



Submission by

The Cambodian Chamber of Commerce

The World Chambers Competition

Best Corporate Social Responsibility Project

December 2012

Briefly describe how your project originated. How did the idea come about? What needs were identified and why?

Cambodia is a country that is really at a cross roads in its economic development. Having emerged from the well-publicised difficulties some decades ago the country is rebuilding, and has, for several years now, enjoyed fantastic economic growth. This has largely been on the back of being able to provide a good mix of flexible workforce, competitive prices, and raw materials, particularly in the garment sector. Indeed, 80% of Cambodia's exports come from the garment sector.

The Chamber though recognised that the world was not standing still. International customers are seeking ever higher standards of environmental best practice from their supply chain, and Cambodia needed to respond to this challenge in order to be able to continue to be at the forefront of apparel manufacture and distribution.

The Chamber of Commerce in Cambodia is a leading player in the country, and very influential with the Government, and other intermediary organisations. It takes its role as being a leader very seriously.

Wanting to ensure that Cambodia is not overtaken by other countries that meet the "green challenge" better than themselves the Chamber took upon themselves the mantle of working to enhance the environmental business standards of organisations within the country.

A report prepared for the Policy Research Centre for the Environment and the Economy (a UN funded initiative) entitled Impacts of Environmental Standards and Requirements in EU Countries on China's Textile Industry reported that

"In order to increase the competitive advantage of textile products and meet the demands in the international market, strengthening environmental performance and environmental management is fundamental for Chinese textile and dyeing manufacturing enterprises."

"The textile industry in China is a typical export-oriented sector. As the international demand for environmentally friendly products grows, the image of Chinese textile enterprises must be improved to avoid losses that may result from green measures. It is of significance to promote ISO 14000 in the textile industry, particularly in large exporting enterprises".

Whilst these comments are attributable to a report about China's textile industry it is patently obvious that they are of equal importance to Cambodia, - arguably more so now that China has in the last ten years really gained a strong commercial foothold in international textile supplies.

Increasingly western customers are requiring their supply chains to evidence that they are meeting not just legal national and international legislation, but that they are complying with the customer's own standards with regard to a variety of areas, including environmental concerns. These organisational standards often go beyond the legal requirements laid down upon Cambodian businesses, and without undertaking actions to meet these standards, and being able to easily document that these standards are being met, there is significant pressures on the Cambodian businesses to be able to meet the requirements of their potential customers.

An example of this pressing need for external accreditation is the international retailer Marks and Spencer. This company has a leading position in the garment retail industry to maintain in the western markets, and as such, is very proactive in indicating that it trades ethically and responsibly. Further than that, it advocates that its supply chain adheres to the same standards. Their document,

http://corporate.marksandspencer.com/documents/how_we_do_business/global_sourcing_principles.pdf highlights their corporate requirements. The document states that "**At the very**

least, suppliers must meet all local and national regulations. In addition, we expect them to meet all the relevant Marks and Spencer standards relating to the environment” It further goes on to state that “***Suppliers must apply these principles at all times, and must also be able to demonstrate that they are doing so. We will work with suppliers to support any necessary improvements but we will also take action, which may involve cancelling contracts and ceasing to trade, if suppliers are not prepared to make appropriate changes***”. This means that should the suppliers not be able to prove that they are meeting these standards then it is likely that they would not trade with them.

By receiving accreditation that meets these standards the Cambodian businesses are able to safeguard against this risk, and this in turn helps them to become an exporter, or to increase their level of exporting. Marks and Spencer are not a standalone case study. This policy position is replicated in increasing numbers of customers, and is a trend that should be addressed by the Cambodian business community.

In order to export successfully, and with the most chance of success, it is becoming essential therefore for Cambodian businesses to take account of environmental concerns and be able to clearly and easily document their adherence to policies and procedures that address these concerns through an environmental accreditation programme.

By gaining accreditation and having an external approval of a business's activities in relation to environmental issues the business is giving itself a competitive advantage by indicating that it takes environmental concerns seriously, and is a reputable supplier for international customers.

Businesses engaging in implementing an EMS will likely find that they are reducing their costs, opening up potential revenue streams through better management of waste products

The overall quality of Cambodia's exporters will increase if environmental impact management is taken seriously, and therefore the perception of Cambodia as a market with which to trade is to be enhanced

Describe your project (context, innovative character, invested resources, difficulties met)



Context

The Cambodian Chamber of Commerce worked with key partners that it has developed excellent working relationships with over many years to develop a project, comprising two key elements, known as Greentouch, and the Cambodian Green Business Exporting Club.



Greentouch is deliberately designed to be scalable, and sustainable, as well as allowing deployment in countries all around the world. In essence it is a business friendly environmental accreditation programme that acts a tool that levers development in a business to adopt environmentally better operating practices. Rather than being a simple pass/fail mark, as so many standards are, Greentouch is designed to be a roadmap to continual improvement. It is based around globally accepted standards, with Level 5 being commensurate to an organisation that has achieved certification against ISO 14001.

It is a tool that should be viewed as a living part of the business, able to change and react to alterations in business circumstance, but is a guiding principle of how the business wishes to operate. It asks the business to challenge itself, how can procedures be modified for environmental benefit, without having a detrimental impact on the business itself. As part of a wider business management process it can often open up whole new routes of business activities that themselves can be income generating. For example, businesses that currently just discard their waste are encouraged to actively review this, and ascertain whether the waste could indeed become an income stream e.g. selling cardboard, re-using water, alternative products. Whatever waste a business produces it is likely that there is either a customer out there would who want to buy the waste as a raw material for their own business, or that the waste itself can be re-used within the business and keep costs suppressed.

This mentality is a key and central part of the Reduce – Reuse – Recycle mentality that flows through the heart of environmental best practice.

Process

Greentouch is designed so that all businesses can engage with the process in a non-threatening manner, and grow through the scheme at their own pace. Each stage is marked by its own branded logo that Members are free to use in their marketing collateral to show their green commitment, and the level of success that they have achieved.

Level 1

Registration at Level 1 kick-starts the project, and allows the business to carry out a baseline audit of where they are currently at. It also signifies a fixed commitment to ensuring environmental best practice in their organisation over time.

Level 2

This can follow on very quickly from the initial registration and involves taking the results from the baseline audit, and any follow up remedial actions. Once the business complies with minimum legal standards on environmental issues, Level 2 can be awarded.

Level 3

This is the crucial part of the scheme where businesses are really encouraged to undertake a deep review of their operations to identify any potential changes to systems they wish to make, and what objectives they want to achieve as a result of the implementation of the Environmental Management System. It also involves the drafting of work plans and actions in order to facilitate the business on the way to achieving these objectives. The Chamber and the Greentouch team fully assist businesses in this respect

Level 4

This is the stage at which businesses are implementing their Environmental Management Systems, new procedures, and the business is making the environmental impact savings that were foreseen.

Level 5

This is the final and highest level of Greentouch – it is based around a final audit, and certification of the standards of the business against international frameworks such as ISO 14001 or the ACORN model. A business achieving Level 5 on Greentouch can claim to be amongst the best businesses in the world at managing their Environmental Impact.





This activity focused club is designed to stand alone from Greentouch, but be the ideal companion tool for it. Bringing together businesses that are interested in developing their environmental impact management

This forum will provide a constant point of reference for businesses interested in addressing environmental concerns and provide a voice for lobbying and further development of best practice in this area. The principle purpose of the Green Business Exporting Club will be to maximise export opportunities for businesses and to provide a forum in which businesses can access support to address any concerns or issues they have about being able to export, and complying with environmental standards, or policies/procedures required by their customers.

The CGBEC will include regular meetings of businesses to discuss environmental issues, how to address them, and share best practice. It will feature speakers from leading businesses, the government, and Non-Governmental Organisations, who have addressed these issues in their own organisations and are willing to share experiences. It will become a self-sustainable club of likeminded peers, who benefit from shared experiences. The club will invite qualified speakers to address its members; these will include “buyers” from large international businesses who can give first hand advice on the standards that they require before they will consider purchasing goods from a business.

The Cambodian Green Business Exporting Club can help businesses to profit from the green agenda. It will help businesses to:

- Connect with other like-minded businesses
- Find and explore new export opportunities
- Find ways to increase an organisation’s profitability, while improving environmental performance.
- It will also provide independent advice, brokerage and signposting to funding and support.
- Provide a website that is dedicated to providing information relevant to breaking down barriers to export. This will include useful downloadable information in relation to environmental standards, the procurement guidelines of key international customers, case studies of how other businesses have successfully managed to overcome environmental concerns and are now successfully exporting their goods. It will also provide a list of key international environmental standards, per major market throughout the world.

The club will also provide information and workshop sessions on how to address key environmental concerns such as eco-labelling, bans on azo-dyes. These fundamental issues are having an impact on the ability of Cambodian businesses to export, and by providing information and support on these topics, through the leading industry specific business support association businesses will be able to plan and overcome these barriers.

Innovation

Greentouch and the CGBEC are innovative in their own right in that they make business improvement accessible for all businesses, and provide the value added support that a network such as CGBEC can bring to strategic projects such as Greentouch. We have yet to meet one business who has said to us that “this will not work for me because...” The project builds innovation into its core – the Club aspect facilitates, fosters, and indeed, expects innovation to come from within, as businesses learn lessons from each other, and the peer group discuss new solutions to problems in their own business. This virtuous circle is at the heart of the sustainability of the project – as businesses see the success and the merits of engaging with environmental impact management, so more are drawn to it, and the pool of resources deepens and grows.

There have of course been difficulties in getting the programmes established, - starting something from nothing is not easy, and significant effort has gone into the planning of the programme. The advisers that we worked with were overseas and this has added complexity to the model. Furthermore, the biggest challenge has been asking businesses to recognise that they need to invest time, and some money, into developing their businesses for the long run, when they are already working at fast pace, and in a hard economic climate against unrelenting competition. Fortunately, the Chamber of Commerce is expert at business engagement, and this area of specialism complements the roll out of Greentouch and CGBEC nicely.

What have been the results and influence of the project (short and long term, measurable data, benefits etc.)

The impact of Greentouch will be long and sustainable, as businesses reap the rewards over the years to come. However, of course we are monitoring impact and influence from the initial stages. The business plan forecast engagement with over 100 businesses, who registered on the Greentouch scheme and are committed to developing an Environmental Management System over the initial 12 month period. We are delighted to say that this threshold has already been met, and engagement has been significantly higher. We have made contact with all members of the Chamber about Greentouch, and initial registrations are already at 125. 76 of these businesses have already received some form of recognition through Greentouch certification schemes. Work is on-going to collect the tangible impact that these 76 businesses are having on the environment in terms of key metrics, such as carbon dioxide reductions, pollutants, landfill volumes, materials reused etc.

The CGBEC website (www.cgbec.com) has been established to be a portal for showcasing the events that are being carried out by the Club, and those members who have achieved Greentouch status. This hub site is a valuable tool and resource for accessing more information about best practice, what other businesses are doing, and seeking help with issues from partners. It also showcases businesses, and allows potential customers to search for businesses within Cambodia that are demonstrably showing their commitment to environmental best practice.

Fact sheets and information has been distributed to a wide number of members on a vast array of issues including : eco-labelling, bans on azo-dyes, shipping, water management, etc. These are given away free to CGBEC members, and provide a useful source of information to managers.

A range of workshops have already taken place with over 50 businesses attending and learning more about the Greentouch scheme, and particular issues that were being addressed by keynote speakers.

Many of those businesses that are engaging with Greentouch also attended an international trade mission to Europe in September 2012, where environmental best practice was a key part of the discussions with customers and suppliers that were met. The delegates were also introduced to sustainable business models including solar power by visiting one of the UK's largest independent solar farms, as well as looking at how tourism can be sustainably managed through meeting the managers of a very old and historic estate that is seeing exponential growth in their visitor numbers.

Can your idea be applied in other areas of the world?

This project has been designed with replication in mind from the offset, and can easily be replicated in other areas of the world.

The key tenet of the project, the accreditation model, and the Greentouch brand are trademarked property of the project partners but are willing to share this information with other Chambers at the WCC, and beyond, working with them to introduce a successful environmental impact management tool to their Chambers and regions.

All materials are translatable, and the lessons learned management report from the implementation of Greentouch and the GCBEC are available for dissemination too.

We would very much like to see Greentouch become a leading tool of the international Chamber of Commerce movement to support sustainable environmental impact management amongst member businesses.

Why do you feel your project should be selected as a finalist and presented at the 8th WCC?

We believe that the 8th WCC is an ideal opportunity to showcase the marvellous activities that Cambodian businesses, and the Cambodian Chamber are undertaking to ensure that not only this generation can run successful businesses, but that under the mantra of “Opportunity for all”, the opportunities are open for the next generation as well because this generation of business leaders have embraced the steps necessary to take best practice of environmental impact management, and make it a reality.

Greentouch is a really innovative, value added, and proven tool that is helping so many businesses to make fundamental changes to the way they operate, driving further revenue streams, reducing costs, as well as supporting the pillar of Sustainable Production, which is a key theme for the world at large. The project transcends differences between micro and macro environments, and the virtuous circle it creates for its participants ensures it is a sustainable model that will continue to support businesses into the future.

Sustainability has, by the very essence of this project, been bedded in, and we are convinced that the returns this project offers, in comparison to the very low operational costs, mean that businesses all over the world will be interested in the concept, and that the knowledge gained as businesses go through the cycle will mean further enhancements to the project in due course

ENDS