

management *ethics*

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A Time of Change

Editorial by David Selley

On June 1, Larry Hebb, Chair of the Canadian Centre for Ethics & Corporate Policy for the last three years, handed over the reigns to Chris Chorlton. Chris, Executive Director and Corporate Ethics Officer for Hydro One, has been a director of the Centre for four years and served as a Vice-Chair most recently. Chris's role at Hydro has included dealing with the wide range of ethical issues that one would expect in a company that employs 4200 people and has over a million customers.

At a recent Board meeting of the Centre, directors marveled at the frenetic activity worldwide concerning business ethics and social responsibility, the enormous increase in public attention that has occurred and the increasing ability of interest groups to influence both the framework in which corporations must operate and public opinion generally. The failure of the proposed Multilateral Agreement on Investment (MAI) in 1999 and the goings on in Seattle are only two of the most obvious manifestations of this change, which has the potential to do either good or bad or, most likely, some of each. The Board reflected on the many issues we had discussed over the years, and our plans for the future, and realised that only very little of all that had been communicated to our own members, let alone the public at large.

Genetic engineering, so-called globalization, operations in countries with repressive governments, employment of child labour, provision of affordable drugs to poor countries that cannot afford them at world prices (or any price) and to poor people in rich nations, corporate funding of university research, anti-competitive practices, deregulation, privatization, unfair dealings in the securities industry, bribing government officials, "excessive" executive remuneration, use of animals in testing, misleading advertising, and many more, are ethical issues for corporations that have come to Canadian public attention in the past year alone. To deal with such issues, corporations need strong ethical values and processes that permeate the entire organization. A company with such values and processes not only increases its chances of avoiding ethical lapses but puts it in a stronger position when they occur or, in some cases, when a corporation believes it is right to do what vocal elements of public opinion believe is wrong. The Centre's primary role is to encourage, support and as best we can assist corporations in establishing sound values and processes.

Accordingly, Larry and Chris believe it is appropriate in this issue of **management *ethics*** to provide their insights based on reflection and anticipation, respectively.

Ethics in the News

- ❖ On June 6, the House of Commons Standing Committee on Justice and Human Rights urged the federal government to introduce legislation based on C-259, a Private Member's Bill. The bill calls for more accountability on the part of corporate executives for workplace safety and arose from the public inquiry into the Westray mining disaster. Whether the government will react remains to be seen.
- ❖ The North South Institute has released the *Canadian Development Report 2000* focusing on trade, human security, development assistance and debt relief. The 2000 report reviews Canada's foreign policy in 1999 and contains more than 40 pages of statistics and analysis charting the movement of resources, goods, services and people between Canada and the developing world. For more information on the report visit www.nsi-ins.ca
- ❖ A revised set of OECD Guidelines for Multinational Enterprises (MNEs) was signed on June 27, 2000. The recommendations provide guidance on appropriate business conduct across the full

range of MNE activities and aim to help MNEs operate in harmony with government policies and with social expectations. More information and the text of the Guidelines can be found at <http://www.oecd.org/media/release/nw00-68a.htm>

- ❖ The Global Reporting Initiative (GRI) has released the *June 2000 Sustainability Reporting Guidelines* as a result of a worldwide, consultation on the March 1999 GRI Exposure Draft Guidelines. The GRI is an international, multi-stakeholder effort to create a common framework for economic, environmental and social reporting. The GRI is holding its second International Symposium on November 13-15, 2000 in Washington, D.C. entitled **Leveraging Investment, Corporate Accountability and Disclosure to Advance Sustainability**. For more information on the Symposium or to download the June 2000 Sustainability Reporting Guidelines, visit www.globalreporting.org.

Upcoming Events

- ❖ September 24 -28
The International Institute for Public Ethics - "**Ethics in the New Millennium, Bridging the Gap Between Private and Public Sectors**" at the Ottawa Congress Centre, Ottawa
For more information:
<http://strategis.gc.ca/Ethics2000Ottawa>
- ❖ September 28-30
Transparency International - Conference and Worldwide Annual General Meeting in Ottawa, "**The Anti-Corruption Agenda in a New Decade**" *For more information:*
www.transparency.org
- ❖ October 25-27
The Annual Conference of the Ethics Officer Association (EOA) - **The Ethics Office: Essential, Global, Connected** at the Renaissance Chicago Hotel, Chicago
For more information:
www.eoa.org
- ❖ November 8-10
2000 Business for Social Responsibility (BSR) National Conference - **Adding Value: Strengthening Corporate Social Responsibility Strategies** at the New York Marriott Marquis in New York. *For more information:*
www.bsr.org

A Good Dose of Inspiration

The Annual Ethics in Action Awards were held on June 22, 2000 at the Royal Ontario Museum in Toronto and June 27, at the Vancouver Playhouse Theatre in Vancouver. The evenings highlighted the actions and achievements of a variety of Canadian businesses and individual nominees which have provide leadership in

corporate social responsibility. The success stories profiled by the Ethics in Action awards provide a wonderful opportunity to learn and be inspired. For more information about the awards program and Corporate Social Responsibility please visit www.ethicsinaction.com.

The following groups and individuals were honoured as award recipients:

- Ongoing Social Responsibility- Business (Toronto) – G.A.P. Adventures
- Ongoing Social Responsibility - Business (Vancouver) – Chesterman Property Group
- Ongoing Social Responsibility – Individual (Toronto) – Prof. Len Brooks, University of Toronto
- Ongoing Social Responsibility - Individual (Vancouver) – Nancy Bradshaw, Spark Strategies
- Socially Responsible Decision Making – Business and Individual (Toronto) – Print Three

Looking back over three years

By Larry Hebb

As the Centre's chair for the last several years, I have found that the leadership issues facing our directors, our other key volunteers, and our very committed staff have been exciting and encouraging in terms of broad objectives, and yet always very challenging.

The Centre's focus, as our name implies, has continued to be on working with business organizations while trying to spread our wings to embrace a broader spectrum of the business community as well as public organizations and non-governmental organizations like unions and other charities. In recent years there have been encouraging signs of a new sensitivity developing in the business community about the importance of contributing to the social environment in which business operates. And not just doing so because it is believed to be the right thing to do but also from self-interest - as a positive contributor to the organization's financial success.

Increasingly in our smaller world, as opinion-leaders have been recognizing the importance of business playing a broader role in the social environment, it is also accepted that this leadership role is particularly relevant at a time when government has been reducing its traditional support in many fields. And there has been a real challenge for the Centre and similarly-minded others to reinforce the significance of the broader role.

Last year the Centre was key organizer of an "ethics summit" that reflected the significance of business being evaluated in the social context in addition to the economic one - and there has been some exciting follow up work. Although a fairly new idea, the concept of judging business on the basis of its social performance is getting increasing attention. (*cont'd page 4*)

Vision for the future

By Chris Chorlton

The Centre's vision has progressed from raising awareness of, to championing, ethical practices in the conduct of Canadian business and other organizations.

The foundations of the Centre have been well laid. Pride in the Centre's achievements can justly be felt by those supporters and Board members who have overseen the Centre's progress in its first 12 years. In particular, I would like to add my thanks to Larry Hebb for his dedicated leadership of the Centre over the last three years.

The Centre is now poised to grow - not for growth's sake, but so as to build on, and facilitate, business's growing interest in ethical conduct and social responsibility.

How will we do this? By:

- presenting and delivering quality programs - speakers, this newsletter, conferences - and by bringing people together to discuss and reach consensus on approaches to significant ethical issues;
- expanding the base of our corporate supporters and working harder to meet their needs;
- expanding our base of individual support, including students, and by providing meaningful opportunities to contribute to the work of the Centre, and for professional development;
- leveraging our own efforts with those of other organizations, including foundations, with complementary objectives or skills; and
- establishing the Centre as a centre of excellence.

The Centre is fortunate to have two dedicated staff. Our plans for 2000 include investing our modest reserves to provide additional staff and administrative assistance to help support our greater level of program activity starting in the Fall.

Ethics Terminology

Look for the second in this series in the next Issue, which will discuss use of the term "values" in a corporate context.

Vision for the future

(cont'd from page 3) The Centre will again participate with the Conference Board and *The Globe and Mail* in organizing another Business Ethics Summit with the theme, Reality Check: Business Ethics in the Real World. The Centre will be working with the Board of Trade in a session in Mississauga designed to encourage greater participation by corporations other than those based in Toronto's downtown core.

Finally, we have a working Board made up of 22 Directors, with an Executive Committee of five. The Board is

supported by several committees, including Nominating and Governance, Communications, Program, and Development. Governance and ways to increase our operational effectiveness will be a continuing focus in 2000, including ensuring that our performance meets our members' needs.

We have a busy year ahead of us. As the new Chair, I am privileged to have the opportunity to help move the Centre towards its goals.

Chris Chorlton is Executive Director and Corporate Ethics Officer at Hydro One Inc.

Looking back over three years

(cont'd from page 3) Society is assessing business on its social performance, such as whether it articulates – and applies rigorously – values governing the conduct of its business, whether it has developed strong relationships with customers based on treating them fairly, and, similarly, on the strength of relationships with employees and other stakeholders including the communities and broader geographic areas in which it operates or on which it has an impact.

In summary, as the Centre prepares to celebrate its 12th birthday, we can look back with pride at playing our part in enhancing the sensitivity of many organizations – particularly in the business community – to issues of ethics and social responsibility.

Larry Hebb is a Partner at Osler, Hoskin & Harcourt.

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