

PURPOSE OF RESEARCH

- **Examine fifteen key activity sectors to understand the development and evolution of their CR standards**
- **Allow ILC to compare its approach to framework building in terms of**
 - Principles-Based Mandate
 - Accounting and Auditing Metrics
 - Stakeholder Engagement
 - Reporting
 - Assurance
 - Managing Stakeholder Expectations

CR STANDARDS DEVELOPMENT : 1991-2011

- **There are “success” winners and losers**
- **You can achieve what you want given effort, resources and good management**
- **There are a number of lessons to be learned**
- **Unanimous standard acceptance is very rare**
- **Not everyone is happy with winners though more are unhappy with loser**

DEFINING SUCCESS

THREE MEASURES OF SUCCESS

- Achieve widespread adaption within target industries, and throughout supply chains
- Successfully promote reputational trust, credibility, transparency and accountability
- Engage stakeholders in meaningful ways that reflect the industry's license to operate

HELPING GROW THE STANDARD

- **Use consistent entry level standards**
- **Translate the CR standard into relevant, easy to access and understand, languages**
- **Embed a mechanism for continuous improvement**
- **Establish right to know and precautionary approaches for EH&S hazardous products**
- **Motivate operators with rewards, recognition**

USE REINFORCEMENT TOOLS

RECOGNIZED REPUTATIONAL WINNERS

- **Third party certification of reports**
- **Deadlines for regular, timely reporting**
- **An adequate, accessible complaints mechanism**
- **Recognize superior performance**
- **Single out violators, free riders**
- **Protect good conscience whistle-blowers**

THE ROLE OF PUBLIC ACCEPTANCE

- **More than public trust or acceptance is necessary for success**
- **In several sectors, neither lack of public credibility nor severity of problems has spurned successful commitments to CR standards development** (hunting, fast food, tobacco)
- **Successful engagement doesn't imply or guarantee popular recognition, visibility**

MANAGEMENT PROBLEMS TO AVOID

SECTOR PRACTICES THAT INHIBIT SUCCESS

- **Not coalescing around a standard**
- **Competing more important than cooperation**
- **Unwillingness to listen to critics**
- **Failure to engage important stakeholders**
- **Fear downside risk greater than rate return**
- **Failure to empower front line staff**
- **Resistance to investing in harm reduction**

TYPICAL PROBLEMS

REASONS FOR STANDARDS' LOW SCORES

- **Not address all ESEG issues**
- **Address only internal complaints**
- **Not allow independent site visits, verification**
- **Low brand awareness among public**
- **Little or no peer pressure to participate**
- **No penalties for inferior CR performance**
- **Issuing contradictory performance data**

IDEAS TO ENHANCE DEVELOPING A BEST PRACTICE CR STANDARD (1)

LESSONS LEARNED: GLOBAL SCOPE

- **Government roles need not be formalized**
- **Global sources can more richly inspire content development (than Canadian/other)**
- **Engaging operators in developing the business model is important**
- **Internal operator self-interest motivations are a stronger base than altruism, external pressures**

IDEAS TO ENHANCE DEVELOPING A BEST PRACTICE CR STANDARD (2)

LESSONS LEARNED: SECTOR-WIDE

- Plan for a dynamic, evolving standard
- Be prepared for political uncertainties
- Foundation (rather than NGO) status may yield certain director, governance benefits
- It is important to acknowledge and involve supply chains in all stages of the process
- Metrics need adequate attention

IDEAS TO ENHANCE DEVELOPING A BEST PRACTICE CR STANDARD (3)

LESSONS LEARNED: OPERATOR LEVEL

- Invest in guidance, training and mentoring
- The superior game plan needs strategic, operational & communications components
- Private vs. public ownership offers little difference in ability to address challenges
- Who within the operator organization is assigned lead (communications, vs. legal, vs. operations) matters in terms of data, credibility