



Association for Independent
Corporate Sustainability &
Responsibility Research

SRI RESEARCH/RATING QUALITY STANDARD

CSRR-QS 2.1

Description:

CSRR-QS 2.1 is a quality standard comprising guidelines and rules, commitments and proofs on the transparency and quality and on the accountability and verifiability of the processes involved in Corporate Sustainability and Responsibility Research.

Voluntary Quality Standard for Corporate Sustainability & Responsibility Research (CSRR) Groups

This Quality Standard was first approved on 2003-10-24 (CSRR-QS 1.0).

It was piloted and updated on 2005-09-30 (CSRR-QS 1.1).

The next update, CSRR-QS 2.0 was approved on 2006-03-31.

This updated version was approved on 2008-04-15.

CSRR-QS 2.1 exists in English only.

Up-to-date lists of signatories and specifications on standards may be obtained only on the website www.csrr-qs.org.

Acknowledgement: the development of CSRR-QS 2.1 was supported and funded by the European Commission, Employment and Social Affairs DG.

© 2008-2009 All rights of reproduction and communication in any form and by any means reserved in all countries to AI CSRR asbl.

AI CSRR asbl, Rue du Progrès 333/7, B-1030 Brussels, Belgium, T: +32 (0)2 2061114, E: info@csrr-qs.org

Contents

Introduction - Documentation – Initiation

Applicability

- 1 Scope
- 2 Definitions
- 3 The quality principles of CSRR-QS 2.1 (“The Eleven Commitments”)

Requirements on Group level

- 4 The integrity principles and ethical commitments of CSRR-QS 2.1
- 5 Administrative requirements
- 6 Independence, impartiality and integrity
- 7 Confidentiality
- 8 Organisation and management
- 9 Quality management system
- 10 Personnel
- 11 Records
- 12 Sub-contracting
- 13 Complaints and appeals
- 14 Co-operation
- 15 Public disclosure

Requirements on the level of methodologies

- 16 Research standards and indicators
- 17 Research and evaluation methodologies and procedures
- 18 Stakeholder involvement procedures

Introduction

This Quality Standard has been drawn up by a number of independent Corporate Sustainability and Responsibility Research (CSRR) Groups mostly working for customers in the financial services industry. They are thus supporting and servicing Socially Responsible Investments (SRI). AI CSRR, the **Association for Independent Corporate Sustainability and Responsibility Research** owns and manages the Voluntary Quality Standard and its related instruments and processes and is responsible for organising independent, external verification.

CSRR-QS 2.1 is the first quality standard conceived and developed at a sector level in the field of Corporate Social Responsibility (CSR) and SRI research and analysis.

CSRR-QS 2.1 serves the following purposes:

- Encourage CSRR Groups to adopt organisational features that ensure their independence and objectivity;
- Improve quality management systems;
- Stimulate transparency;
- Facilitate assurance processes and form a basis for further verification procedures;
- Promote research characteristics viewed as best practices.

CSRR-QS 2.1 covers various aspects:

- The organisational structure of the CSRR group
- Features of its research process
- Specificities of its assessment process

This standard covers the functions of CSRR Groups whose work may include the collection of CSR data and subsequent SRI-activities of researching, analysing, evaluating, rating, ranking, screening, and risks and opportunities assessments, as well as all related products, processes, work procedures and services, and subsequent reporting of results of these activities to customers and other stakeholders. Although these CSRR activities may have numerous outputs and clients, the CSRR-QS 2.1 focuses mainly on the operational requirements of SRI-related products and services.

CSRR-TM 2.1[®] and CSRR-IM 2.1[®] are part of CSRR-QS 2.1[®]

The Transparency Matrix CSRR-TM 2.1[®] is being developed both as an instrument of transparency and as a proof of conformity with the Corporate Sustainability and Responsibility Research Quality Standard, CSRR-QS 2.1[®].

The Instruction Manual CSRR-IM 2.1[®] is a document explaining and detailing the concepts, terms and interpretations and the requirements of the CSRR-QS and CSRR-TM documents.

Documentation

Name	Description
CSRR-QS 2.1	Quality Standard: general description of principles and requirements
The 11 principles	Signatory document with commitments and principles of the Quality Standard
CSRR-TM 2.1	Transparency Matrix, a disclosure tool for methodologies and research processes and group features concerned by CSRR-QS
CSRR-IM 2.1	Instruction Manual for filling in the transparency matrix (CSRR-TM), with detailed description of requirements

Initiation

The establishment of the standard was initiated with the support of the European Commission, Employment and Social Affairs DG as the outcome of the project "**Developing a Voluntary Quality for SRI Research**" (2002-2003). It has been drawn up in the light of the European Commission's aim to build partnerships for the promotion of CSR.

Prior to the setting-up of the standard, a detailed survey was undertaken in order to make an inventory of existing practices and the level of quality management within the CSRR industry, and how the related customer and stakeholder demands were included in these systems.

The instruments that came out of this first phase of the project were the pilot versions of CSRR-QS 1.0[®] and CSRR-TM 1.0[®]. CSRR-TM 1.0[®] is a Transparency Matrix and is a tool proving con-

formity with the standard and a 'calibrated' instrument, used to disclose the main features of CSRR research and evaluation methodologies.

Phase 2 of the project "**Implementing and Disseminating the Voluntary Quality Standard for Corporate Sustainability & Responsibility Research (CSRR-QS)**" (2004-2006) aimed at discussing and amending the standard and its instruments with stakeholders and experts in the field of SRI and CSR Research. Furthermore the Quality Standard and the Transparency Matrix have been piloted within participating CSRR Groups and updated versions of the Quality Standard and Transparency Matrix have been provided. A sector specific verification system was set up in order to offer solutions to all legal and technical aspects regarding the certification.

Applicability

1. Scope

- 1.1 This standard specifies general criteria for the competence of impartial Groups performing CSRR. It also specifies independence criteria.
- 1.2 This standard may be used by CSRR Groups and their clients, regulatory bodies and any concerned stakeholders.
- 1.3 Inspection of processes includes personnel, facilities, technology and assessment methodologies and research processes.

2. Definitions

For the purpose of this standard the following definitions apply.

2.1 CSRR

CSRR, Corporate Sustainability and Responsibility Research is research into the areas of corporate impact on the world, while

- (1) Incorporating the concepts of corporate sustainability and of corporate social responsibility into its methodologies;
- (2) Looking for some way to discern and possibly award best practices, hence 'going beyond legal requirements';
- (3) Integrating in an operational way those issues/domains that concern all or most groups of stakeholders related to the researched companies and
- (4) Actively involving stakeholders in the data collection and/or analysis and/or evaluation/rating of companies on a company or sector level.

This standard does not cover every CSR/SRI-research activity (the existence of which this standard does not seek to contest or undermine), but only those CSRR activities covered by this definition and the principles and the research standards, detailed in the next chapters.

2.2 CSRR Group/Methodology

A **CSRR Group** is the organisation that performs Corporate Sustainability and Responsibility Research (CSRR).

A CSRR Methodology is a methodology in line with the definition of CSRR.

3. The quality principles of CSRR-QS 2.1 ("The Eleven Commitments")

All organisations conducting Corporate Sustainability and Responsibility Research (CSRR) and being signatories of the quality management standards of CSRR-QS 2.1, subscribe the following eleven commitments of the Quality Standard.

In their CSRR-QS qualified research, assessments or rating activities CSRR Groups commit to:

- (1) **Independent sources**
... assess/rate companies using more than company-provided information, such as independently collected data, regulatory sources, and information from stakeholders or relevant NGO's.
- (2) **Global activities**
... ensure that assessments/ratings cover more than the corporate headquarters and include the relevant global impacts and operations of the quoted company.
- (3) **Beyond compliance**
... use a research methodology which allows the identification of best practices or

performance 'beyond compliance' with minimum legal standards.

- (4) **Social and environmental**
... include criteria/indicators covering both environmental and social areas.
- (5) **Balance**
... ensure a balanced approach to corporate assessment/ratings by:
 - balancing quantitative and qualitative indicators
 - balancing management oriented (such as policy and management systems) indicators, and performance indicators
 - balancing reference to past and current performance, such as whether the company's performance is improving or deteriorating
 - balancing social and environmental indicators
- (6) **Relevance/Materiality**
... ensure assessments/ratings capture issues material to or relevant for the sustainability and responsibility of that company, by including issues of relevance to stakeholders, and sectoral or geographical or company size considerations, or by ensuring that risks or impacts relevant to that company have been taken into account.
- (7) **Consistency and comparability**
... ensure that the criteria and methodology are applied equally to comparable companies, and would make sense if used to compare companies globally.
- (8) **Stakeholder involvement**
... actively include inputs and information, wherever possible, from relevant stakeholders or interested parties, in the research process or in reaching assessment conclusions.
- (9) **Up-to-date**
... ensure assessments of companies are not significantly out-of-date, and that new information is incorporated or new assessments conducted at reasonable intervals.
- (10) **Transparency**
... be transparent about the methodology (the range of criteria used, the involvement of stakeholders, and the coverage) and to avoid or make transparent 'black box' approaches where it is unclear how the assessment/rating result is achieved.
- (11) **Continuous improvement**
... by committing to be a learning organisation, involving staff development, and the monitoring and assessing of the quality and performance of research services.

Requirements on Group level

4. The Integrity Principles and ethical commitments of the CSRR-QS 2.1

The Integrity Principles are a volunteer initiative promoted by AI CSRR.

It is required that groups seeking CSRR-QS certification adhere and commit to those principles.

The 9 Integrity Principles describe in a general manner the direction in which subscribing groups conduct their activities. These are binding principles as a framework, which is elaborated on in other parts of the standard.

In their CSRR qualified activities CSRR Groups commit to:

- (1) **Independence**
... be independent of outside influence which could affect these activities.
- (2) **Professionalism**
... apply transparent and credible research processes which satisfy the highest standards.
- (3) **Accountability**
... be transparent and accountable to the same extent as they ask companies to be transparent and accountable.
- (4) **Objectivity**
... interpret the data on companies honestly and objectively.
- (5) **Impartiality**
... not accept any inducement and not succumb to any pressure, manipulation, political influence, or pressure from interest groups to analyse and assess companies other than objectively.
- (6) **Equal treatment**
... analyze and assess all companies on exactly the same basis.
- (7) **Responsible relationships**
... maintain honest, open and responsible contacts with companies and other stakeholders.
- (8) **Selective disclosure**
... conform with all the relevant laws, rules and regulations of national and international financial authorities regarding the dissemination of information.
- (9) **Avoidance of personal interest**
... not derive any personal gain from use of the information collected during their activities.

5. Administrative requirements

- 5.1 The CSRR Group, or the organisation of which it forms a part, shall be legally identifiable and make clear its legal structure and articles of association or equivalent.
- 5.2 The CSRR Group that is part of an organisation involved in functions other than CSRR shall explain how the CSRR function is distinguishable and identifiable within that organisation.

- 5.3 The CSRR Group shall also disclose, alongside its legal status, the nature of its shareholding (in the case of a company), or the articles of association and bylaws, and the nature of the clients.
- 5.4 The CSRR Group shall make available to the auditor documentation detailing its CSRR objectives and activities and, if available, its mission statement.
- 5.5 The CSRR Group, or the organisation of which it forms a part, shall have independently audited accounts, which are open for inspection by an independent certification body, accredited by AI CSRR.
- 5.6 The CSRR Group will sign off its commitment to CSRR-QS 2.1, to The Eleven Commitments and to the integrity principles and ethical commitments on board level and make it public or accept that AI CSRR makes it public.
- 5.7 The CSRR Group shall disclose the main features of its research and assessment methodology and other features related to its structure, quality management systems and independence and integrity into the Transparency Matrix CSRR-TM 2.1, following the Instruction Manual CSRR-IM 2.1.
- 5.8 CSRR Group shall prove compliance with the requirements of the Quality Standard CSRR-QS 2.1, following the Instruction Manual CSRR-IM 2.1 and let the data and conformity be verified by an independent certification body, appointed by AI CSRR.

6. Independence, impartiality and integrity

6.1 General

The personnel of the CSRR Group shall be free from any commercial, financial and other pressures, which might affect their judgment.

The CSRR Group shall state its integrity principles and rules and regulations while undertaking CSRR in the **(Group) Code of Conduct**.

6.2 Independence and impartiality

The CSRR Group shall be independent to the extent that is required, with regard to the conditions under which it performs its services.

To ensure objectivity and quality, the CSRR Group shall meet the following criteria, which shall be part of, and be published in the **Independence Policy**:

- (1) The CSRR Group, in conducting its research shall maintain appropriate independence from owners (shareholders and members), companies, clients, campaigning groups, NGO's, and other parties and state how it maintains that independence with regard to these groups.
- (2) If the CSRR Group conducts activities (such as solicited ratings, services to analysed companies, asset management, or similar cases) that could undermine the impartiality of the CSRR research, it shall explain how it addresses the potential risks to impartiality. It shall describe how it manages a clear separation of the responsibilities of the CSRR personnel from those of the personnel employed in the other functions. This shall be established by organisational identification, by book-keeping and by the reporting methods of the CSRR Group (possibly within the parent organisation).
- (3) The CSRR Group and its staff shall not engage in any activities that may conflict with their independence of judgment and integrity in relation to their CSRR activities. The CSRR Group shall detail how it is directly involved in the CSRR research, analysis and evaluation of companies, including any activities undertaken for companies such as: consultancy, financial analysis, or mandated risks assessments. Understanding is required of how it separates those two sets of functions so as to preserve impartiality and objectivity in the CSRR research.
- (4) The procedures under which the Group operates shall be administered in a non-discriminatory manner.

- (5) Procedures shall be implemented to ensure that analysts report any: conflicts of interest to the independence, impartiality or integrity of the research, or any inducement, or pressure upon the analysts. These should be reported to their line manager, compliance officer, or quality manager.
- (6) List potential external influences that may undermine the impartiality of its research (data collection & assessments); list potential conflicts of interest (at operational or at employee level) that may undermine the impartiality of its research and describe how it mitigates external influences and conflicts of interest. The related annual document is the **Independence Report**.

6.3 **Integrity**

The CSRR Group shall provide guidance for the conduct of its staff. The code of conduct should reflect values of: fairness, honesty, sincerity, professionalism and commitment. Clear guidelines on the abuse of privileged or confidential information, on any form of bribery, on the handling of gifts, shall be worked out and signed of by all collaborators. A compliance officer shall be designated.

6.4 **Funding and clients**

The CSRR Group shall disclose its sources of revenue and income to the verifier.

- 6.5 The CSRR Group will disclose an annual '**Independence Report**' detailing all relevant facts, related to the principles of the Independence Policy and is regularly updated (once a year). It declares on a 'comply or explain' basis any departure or breach from the various clauses of the Independency Policy. For example, the report will e.g. detail how CSRR activities are coinciding with or are separated from solicited activities.

7 Confidentiality

- 7.1 The CSRR Group shall disclose its confidentiality policy in relation to the information received in the course of research.
- 7.2 The CSRR Group shall also indicate how its policy does not undermine the quality and independence and integrity of its research.
- 7.3 The CSRR Group shall disclose its selective disclosure policy in relation to non-public, material market sensitive information in order to prevent inappropriate use and insider trading.

8 Organisation and management

- 8.1 The CSRR Group shall have an organisational structure that enables it to perform its technical functions satisfactorily.
- 8.2 The CSRR Group shall define and document the responsibilities and reporting structure of the organization. Where the CSRR Group also executes other services (such as solicited ratings, services to analysed companies, asset management, or similar cases), the relationship between its functions must clearly be defined.
- 8.3 The CSRR Group shall have a manager however named, who is qualified and experienced in the operation of the CSRR Group and who has overall responsibility that the CSRR activities are carried out in accordance with this standard. S/he shall be a permanent employee or if s/he is not it must be explained how the requirements of quality CSRR activities are ensured.

9. Quality management system

- 9.1 The CSRR Group's management shall define and document its policy and objectives for, and commitment to, quality, and shall ensure that this policy is understood, implemented and maintained at all levels in the organization.

- 9.2 The CSRR Group shall operate an effective quality system appropriate to its size, the type, range and volume of work performed.
- 9.3 The quality system shall be fully documented. There shall be a **Quality Manual** fully describing the processes, protocols and routines (to be followed by analysts), which shall contain the information required by this standard.
- 9.4 The management of the CSRR Group shall designate a person, who irrespective of other duties shall have defined authority and responsibility for quality assurance within the CSRR Group. This person shall have direct access to top management.
- 9.5 The quality system shall be maintained to ensure it is up to date and accurately reflects development of CSRR within the CSRR group. This shall be the responsibility of the same person as in 9.4.
- 9.6 The CSRR Group shall maintain a system for control of all documentation relating to its activities. It shall ensure that:
- (1) The current issues of the appropriate documentation are available to all relevant staff;
 - (2) All changes of documents or amendments to documents are covered by the correct authorization and processed in a manner which will ensure timely availability;
 - (3) Superseded documents are removed from use throughout the organisation, but one copy is filed for a determined period;
 - (4) Other parties, as necessary, are notified of changes.
- 9.7 The CSRR Group shall carry out a system of planned and documented internal quality procedures to verify compliance with the criteria of this standard and the effectiveness of the quality system. The personnel performing the audits shall be suitably qualified, and/or adequately trained.
- 9.8 The CSRR Group shall have documented procedures for dealing with feedback and corrective action whenever discrepancies are detected in the quality system and/or in the performance of the CSRR services and requirements.
- 9.9 The management of the CSRR Group shall review the quality system at appropriate intervals to ensure its continuing suitability and effectiveness. The results of such reviews shall be recorded.
- 9.10 The management of the CSRR Group shall demonstrate that a process of continuous improvement is being implemented for its CSRR Quality Management System, including its commitments. Detailing targets and providing performance data that may support these plans of improvement are desirable, yet optional.

10. Personnel

- 10.1 The CSRR Group shall clearly explain how it recruits a sufficient number of suitably qualified staff to conduct its CSRR research work. It shall clearly explain how it provides sufficient and on-going training and development of its staff, how they are managed in terms of the conducting of CSRR research and in the implementation of its integrity policy and system.
- 10.2 The remuneration, including performance related pay, of persons engaged in CSRR activities shall not depend on the specific results/evaluations of such CSRR.

11. Records

- 11.1 The CSRR Group shall maintain a record system to suit its particular needs for daily operations, for the accountability and verifiability of its CSRR services.
- 11.2 The records shall include sufficient information to permit internal and external control.

- 11.3 All records shall be safely stored for a specified period (5 years), held secure and in confidence and in a way that it can be consulted for the purpose of accountability, or verification.
- 11.4 The CSRR Group shall ensure that computer hardware and software are tested in order to confirm that it is adequate for use and storage and is maintained in order to ensure proper functioning.
- 11.5 The CSRR Group shall ensure that procedures are established and implemented for maintenance of security of data.

12. Sub-contracting

- 12.1 The CSRR Group shall take full responsibility for the application and/or implementation of its research methodology by third party suppliers and subcontractors.
- 12.2 When a CSRR Group subcontracts any part of the CSRR, it shall ensure and be able to demonstrate that its subcontractor is competent to perform the service in question. This should include the adoption by subcontractors of the Integrity Principles adopted by the group.
- 12.3 The CSRR Group shall record and retain details of its investigation of the competence and compliance of its subcontractors. The CSRR Group shall maintain a register of all subcontracting.
- 12.4 The CSRR Group shall communicate/publish all its partnerships and significant subcontractors, relevant to CSRR contracts.

13. Complaints and appeals

- 13.1 The CSRR Group shall have documented procedures for dealing with complaints received from clients or other parties about the CSRR Group's activities and communications.
- 13.2 A record shall be maintained of all complaints and appeals and of the actions taken by the CSRR Group.

14. Co-operation

The member CSRR Group is expected to participate in an exchange of experience with other CSRR Groups and to contribute to the further development of the standard and its related processes.

15. Public disclosure

- 15.1 The CSRR Group shall disclose publicly all the information needed for users and stakeholders to understand its research and evaluation methodologies in a general way, including the criteria, ratings, grades, symbols, ... The CSRR Group should make its research methodology including any grading and rating systems available to clients, companies, stakeholders and the public. Should it in specific, exceptional circumstances not do so, it must make public its reasons for not doing so. At all times the documents explaining in full perspective the details of all methodologies and processes shall be available without restrictions for use by auditors/verifiers.
- 15.2 The CSRR Group shall publicly disclose its official instrument of communication, containing its fully approved texts, results, reports, etc. as a reference for external users/stakeholders. This tool will clearly be dated and disclose the validity in time of the disclosed information.

- 15.3 The CSSR Group has several ways of achieving public disclosure: putting the documents on website; providing them on request (with possible restrictions); providing the information in the Transparency Matrix.
For the documents listed in the table an indication is given on which minimal level of disclosure is expected.

J01	The QMS Statement	On request, without restrictions
J02	Mission Statement (optional, if available)	On request, without restrictions
J03	Group Code of Conduct; integrity principles	On request, without restrictions
J04	Independence Policy	On request, without restrictions
J05	Independence Statement	On request, to clients and auditors
J06	Staff Code of Conduct; integrity principles	On request, without restrictions
J07	Composition of the board of directors	In TM
J08	Composition of the advisory committees	On request, without restrictions
J09	Responsible managers for QM of research/assessment	In TM
J10	Analysts names	On request, to concerned parties only (companies, clients, auditor)
J11	Organigram explaining roles and responsibilities of all staff	On request, to clients and auditors
J12	Members, shareholders	In TM
J13	Partnerships	In TM
J14	Suppliers	On request, to clients and auditors
J15	Other stakeholders and their role	On request, without restrictions
J16	Memberships/shareholderships in other organisations	On request, to clients and auditors
J17	Annual activity report	On request, to auditor and clients
J18	Annual accounts	To auditors
J19	Protocol regarding relations with companies	On request, to concerned parties
J20	Confidentiality Statement	To companies
J21	Liability Statement	To clients
J22	Methodology: data collecting + processing	To clients and companies
J23	Methodology: assessment (to clients)	To clients
J24	Description of the methodology review process	On request of auditors
J25	Output of standard research products: full version	To clients
J26	Output of standard research products: summarized version	To companies
J27	Output of secondary research products: full version	To clients
J28	Output of secondary research products: summarized version	To companies
J29	Company profiles or ratings, ...	To clients and companies
J30	Contact details for information, feedback and complaints	To clients and companies

Requirements on the level of methodologies

CSRR-QS 2.1 is specifically linked to one methodology performed by the research group. This methodology is required to exhibit certain features that ensure diversity of sources and criteria. CSRR-QS is related to the output resulting from this methodology.

Methodologies are understood to cover one or more of the following actions:

- Data collection
- Analysis of data
- Screening decisions
- Assessment, or any other kind of evaluation, rating, ranking etc.

CSRR Group should perform all of the above activities themselves or outsource some of them to groups that should be certified according to a compatible certification norm.

16. Research standards and indicators

16.1 **Independent sources.** A CSRR Group shall maintain accurate, complete and updated information on the assessed companies and implement it according to sections 17.1 and 17.2.

A CSRR Group shall be able to show that it keeps a balance between company-provided information and independent information sources. It shall indicate how this balance is respected throughout its CSRR data collecting process (see 17.4) and what stakeholder sources are considered to be relevant and material.

16.2 **Global activities.** A CSRR Group shall indicate to what degree its analyses and assessments cover the global activities of companies. It shall detail what rules are applied throughout the CSRR data collecting, data processing and evaluation processes to select the relevant global operations and impacts of the quoted company (see also sections 17.4, 17.5, 17.6, 17.7).

16.3 **Beyond compliance.** A CSRR Group shall indicate how it ensures its research goes significantly beyond the provision and analysis of data, *et al* that are legally required by law and regulation. See section 17.6.

16.4 **Social and environmental scope.** A CSRR Group shall show how the principles of corporate sustainability or corporate social responsibility are incorporated in a balanced way, yielding in a system balancing social and environmental indicators. No category may take more than 75% of all indicators.

16.5 **Balance.**

A CSRR Group shall show how it collects information on qualitative and quantitative information. It shall detail in what context quantitative data are used (sector context, historical performance, future trends *et al*, ...). A CSRR Group shall:

- Indicate that in addition to performance indicators a number of management-oriented indicators are applied throughout its analyses of management systems on different levels of the quoted company.
- Reveal how past and current performance indicators are built into their research methodology.
- Demonstrate that a fair balance is kept between social and environmental indicators.

16.6 **Relevance/materiality.** A CSRR Group shall show which procedures, stakeholder involvement processes and considerations underpin the relevance and materiality of their assessments and rating methodologies, and how those systems are being managed and kept updated.

16.7 **Consistency and comparability.** A CSRR Group shall be able to demonstrate consistency and to document the comparability of its methodologies by any means: research manuals, quality management instruments, a random selection of company profiles, software routines, etc.

16.8 **Stakeholder involvement.** See chapter 18.

16.9 **Up-to-date.** A CSRR Group shall ensure that its data and assessments of companies are kept updated. It will demonstrate its respect for this principle by disclosing the frequency and procedures of monitoring and by the logbook (17.2) and the CSRR Group's company file systems or by any other means.

16.10 **Transparency.** See chapter 15.

17. Research and evaluation methodologies

17.1 The CSRR Group shall establish a **Research Manual**, detailing clear systems and tools for managing its research processes. These should include:

- Record systems for quality management and control and for CSRR data collection;
- A company-data record keeping system;
- A CSRR evaluation process system; and
- A protocol for dealing with companies.

For each of these the CSRR Group should ensure it has in place an "audit trail" indicating clearly what is explained and documented where, how and by whom and when. All types of research and evaluations should be explicitly detailed and revealed in these systems and processes. It should be made clear how staff are trained in and kept informed about these processes and systems, and which are made available to what degree to customers, companies, stakeholders and others.

17.2 The first instrumental basis for the CSRR process quality management and control is the '**CSRR-QS-logbook**'

17.3 The second instrumental basis for the CSRR process quality management and control is the **CSRR Group's company data filing system.**

17.4 The CSRR Group shall have and use adequate documented and auditable instructions on the **CSRR data collecting process**, included in the Research Manual.

17.5 A **protocol regarding the relation with companies** shall be kept.

17.6 The CSRR Group shall have and use adequate documented and auditable instructions on the **CSRR data processing**, included within the Research Manual.

17.7 The CSRR Group shall have and use adequate documented and auditable instructions on the **CSRR evaluation processes.**

17.8 All instructions, standards or written procedures, worksheets, check lists and reference data relevant to the work of the CSRR Group shall be maintained up-to-date and be readily available to the staff. It will be demonstrated that a process of continuous improvement is implemented. Optionally this can be done by indicating any targets or commitments for improvement and the performance against these action plans action plans for improvement.

17.9 All relevant observations and/or data obtained in the course of CSRR processes shall be recorded in a timely manner to prevent loss of relevant information (see chapter 14). The CSRR Group shall ensure that it has sufficient and adequate record keeping systems, concerning company related data.

17.10 Internal quality management instruments and instructions need not be made publicly available. It is up to CSRR Groups to decide to whom they will be disclosed. The certification body shall have access to these manuals, logbooks and company files.

17.11 CSRR Groups shall disclose the main features of their research and evaluation methodologies. The CSRR-TM, the **Transparency Matrix** is the 'calibrated' instrument to disclose this kind of information in a comprehensive and transparent way. Signatories will provide and publish the information needed for the CSRR-TM.

- 17.12 CSRR Groups shall provide a **Policy on Liability Statement** and shall provide their **Disclaimer**.

18. Stakeholder involvement

- 18.1 Stakeholder dialogue is considered by all to be a quality issue with respect to CSRR processes. It is therefore an important component of the standard. Stakeholder dialogue is understood here in two ways:
- (1) Dialogue between the research group and its own stakeholders (academics, clients, NGO's, etc.), especially about methodology and "purpose" of CSR research. We refer to these as "direct stakeholders".
 - (2) Dialogue with stakeholders of the researched companies (NGO's, trade unions, etc.), especially for data collecting. We refer to these as "indirect stakeholders".
- As part of and within the CSRR processes, CSRR Groups will integrate information from "indirect stakeholder" sources at least for data collecting, or to complete and/or to double check corporate information sources with third party information. CSRR Groups may also expose the analysis and assessments to non-corporate scrutiny by submitting them to (either direct or indirect) stakeholders.
- Stakeholder involvement is an active or pro-active process of dialogue linked to the CSRR processes of data gathering and/or data interpretation and/or analysis and/or evaluation.
- 18.2 In the **Stakeholder Policy**, CSRR Groups shall clearly explain how stakeholder involvement is built into (in, as far as possible, a systematic, descriptive and auditable way) the CSRR processes. CSRR Groups can achieve this in a variety of ways in their systems and methodologies (see e.g. sections 18.3 and 18.4). They shall clearly document their approach. They shall make a distinction between what regards dialogue with direct stakeholders for methodology review and/or consultation for final assessments and dialogue with indirect stakeholders for data collecting and/or final assessments. They shall also make a distinction between active (solicited) dialogue and integration of stakeholder input from other sources (surveys, studies, reports and other publicly released indirect stakeholder information).
- 18.3 CSRR Groups shall list which direct stakeholders (beyond customers who may also be included) are involved in the creation and development of its standards, criteria, methodologies and evaluation procedures and state the precise nature of this involvement (e.g. use for advise, decision-making, etc). CSRR Groups should disclose how stakeholder views are taken into account and what impact they have on the selection of criteria and the alteration of any methodologies, in comparison with other inputs. Also, the way representative stakeholders are identified and selected shall be clearly and completely disclosed.
- 18.4 CSRR Groups shall clearly explain and document their stakeholder management concepts and procedures. This should include: the level of data collection and shall record all relevant indirect stakeholder dialogue sources recorded in auditable logbooks or company files (as mentioned in section 17), in order to show their efforts to effect stakeholder involvement. CSRR Groups shall list which stakeholders are involved (and how they were selected) in the assessment procedures and shall clearly and completely explain the precise nature of their involvement or representation.
- 18.5 All procedures and management concepts shall be detailed in the **Stakeholder Management Manual**, which will detail how potential conflicts of interest are handled. These potential conflicts could arise from stakeholder pressure to unduly influence the analysis of companies, or the direction of CSRR research in general.
- 18.6 Up to date information on the issues mentioned in sections 18.3, 18.4 and 18.5 should be provided in an annual document, the **Annual Stakeholder Report**.