

# Imagine A New Spirit of Community

## WHAT CANADA CAN LEARN FROM EUROPE A speech presented by Imagine's Director, Chris Pinney For EthicsCentre CA, May 21, 2003

Many of you will know Imagine as Canada's leading initiative to promote corporate community investment and philanthropy. We are, in international terms, one of the most successful initiatives of its kind. Since Imagine was launched, corporate donations have more than doubled in Canada, and the 1% of pre-tax profit benchmark Imagine established is well respected. In today's environment however, we know that Canadians are looking for more than a cheque from business. Canadians expect business to be a responsible and engaged partner that works with governments and civil society to address the economic and social challenges created by globalization.

In 1998, Imagine, in partnership with the Business Council on National Issues (now the Canadian Council of Chief Executives) organized a national corporate citizenship forum to address these challenges. The resulting discussion document - *More Than Charity: A New Agenda for Canadian Corporate Citizenship* - set out a five-point action plan to dramatically increase the engagement and contribution of business to community building in Canada. For the last five years, we have been working to implement that agenda. To guide us in our work, we have looked internationally to see where and how corporate social responsibility has moved forward, and what mix of business, government, and civil society initiatives have been the most effective.

Specifically we are interested in these key questions. 1) How to get business leaders to focus on this issue? It is our view that, without leadership from CEO's, we cannot advance the CSR agenda. 2) What are the best approaches to defining, managing and reporting CSR? 3) What tools do managers need to implement CSR in their companies? Our observation here is, that without a well-articulated business case and a coherent set of management tools and benchmarks, middle managers cannot implement CSR practices.

What I will do in the next fifteen minutes is look at these dimensions of CSR in the context of what is happening in the UK and Europe - which we see as world leaders in this field. I will conclude by looking at how these initiatives might inform Canada's approach to CSR, and how at Imagine, we are building on this knowledge to move our leadership agenda forward.

CSR in Europe is really a relatively new phenomenon that has grown rapidly, in large part due to the pressures of globalization. Like other countries, the Europeans have been caught between the demands to reduce the size of government and liberalize markets, while at the same time maintain quality of life and social cohesion. European governments and citizens see business as a primary beneficiary of globalization, and are expecting business to play a more engaged and responsible role in addressing the social challenges. In less than a decade, a wide range of CSR initiatives have emerged in Europe

There is no question that the UK is the European leader in CSR. This is not surprising as it was the first country to implement the structural adjustment and downsizing of governments - a trend we have subsequently seen happen globally. The draconian cuts to social services under Thatcher's neoconservative government in the 1980's led to an unprecedented social crisis in

many of the UK's largest cities. This included widespread rioting and destruction. The extent of this crisis, and its potential implications for UK business and economic competitiveness created a strong wake up call to business leaders. As a result, within a few short years, several key initiatives were launched by business leaders. The overarching purpose was to engage business more directly in addressing social challenges. As a result, business began to work in partnership with the government to map out new social development strategies. Two of the leading business-led charitable organizations that were formed in this period were Business in the Community (BITC) and the Prince of Wales Business Leaders' Forum. Currently, Business in the Community is an organization comprised of 700 member companies that commit to continually improving their positive impact on society. BITC helps companies translate policy into local action, as well as providing the opportunity to dialogue, to develop and share best practices, and to create collaborative action plans. The Prince of Wales International Business Forum now known as The International Business Leaders' Forum, was set up as an international educational charity in 1990. Its purpose is to promote responsible business practices internationally to the benefit of business and society, and to help achieve social, economic and environmentally sustainable development, particularly in new and emerging market economies. Under the patronage of the Prince of Wales, it has succeeded in engaging CEO's from some of the UK's most influential global companies. It has also become a key CSR forum for CEO's of global companies.

For example, both The International Business Leaders Forum and Business in the Community have launched a series of initiatives to encourage business to focus on solving the social challenges of UK inner cities by applying its expertise and investment. One of the first initiatives was the establishment of the *Seeing is Believing* Program. Senior executives toured some of the most blighted and impoverished inner city areas of the UK. This personal experience galvanized many chief executives to examine how they could do more to address systemic challenges through both their core business practices and community investment efforts.

In the early 90's, The Royal Society for Art and Manufacturing, launched *The Tomorrow's Company Enquiry*. Led by Sir Anthony Cleaver, then CEO of IBM, PLC the enquiry held meetings across the UK with business leaders, and issued a report in 1996. The report called for companies to take a much more "inclusive" approach to understanding and managing their impact on society. I think in many ways, this study was an important stepping stone to the development of stakeholder management theory which is emerging as one of the leading CSR management practices today.

While the Conservative Thatcher government may have unknowingly catalyzed business leaders into taking a more proactive role in CSR, Tony Blair's Labour government has taken a much more activist role in "encouraging" CSR dialogue with business leaders, as well as putting CSR on the government policy agenda. The UK is the only government in the world with a dedicated Minister for Corporate Social Responsibility. The Minister's role is to continually maintain dialogue with business leaders through a variety of partnership initiatives such as the CSR Forum - a joint initiative with Prince of Wales Forum and Business and the Community. In the last two years, the government has launched a series of measures to "encourage" greater corporate transparency and CSR reporting. By simply requiring all pension funds to publicly disclose their investment criteria, the government has created a growing interest from investors and companies in socially responsible investing. This interest has translated into the London based FTSE stock exchange launching the *FTSE for Good* to track socially responsible companies.

In contrast to the UK, much of the leadership of CSR in the rest of Europe has come from government led initiatives. In the last five to six years, the most significant of these initiatives has been multilateral in nature, and driven by the European Economic Union. This should not come as a surprise as in most mainland European countries, the government has played a much larger and more dominant role in both the economic and social development compared to the UK. The history of “collaboration” between key stakeholders including business, unions and government is also more frequent, and many large firms in mainland Europe have very strong ties both to governments and communities.

The dominant CSR player in mainland Europe, is the EEU sponsored **CSR Europe**. Established in 1995 by former European Commission president Jacques Delors, the EEU works to make Europe “*the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth, with more and better jobs and greater social cohesion*” by 2010”. This goal was set out at the Lisbon 2000 Summit. In November 2000, CSR Europe launched the **European Business Campaign on Corporate Social Responsibility**. The campaign’s goal is to mobilize 500,000 business people and partners to integrate CSR into their core business strategy by 2005. To accomplish this goal, a marathon of CSR conferences throughout Europe has been launched which will culminate at a Business Olympics in 2004. Another initiative - the **European Academy of Business in Society** is designed to help build capacity and drive CSR into the mainstream of business practice, theory and education through integrating the teaching of CSR at business schools. In addition, there is an annual campaign called **Report on European CSR Excellence** that is designed to energize stakeholder dialogue and document the wealth of national initiatives.

Other important European based initiatives are the **World Economic Forum** and the **International Business Leaders Forum - Global Corporate Citizenship Initiative**. Based in Geneva, Switzerland, the forum is an independent organization committed to improving the state of the world. Funded by the contributions of 1,000 of the world's foremost corporations, the Forum acts in the spirit of entrepreneurship in the global public interest to further economic growth and social progress.

The Global Corporate Citizenship Initiative was launched in Geneva, Switzerland on July 24, 2001. More than 40 Forum member companies as well as representatives from other organizations and initiatives have committed to furthering corporate citizenship. With the cooperation of top business leaders, and through discussing corporate citizenship at various Forum events, the Initiative’s aim is to increase businesses' engagement in, and support for, corporate social responsibility as a business strategy with long-term benefits for both business and society.

At the Forum's Annual Meeting in 2002, a joint CEO statement entitled *Global Corporate Citizenship: The Leadership Challenge for CEOs and Board* was launched. This joint statement recommends a framework for action that business executives can use to develop a strategy for managing their company's impact on society and its relationships with stakeholders. I will talk more about this shortly in the Canadian context.

While most of the action has been at the EEU level, there are some other specific country level initiatives of note. These include:

The **Danish National Network of Business Executives**, established in 1996 by the Minister of Social Affairs. This organization is composed of 15 business leaders from the private and public sectors representing over 85,000 employees in Denmark. This advisory board engages other companies in employee and local community initiatives and promotes greater corporate social commitment and partnerships

The **Dutch government** has launched a national campaign to promote social integration partnerships. To date, the campaign has over 800 representatives from business, government, non-profit, social and environmental organizations participating.

CSR Europe also provides a host of useful guides and resources to help business build CSR capacity. In addition to the leadership initiatives I have referred to, many of the world's leading independent CSR pundits, thinkers, organizations, consultancies and networks are European based. Some of the more important organizations include:

#### **Centre for Tomorrow's Company**

The [Centre for Tomorrow's Company](#) is an independent think tank engaged in stimulating the business agenda to incorporate sustainability.

#### **The Copenhagen Centre**

Supported by the Danish Government [The Copenhagen Centre](#) promotes voluntary partnerships between business, government and civil society with a focus on providing opportunities for the less privileged to be self-supporting, active and productive citizens. In addition, the Centre aims to become the "European house for social responsibility", providing ongoing forums to facilitate the debate.

#### **Corporate Citizenship Company**

The [Corporate Citizenship Company](#) helps companies succeed as commercial entities by being active corporately responsible citizens. It examines the full range of economic, social and environmental impacts of their business, as well as providing consultancy and ongoing information services.

#### **Forum for the Future**

The search for a visionary and practical model of sustainability is the mission that led to the formation of [The Natural Step](#), a scientifically rigorous business and sustainability initiative, relevant to companies and other organizations that are now keen to move beyond "greening".

#### **Global Reporting Initiative**

The [Global Reporting Initiative \(GRI\)](#) is an international, multi-stakeholder initiative to create a common worldwide framework for voluntary reporting of the economic, environmental, and social impact of organization-level activity. The GRI incorporates the active participation of business, accountancy, human rights, environmental, labour, and governmental organizations.

### **Institute of Social and Ethical AccountAbility**

The UK based [Institute of Social and Ethical AccountAbility](#) is an international membership organization committed to strengthening the social responsibility and ethical behaviour of the business community and non-profit organizations. Its measurement tool - The [AA 1000 standard](#) provides both a framework that organizations can use to understand and improve their ethical performance, as well as a means for others to judge the validity of ethical claims made.

### **New Academy of Business**

The [New Academy of Business](#) is a British-based international education and research organization that aims to provide business with an enhanced capacity to respond to social, environmental and ethical challenges. New Academy programmes focus on globalization, the environment, consumer impact, community, and the quality of working life.

### **New Economics Foundation**

The [New Economics Forum \(NEF\)](#) is working to construct a new economy centred on people and the environment. It is an independent think tank combining research, advocacy, training and practical action. NEF examines the way wealth is created, looking at the areas of fair trade, green consumers, ethical investment, community banks, organic farming, LETS schemes, social audits, volunteering, and business with a conscience.

### **Social Accountability International (SAI)**

[Social Accountability International \(SAI\)](#) addresses the growing concern among consumers about labour conditions around the world. In response to the inconsistencies among workplace codes of conduct, SAI has developed a standard known as Social Accountability 8000 (SA8000). This code sets standards for workplace conditions as well as a system for independently verifying compliance by factory owners and employers. The SA8000 is based on the nine principles of international human rights: child labour, forced labour, health and safety, compensation, working hours, discrimination, free association and collective bargaining and management systems.

### **SustainAbility**

[SustainAbility](#) is an independent management consultancy and think-tank dedicated to promoting the business case for sustainable development. Its mission is to help create a more sustainable world by encouraging the adoption of practices that are socially responsible, environmentally sound and economically viable - satisfying the triple-bottom line of sustainable development. With the [Trimaran](#) project, SustainAbility seeks to establish benchmarks of board composition and processes for companies that are implementing governance solutions.

### **Transparency International**

German based [Transparency International \(TI\)](#) aims to increase governmental accountability and to curb both international and national corruption. It looks at the humanitarian, democratic, ethical and practical concerns of corruption. TI's [national chapters](#) design national anti-corruption strategies.

### **World Business Council for Sustainable Development (WBCSD)**

The Swiss based [WBCSD](#) is a coalition of 125 international companies committed to the environment, and to the principles of economic growth and sustainable development globally.

So, what we can draw from the European experience to help us here in Canada? Clearly not every European success story is replicable here. We are indeed a different culture, influenced in large part by the American culture of corporate citizenship that has tended to see CSR more in philanthropic terms, and certainly would countenance no role for government.

That being said, there are several key learning examples from the European experience that **are** relevant to Canada.

First, in order to engage business leadership, there needs to be a clear and compelling value proposition or business case that articulates the benefits to both business and society. The EEU's challenge to business that clearly links social development and cohesion to Europe's economic competitiveness, has been successful. The WEF's *Global Corporate Citizenship Challenge* has provided a clear call to action from a business perspective.

Second, a core group of business leader champions is key. The Prince of Wales Business Leaders Forum, Business in the Community, and the World Economic Forum Global Corporate Citizenship initiatives have succeeded because they have been developed and are championed by a core group of committed business leaders. These business leaders see themselves as responsible leaders in society as well as being leaders in business.

Third, there are now a large number of business case and management resources available to help managers implement CSR. CSR is still in its early days and is a rapidly evolving field. Going forward, more work will need to be done to coordinate and rationalize the rapidly increasing number of initiatives, standards and approaches to CSR. The work of the GRI is instructive when it comes to issues reporting.

Fourth, governments clearly have a critical role to play by articulating the challenge and engaging business leaders as the EEU has done, by creating and supporting a framework for dialogue as the Danish and Dutch governments have done, and by creating a regulatory and policy environment to encourage more community investment and better reporting as the UK and French governments have done.

When comparing Canada to Europe, probably the biggest differentiator is the role of government. While the Canadian government has endorsed the OECD guidelines for multinationals and the Global Compact, and is a leader on the ISO-CSO initiative, our government has been almost completely silent on the CSR agenda. At the moment, a nascent interdepartmental committee of junior personnel is working on a CSR agenda. However, there is no systematic policy agenda for the support of CSR or multistakeholder engagement strategy as we have seen in Europe. I think there is much the Canadian government could learn from the European Experience about how to support and build corporate social responsibility in Canada.

Let me turn briefly now to how we are applying lessons from the European experience in our work at Imagine.

In terms of leadership, we have built a strong working relationship with organizations such as the IBLF, BITC and the WEF to bring the best of their experience to Canada, and to inspire leaders here. We are mobilizing a new generation of corporate leaders to lead Imagine. Working with them, we have developed a new Imagine corporate citizenship commitment. Working with the WEF, we have adapted the global corporate citizenship leadership challenge statement to a strong

call for leadership for corporate citizenship in Canada. This call to action and our new Imagine corporate citizenship commitment are supported by the Canadian Council of Chief Executives, and will be publicly launched this fall.

We are working to build a new framework for partnership and dialogue between the private and voluntary sectors, and government, on how we can most effectively work together on community building through our private voluntary sector forum initiative.

We are building on the CSR management tools and resources developed in Europe and adapting them for Canada. At the same time, we are trying to provide a coherent framework for our members to digest, and work with the many competing standards and approaches to CSR that have emerged recently. To that end, in partnership with the Conference Board of Canada, we have developed a sophisticated on-line tool that will enable our companies to manage and track their performance in five key areas, from governance to community investment. The tool is based on a distillation of the world's major voluntary CSR codes. This tool will also enable the user to benchmark their own performance against specific codes pertinent to their industry.

To help educate tomorrow's business leaders, we are working with business schools across Canada to promote and encourage the integration of CSR into the core curriculum into the MBA and Executive MBA programs at Canadian business schools.

We believe with these initiatives, Imagine will be successful in further a corporate citizenship agenda in Canada.