance record.	The Compensation and Benefits subcategory covers a company's capacity to increase its workforce loyalty and productivity through rewarding, fair, and equal compensation and financial benefits. It includes benefits that engage employees and improve worker development. This subcategory also focuses on long-term employment growth and stability by promotion practices, lay-off practices, and relations with retired employees.	The Diversity and Labor Rights subcategory covers workplace policies and practices covering fair and non-discriminatory treatment of employees, and its diversity policies. It covers a company's labor-management relations and participation by employees, National Labor Relations Board (NLRB) violations or patterns of anti-union practice, conformance to internationally recognized worker rights, as defined in the basic conventions of the International Labor Organization (ILO). Fundamental labor rights include freedom of association and protection of the right to organize; right to bargain collectively; a minimum age for the employment of children; a prohibition against forced labor; lack of employment and occupational discrimination; and equal compensation. This subcategory measures a company's ability to maintain diversity, provide equal opportunities regardless of gender, age, ethnicity, religion or sexual orientation, and promote work-life balance.	The Training, Safety and Health subcategory measures a company's effectiveness in providing a healthy and safe workplace. This subcategory includes accident and safety performance, as well as job training, safety standards and training, and employee-management safety teams. It includes programs to support the health, well-being and productivity of all employees. This subcategory includes workplace policies and programs that boost employee morale, workplace productivity, company policies and practices to engage employees, and worker development.
ENVIRONMENT	Energy and Climate Change	Environment Subcategory Environmental Policy and Reporting	Resource Management
The Environment category data covers a company's interactions with the environment at large, including use of natural resources, and a company's impact on the Earth's ecosystems. The category evaluates corporate environmental performance, compliance with environmental regulations, mitigation of environmental footprint, leadership in addressing climate change through appropriate policies and strategies, energy-efficient operations, and the development of renewable energy and other alternative environmental technologies, disclosure of sources of environmental risk and liability and actions to minimize exposure to future risk, implementation of natural resource conservation and efficiency programs, pollution prevention programs, demonstration of a strategy toward sustainable development, integration of environmental sustainability and responsiveness with management and the board, and programs to measure and engage stakeholders for environmental improvement.	The Energy and Climate Change subcategory measures a company's effectiveness in addressing climate change through appropriate policies and strategies, energy-efficient operations, and the development of renewable energy and other alternative environmental technologies. The subcategory includes energy use, emissions to air of CO ₂ and other Greenhouse Gas Emissions (GHG).	The Environmental Policy and Reporting subcategory includes a company's policies and intention to reduce the environmental impact of a company and its value stream to levels that are healthy for the company and for the environment, now and in the future. The data includes the company's environmental reporting performance, adherence to environmental reporting standards such as the Global Reporting Initiative, and compliance with investor, regulatory and stakeholders' requests for transparency. Compliance data consists of breaches of regulatory limits and accidental releases.	The Resource Management subcategory covers how efficiently resources are used in manufacturing and delivering products and services, including those of a company's suppliers. It includes a company's capacity to reduce the use of materials, energy or water, and to find more efficient solutions by improving its supply chain management. This subcategory includes environmental performance relative to production size and is monitored by the production-related Eco Intensity Ratios (EIRs) for water and energy defined as resource consumption per produced or released unit. Resource materials include raw materials and packaging materials for production and related processes and packaging of products. Resource Management data also include waste and recycling performance. Recycling data is related to the proportion of waste recycled of the total waste. Data includes how the company manages operations to benefit the local airshed and watershed, and how the company impacts land use and local ecological stability. The water resource data includes consumption of drinking water, industrial water and steam.

GOVERNANCE	Board	Governance Subcategory Leadership Ethics	Transparency and Reporting
<p>The Governance category covers disclosure of policies and procedures, board independence and diversity, executive compensation, attention to stakeholder concerns, and evaluation of a company's culture of ethical leadership and compliance. Corporate governance refers to leadership structure and the values that determine corporate direction, ethics and performance. This category rates factors such as: are corporate policies and practices aligned with sustainability goals; is the management of the corporation transparent to stakeholders; are employees appropriately engaged in the management of the company; are sustainability principles integrated from the top down into the day-to-day operations of the company. Governance focuses on how management is committed to sustainability and corporate responsibility at all levels.</p>	<p>The Board subcategory covers a company's effectiveness in following best practices in corporate governance principles related to board membership, independent decision making through experienced, diverse and independent board members, effectiveness toward following best practices related to board activities and functions, and board committee structure and composition. It includes how the company provides competitive and proportionate management compensation and its ability to incent executives and board members to achieve both financial and extra-financial targets.</p>	<p>The Leadership Ethics subcategory measures how a company manages its relationships with its various stakeholders, including investors, customers, communities, and regulators. This subcategory measures a company's effectiveness in treating its shareholders equitably. Leadership ethics includes the company's culture of ethical decision making. It measures a company's commitment and effectiveness toward the vision of integrating social and environmental aspects into the overall core strategy and whether sustainability principles are integrated from the top down into the day-to-day operations of the company.</p>	<p>The Transparency and Reporting subcategory rates factors including are corporate policies and practices aligned with sustainability goals, is the management of the corporation transparent to stakeholders, are employees appropriately engaged in the management of the company, and do sustainability reports comply with standards such as the Global Reporting Initiative, AccountAbility (AA1000) and other standards, and are these reports made publicly available. This subcategory includes whether the company provides a list of its major stakeholders and how it engages with them. It also covers whether the company is a signatory of Global Compact and other leading global entities. It evaluates the assurance (3rd party audit) of the accuracy, completeness, and reliability of its Sustainability or Corporate Social Responsibility reports.</p>

Source: <https://www.csrhub.com/content/csrhub-data-schema/>



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