



The Conference Board
of Canada

Le Conference Board
du Canada

Introduction to CSR and the role of the association

Indonesian Business Association
Delegation to Canada

Coro Strandberg
Strandberg Consulting
September 16, 2016

The Conference Board of Canada

Insights. Understanding. Impact.

We are Canada's foremost independent and not-for-profit applied research organization.

Our Mission

We are dedicated to building a better future for Canadians by making our economy and society more dynamic and competitive.



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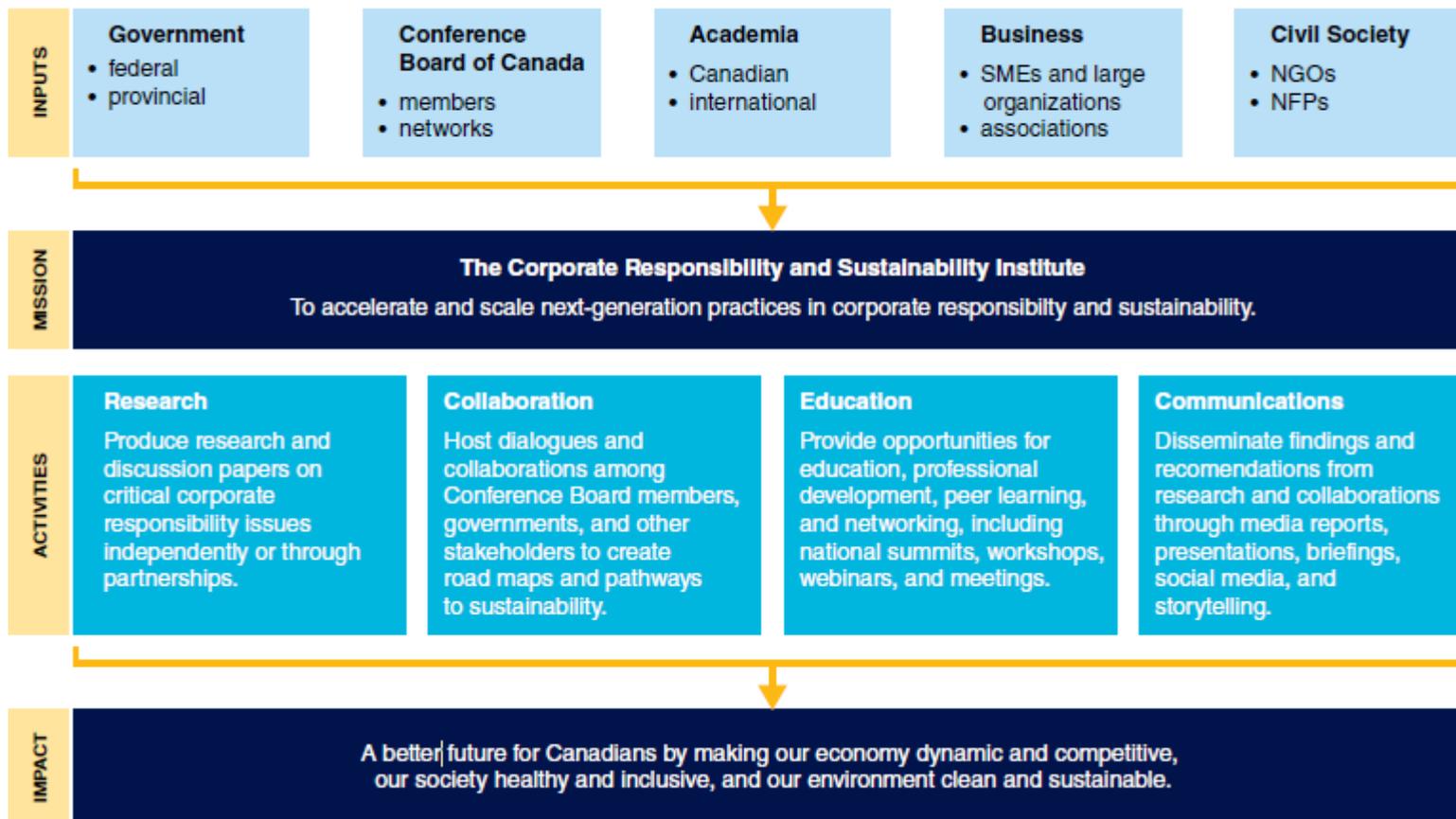
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About the Corporate Responsibility & Sustainability Institute

The Corporate Responsibility & Sustainability (CR&S) Institute brings together business, industry, government, academia and civil society as partners to envision a sustainable future and identify corporate responsibility and sustainability challenges and opportunities. Together, we gain knowledge and develop insights into how these challenges can be met and opportunities realized.



Building a Better Future for Canadians



Overview



- What is CSR
- What is the business case
- What does best practice look like
- What is the role of the industry association to advance CSR among its members



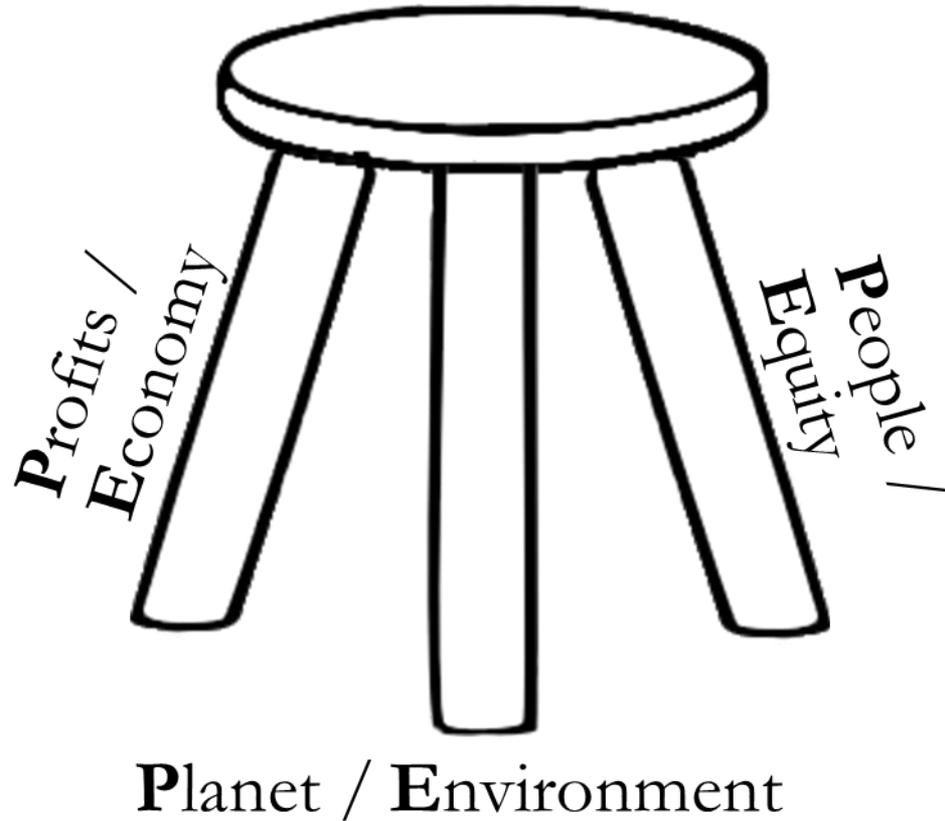
Partner Discussion



- What does CSR mean to you, your organization, your members?
- What CSR projects do you have underway?
- Share your discussion with the group.



TRIPLE BOTTOM LINE



Global CSR Standards





United Nations Global Compact

10 Principles of the United Nations Global Compact

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

Labour Standards

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.



Global Standards



Social Responsibility

Responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that:

- contributes to sustainable development, including the health and the welfare of society
- takes into account the expectations of stakeholders;
- is in compliance with applicable law and consistent with international norms of behaviors
- is integrated throughout the organization and practiced in its relationships



Sustainable Development

Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.



Figure 1 — The seven core subjects at a glance



7 core principles of ISO 26000





- MISI MISSION

Sejahtera bersama bangsa dengan memberikan nilai terbaik kepada stakeholder kami

To prosper with the nation by providing the best value to our stakeholders

- VISI VISION

- **Menjadi salah satu perusahaan dengan pengelolaan terbaik di Asia Pasifik dengan penekanan pada pertumbuhan yang berkelanjutan dengan pembangunan kompetensi melalui pengembangan sumber daya manusia, struktur keuangan yang solid, kepuasan pelanggan dan efisiensi**
- **Menjadi perusahaan yang mempunyai tanggung jawab sosial serta peduli lingkungan**

- *To be one of the best managed corporations in Asia Pacific with an emphasis on sustainable growth by building competence through people development, solid financial structure, customer satisfaction and efficiency*
- *To be a socially responsible and environmentally conscious corporation*





Astra's environmental programs focus on:

- a. Nature conservation**
- b. Environment sanitation**
- c. Campaign in Environment-Friendly Lifestyle**





Penurunan penggunaan air per unit tahun 2015 dibandingkan tahun sebelumnya

Reduction of in water use per unit in 2015 compared with previous year

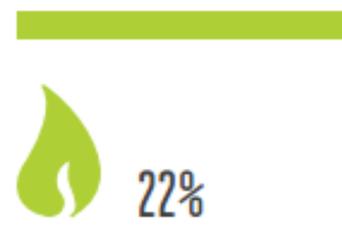


Penurunan limbah cair B3 per unit produk tahun 2015 dibandingkan tahun sebelumnya

Reduction of Hazardous Liquid Waste per unit of production in 2015 compared with previous year



Penurunan Intensitas Energi
Reduction of Energy Intensity

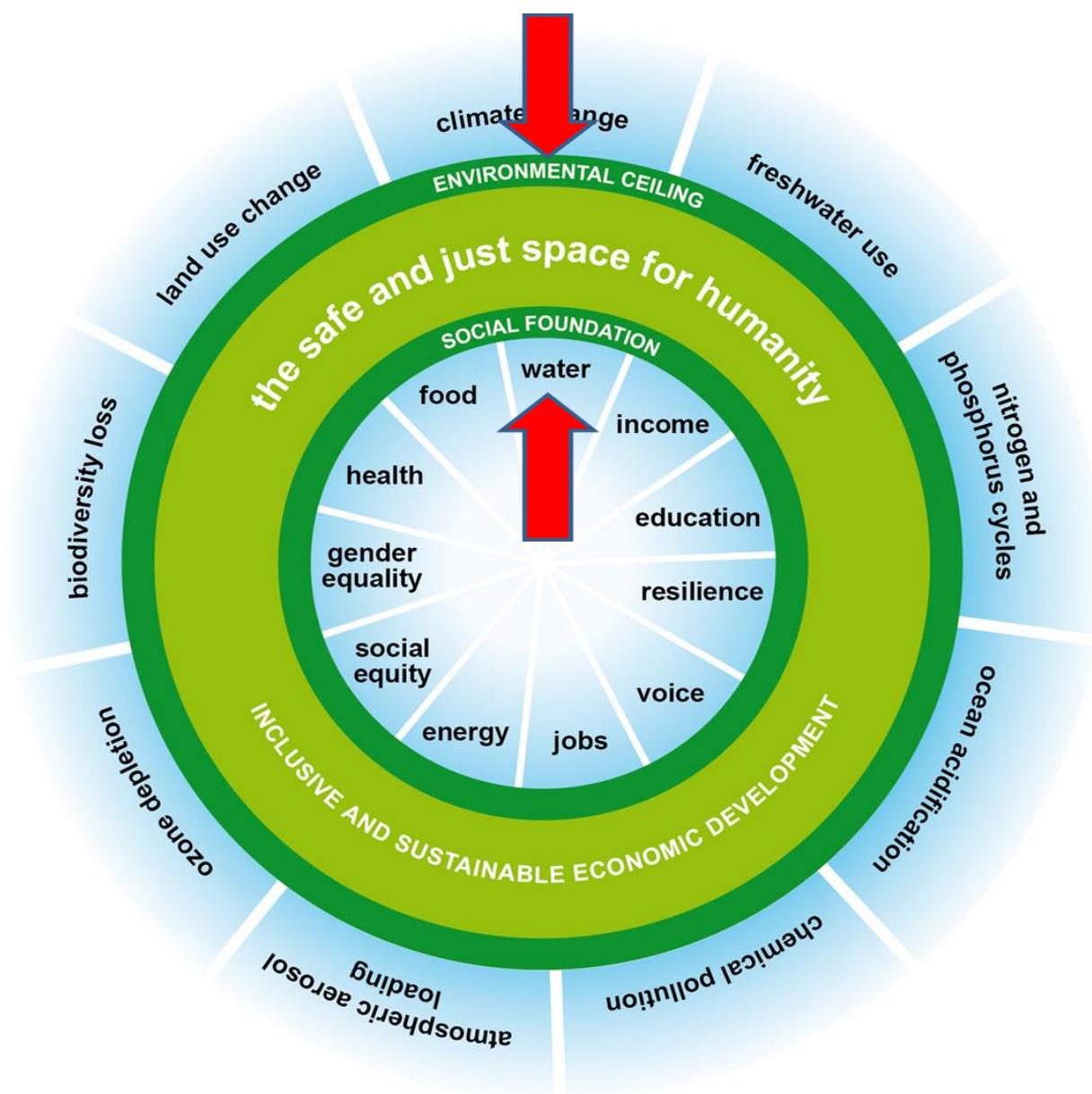


Penurunan Intensitas Emisi Gas Rumah Kaca (GRK)
Reduction of Green House Gas (GHG) Emission Intensity

Women's Micro-finance



Oxfam donut economics



Sustainability Drivers



CSR Trends



- Population, urbanization & middle class growth
- Food, water & material scarcity
- Climate change
- Unemployment/underemployment
- Rising inequality, obesity, aging/longer lives
- Transparency & connectivity
- Consumer value shift



Global Sustainability Megaforges

Climate Change

Material Resource
Scarcity

Wealth

Ecosystem Decline

Food Security

Energy & Fuel

Population Growth

Urbanization

Water Scarcity

Deforestation

Impacts on business

Price increases
and volatility

New regulations

Physical and
weather changes

Changes in consumer
preferences

Resource constraints
on production

Emerging risks

Regulatory

Reputational

Physical

Market

Litigation

Social

The global sustainability megaforges result in both risks and opportunities. Businesses can design effective strategies to address the risk while simultaneously taking advantage of the opportunities.

Emerging opportunities

Reputation and brand

Innovation and learning

New products, services and
markets

Cost reduction

Access to capital

“Expect the Unexpected: Building business value in a changing world,” KPMG, 2012



Legal Framework

- *Supreme Court of Canada (2008)*
 - Not confined to short-term profit but if ongoing concern were to look to long-term interests of the company
 - Balance stakeholder interests “in accordance with their fiduciary duty to act in the best interests of the corporation, viewed as a good corporate citizen”



Small Groups



Discussion

- Discuss the CSR trends: which are relevant to your industry in 5-10 years? (slide 19)
- Which create risks?
- Which create opportunities?



BUSINESS BENEFITS OF CSR



Financial Performance

Utilities

Media

Health Care

Banks Compelling academic evidence shows firms with high CSR ratings have lower risk and exhibit financial out-performance

Financial Services

Travel

Insurance

Construction & Materials

Retail

Source: **Deutsche Bank Group**, "Sustainable Investing: Establishing Long-Term Value and Performance" 2012

Oil & Gas

High Tech

Automotive

Telecommunications

Basic Resources

Food & Beverage



Top Line Benefits

- Attract & retain customers
- Increase revenues
- Engaged employees
- Innovation & opportunity
- Brand & reputation



Bottom Line Benefits

- Reduce operating costs
- Management quality
- Regulation & compliance
- Employee recruitment/retention
- Access capital



Partners



How to develop a CSR Strategy?



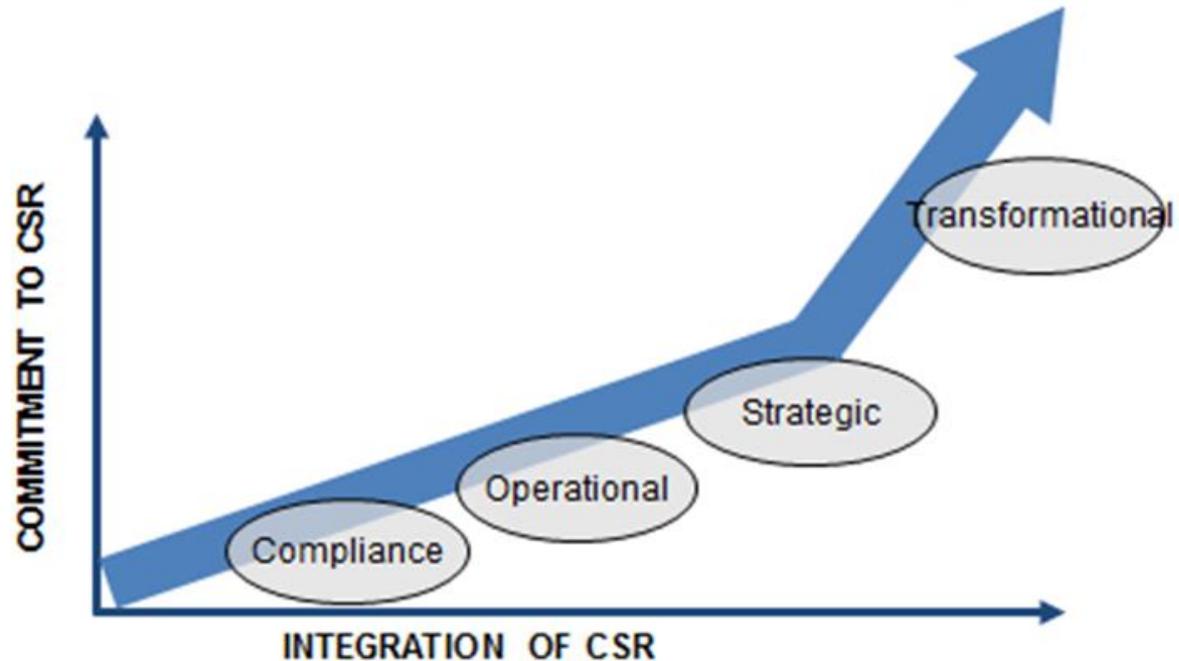
Develop Strategy

- Risk and opportunity analysis
- Best practice scan
- Stakeholder consultation
- Materiality analysis



Best Practice Maturity Map

Continuum of CSR Performance



Source: Canadian Business for Social Responsibility



8



IS YOUR COMPANY TRANSFORMATIONAL?



Transformational Company Framework





Sustainable Purpose



Sustainable Customer Offerings



Solutions-Oriented



Restorative



BUSINESS WITH PURPOSE



Our purpose is to make **sustainable living commonplace.**

We work to create a better future every day, with brands and services that help people feel good, look good and get more out of life.

Our first priority is to our consumers – then customers, employees, suppliers and

communities.

When we fulfil our responsibilities to them, we believe that our shareholders will be rewarded.



Unilever Sustainable Living Plan



IMPROVING
HEALTH AND
WELL-BEING



REDUCING
ENVIRONMENTAL
IMPACT



ENHANCING
LIVELIHOODS

HEALTH &
HYGIENE

IMPROVING
NUTRITION

GREENHOUSE
GASES

WATER

WASTE

SUSTAINABLE
SOURCING

BETTER
LIVELIHOODS

OUR PEOPLE



Unilever





MORE GROWTH

Consumers are responding to campaigns by brands such as Omo, Breyers and Hellmann's on issues ranging from water scarcity to sustainable sourcing. Our **sustainable living brands** are growing 30% faster than the rest of our business and delivered nearly half our total growth in 2015.



LESS RISK

Operating sustainably helps us to futureproof our supply chain against the risks associated with climate change and sourcing materials. By 2015, 60% of our agricultural raw materials were sustainably sourced.

THIS STRATEGY IS DRIVING REAL BUSINESS RESULTS



LOWER COSTS

By cutting waste and reducing the use of energy, raw materials and natural resources, we create efficiencies and cut costs, while becoming less exposed to price volatility. We have achieved cumulative cost avoidance of over €600 million through eco-efficiency in our factories since 2008.



MORE TRUST

Placing sustainability at the heart of our business model helps us stay relevant to consumers, and strengthens our relationships with stakeholders. In 2015, we maintained our status as the 'Graduate Employer of Choice' in the fast-moving consumer goods sector among our target universities in 34 countries.



<https://www.youtube.com/watch?v=utSYAkQi5hY>



HOW

YOU DO IT



Long-Term Vision



Closed-Loop



Stakeholder
Accountability and
Transparency



Resource Productivity



Value-Chain Influence



Inclusive Business





Inclusive Business



Percentage of TELUS employees that agree or strongly agree that TELUS respects team members regardless of demographic characteristics and abilities.





Multi-Stakeholder
Collaboration

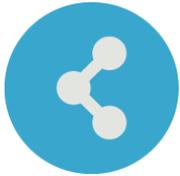


Public Policy Advocacy



Industry Standards





Multi-Stakeholder
Collaboration



Public Policy Advocacy



CANADA'S **ECOFISCAL** COMMISSION
Practical solutions for growing prosperity



energy futures lab



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Industry Standards



YOUR CO-OP'S SCORECARD MEC'S PERFORMANCE SUMMARY FOR 2015

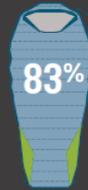
Goals achieved: ✓ Goals not achieved: ✗



ENVIRONMENTALLY PREFERRED

Products with PVC-free, or at least 50% recycled, organic cotton, or bluesign-approved content.

2015: ✓
2016 goal: Increase



BLUESIGN® APPROVED FABRICS

In MEC clothes and sleeping bags to lessen our impact on the environment.

2015: ✓
2016 goal: Increase (100% by 2017)



FAIR TRADE CERTIFIED™ MEC PRODUCTS

MEC paid into a special fund managed by the factory workers who made them.

2015: ✓
2016 goal: Increase

0.925%

PRODUCTS RETURNED

Because they were defective (as a percentage of sales).

2015: ✓
2016 goal: <1% of sales



98.87%

IN-STOCK ITEMS

On the store floor and available for purchase.

2015: ✓
2016 goal: 97.4%



37.7%

ACTIVE MEMBERS

Of the members who made a purchase at MEC over the past 10 years, 37.7% of them made a purchase in 2014.

2015: ✓
2016 goal: 38.1%



\$3.4M

TO COMMUNITY INITIATIVES

As part of our 1% for the Planet commitment.

2015: ✓
2016 goal: 1% of sales (previous year)

90%

MEMBER SATISFACTION

Satisfied or very satisfied with service in stores.

2015: ✓
2016 goal: 88.5%



22.9M

LITRES OF WATER

Used in our buildings.

2015: ✗
2016 goal: Decrease



45%

FACTORIES MET OR EXCEEDED EXPECTATIONS

Based on our Code of Conduct standards for working conditions.

2015: ✓
2016 goal: Increase



74%

EMPLOYEE ENGAGEMENT

Our score in a survey that tells us how well MEC supports and engages employees.

2015: ✓
2016 goal: 74% (baseline measure)

4792 TONNES

CARBON FOOTPRINT

From product transport, waste, energy use, and business flights.

2015: ✗
2016 goal: Reduce

2.54

INVENTORY TURNS

Times we sold through and replenished our inventory.

2015: ✓
2016 goal: 2.34



2 FACTORIES WITH UNACCEPTABLE VIOLATIONS

We're working with them to correct these issues, or MEC will seek a new supplier.

2015: ✓ (down from 2014)
2016 goal: Zero

91.3%

WASTE DIVERTED

Recycled, donated or composted, instead of going to the landfill.

2015: ✗
2016 goal: 92%

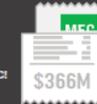


\$366M

ANNUAL SALES

Thanks for supporting MEC!

2015: ✓
2016 goal: Increase



2015 MEC ANNUAL REPORT

mec.ca/accountability



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THE HIGG INDEX

sustainable apparel coalition



Engage Stakeholders



Map Stakeholders



Stakeholder engagement continuum

AA1000 SES Engagement Ladder (adapted)

Inform	One-way engagement to inform or educate stakeholders
Consult	Modest two-way engagement to gain information, opinions and feedback from stakeholders to inform decisions made internally; organizations ask questions and stakeholders answer
Involve	Two-way or multi-way engagement; work directly with stakeholders to ensure that their concerns are fully understood and considered in decision-making
Collaborate	Two-way or multi-way engagement for joint learning, problem solving, decision-making and actions
Empower	Delegate decision-making on a particular issue to stakeholders; stakeholders play a role in governance





Stakeholder Engagement Plan 2014 – 2016, e.g.:

Stakeholder Engagement Action Plan (2014 – 2016)			
Proactive stakeholder engagement and management of risks, impacts and opportunities			
Understanding Footprint	Managing Operations & Projects	Managing Risk & Opportunity Exposure	Engaging Externally
Map stakeholders Track & report engagement & impacts Track & report human rights due diligence	Invest in communities & local content Execute high quality engagement plans Execute human rights due diligence	Assess human rights risks & impacts Collaborate internally & externally Assess & plan for social issues in New Country Entry	Investors Communities & Civil Society Industry Policy & regulatory dialogue
Building Capacity: Resource, Share Knowledge, Develop Skills			

- Business units and functions commit to specific actions
- Adopt stakeholder mapping and planning for new ventures
- Stakeholder relationship management software to enhance stakeholder and issue mapping
- Complete and implement community engagement framework to deepen engagement and collaboration with local communities in Canada, including aboriginal communities



Setting priorities

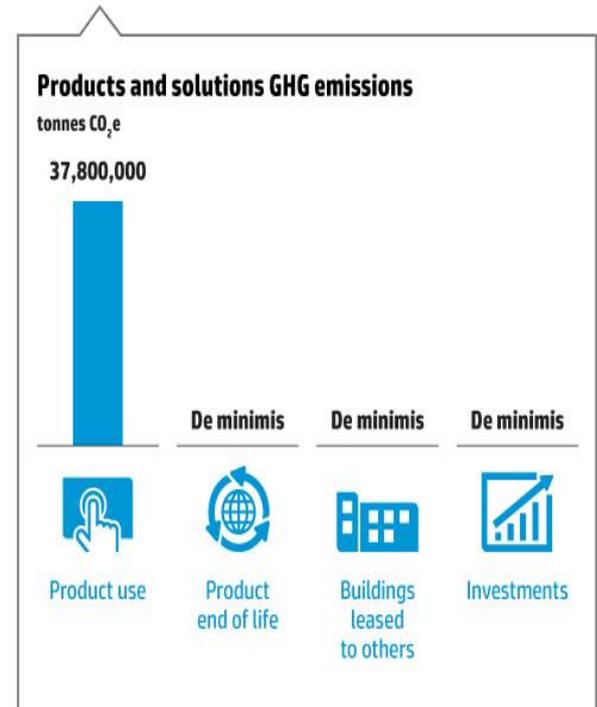
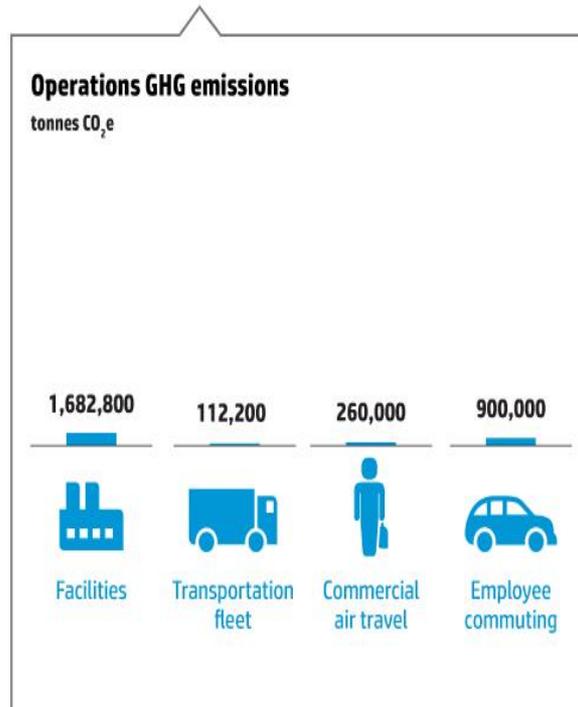
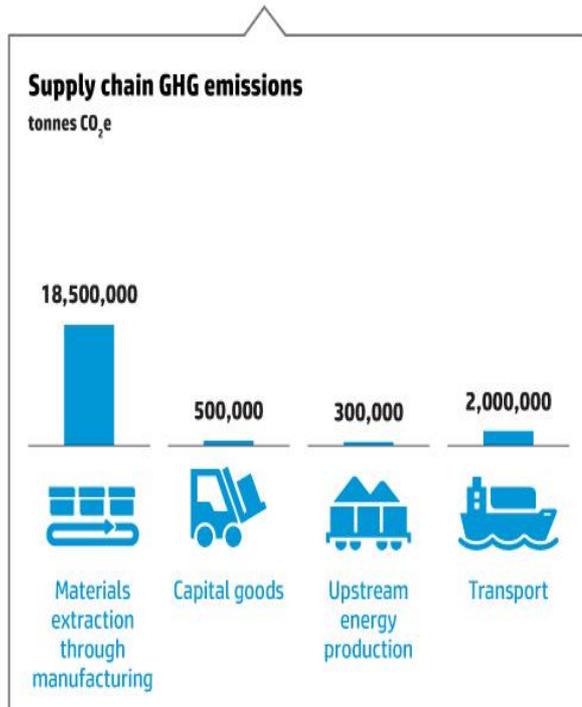


Conduct Value Chain Assessment

- Assess impacts
- Up & downstream

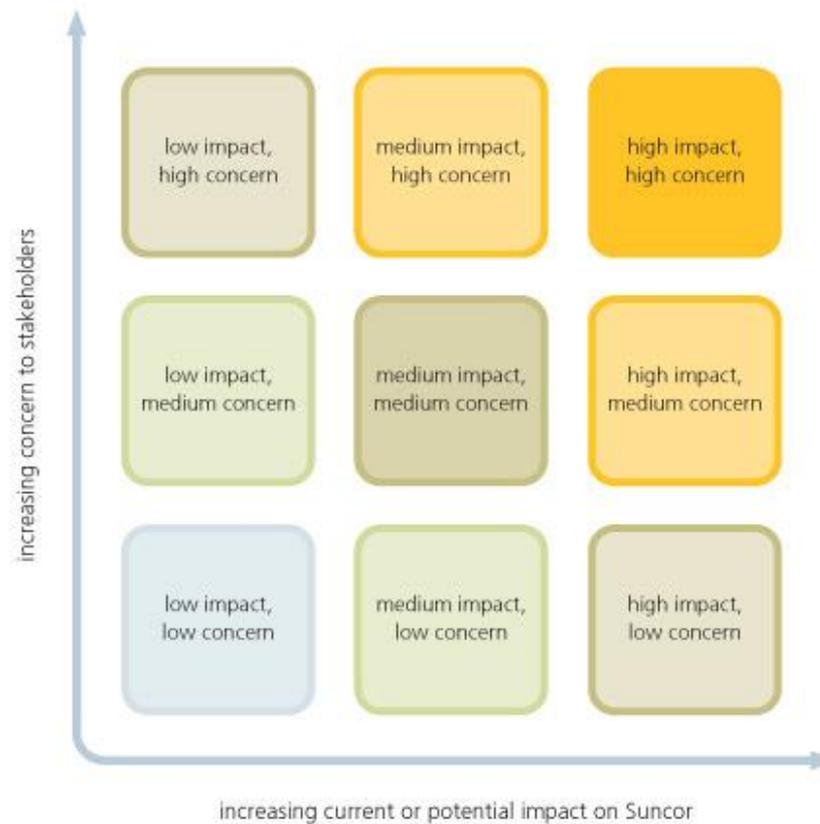


Our Carbon Footprint, 2013



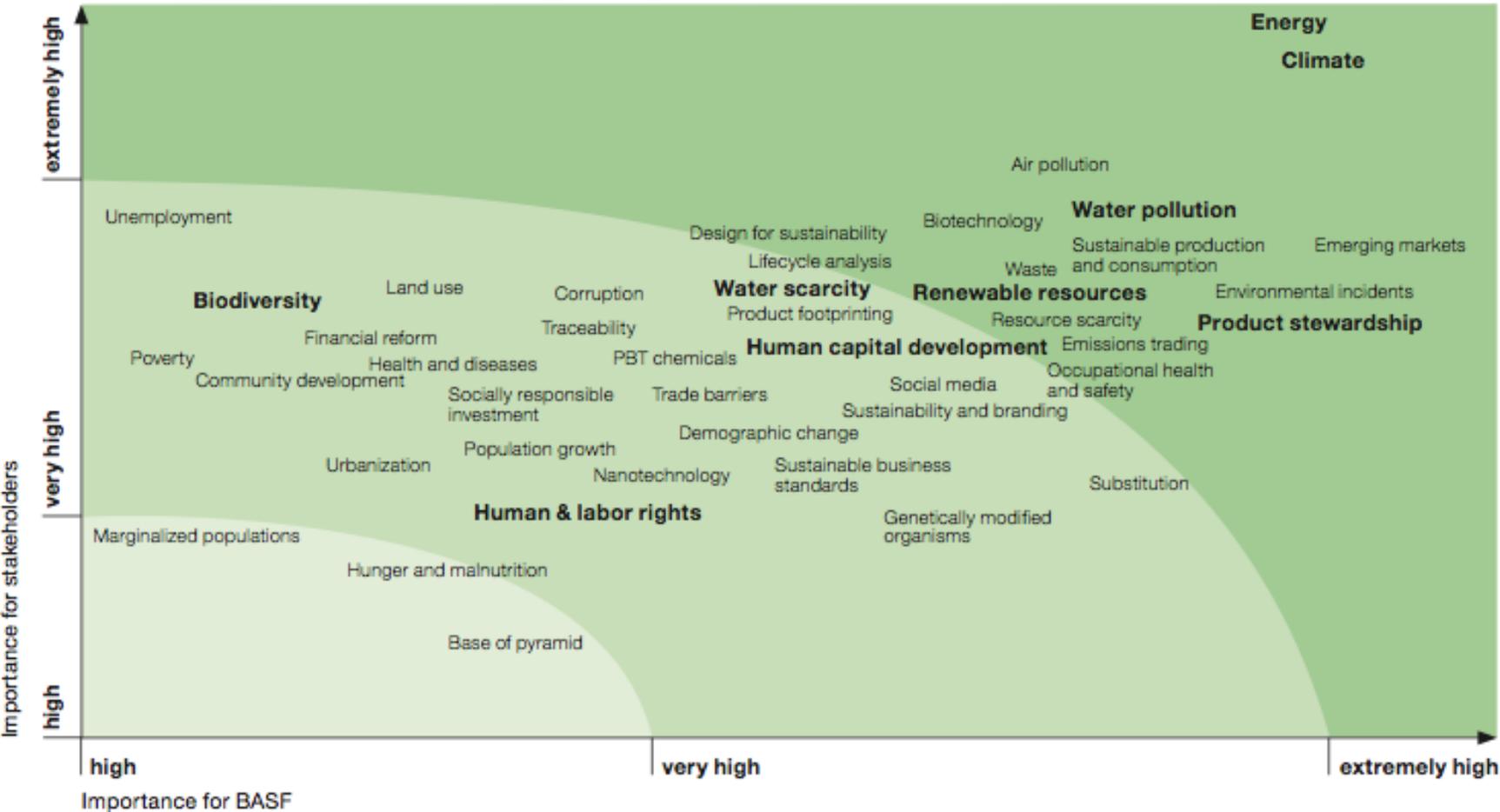
Materiality Analysis

materiality review



BASF

Materiality matrix
Identifying important sustainability issues









Small Groups



- Draw the value chain of your sector on the flip chart
- Using post its, identify the social or environmental impacts (hot spots) along the value chain
- Report back



CSR Phases



CSR Continuum

Compliant

Operational

Strategic

Purpose



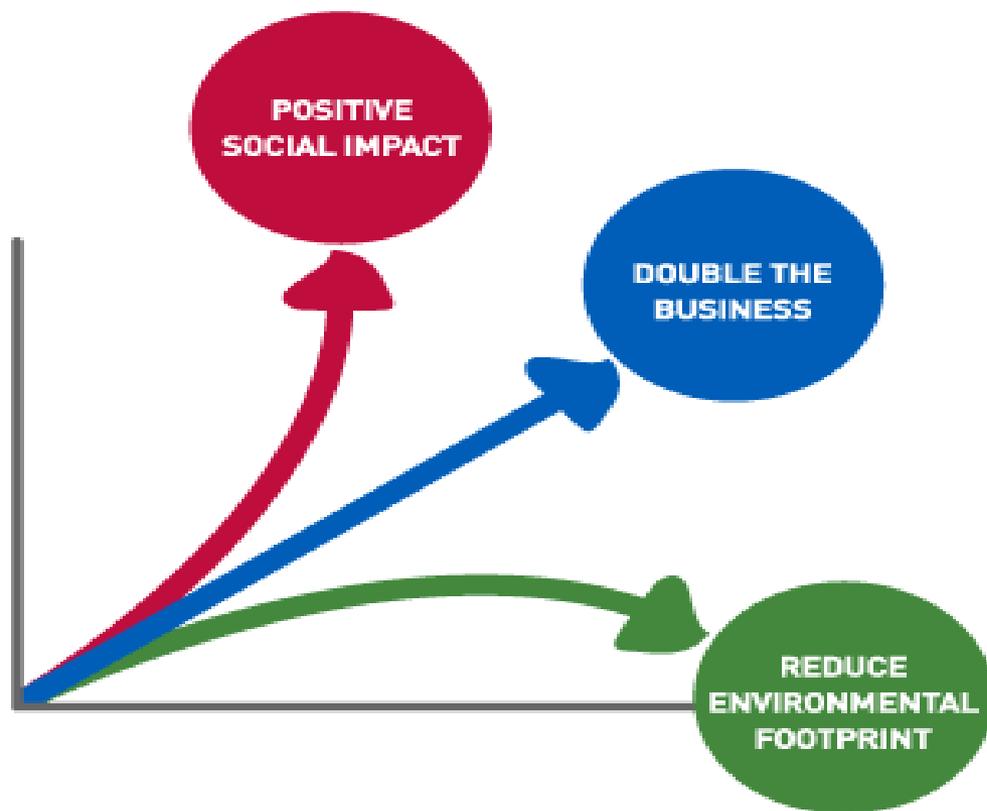
- <https://www.youtube.com/watch?v=D9chV0uubtg>



Purpose

Social Purpose Business





Spheres of Influence



Business Assets to Leverage

- ✓ **Products & services**
- ✓ **Physical assets**
- ✓ **Logistics infrastructure**
- ✓ **Distribution network**
- ✓ **Intellectual property**
- ✓ **Research & consumer insights**
- ✓ **Stores**
- ✓ **Hiring process**
- ✓ **Employees**
- ✓ **Customers**
- ✓ **Vendors & supply chain**
- ✓ **Relationships**
- ✓ **Management expertise**
- ✓ **Operational & technical skills**
- ✓ **International reach**
- ✓ **Brand & convening power**
- ✓ **Marketing channels**
- ✓ **Communication capacity**





“Our goal is to create positive member and community impact through all our operations—from how we make money to how we spend and invest it. We’re committed to finding new and better ways to use all our resources, people and capital to create large-scale positive impacts.”

https://www.youtube.com/watch?v=3OF_N72I15k

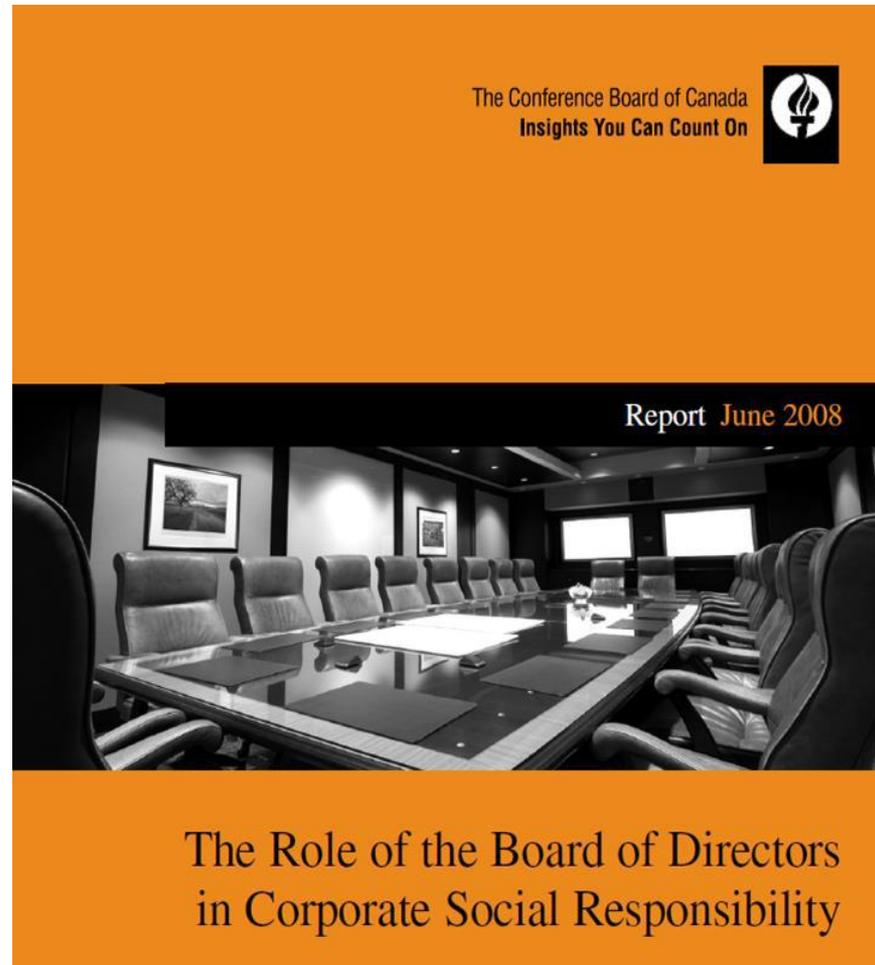




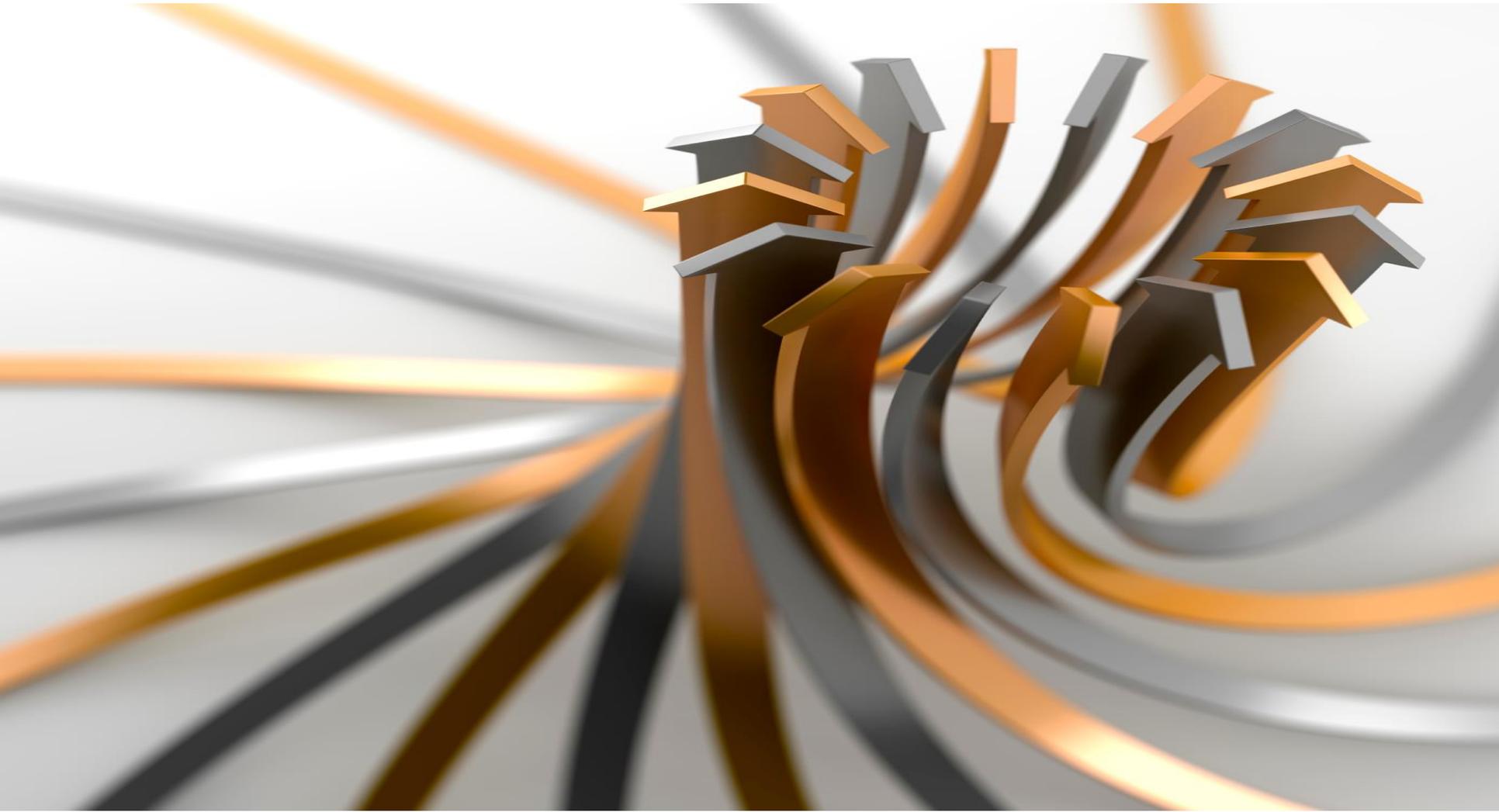
Performance Management



Governance: The Board's Role



Embedment Managements Role





Business Case for IAs

- Fulfill association goals
- Build industry reputation & brand
- Attract & retain members
- Build positive government & NGO relations
- Enhance employee recruitment & retention
- Identify industry priorities
- Enhance innovation



Rise of Alternatives

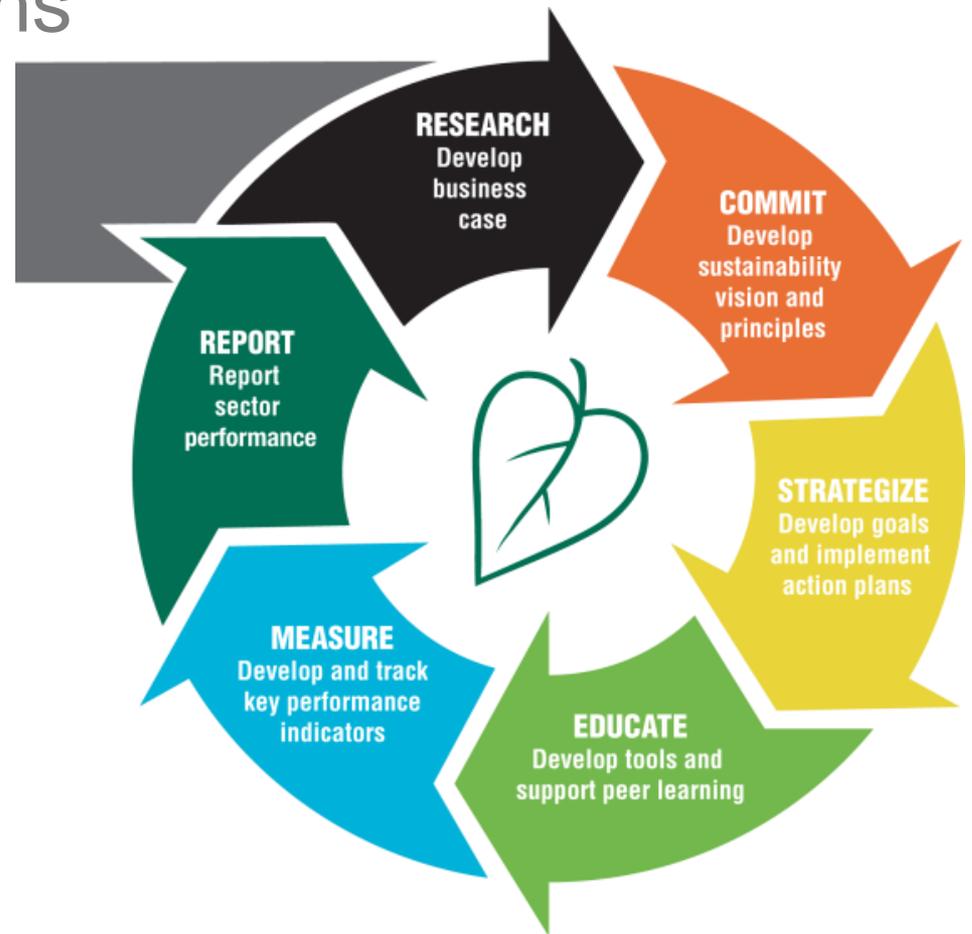
- Sustainable Apparel Coalition
- Sustainable Luxury Working Group
- Centre for Technology and Sustainability
- Sustainable Shipping Initiative
- Clean Cargo Working Group
- Global Alliance for Banking on Values



Role of Industry Association: Best practices



CSR Management Model for Industry Associations





Responsible Care®

Our commitment to sustainability.

Gestion responsable^{MD}

Notre engagement envers le développement durable.



coatings
care®



revêtements
éco-responsables®

RESPONSIBLE
CANADIAN ENERGY™



Towards Sustainable Mining
Vers le développement minier durable

GREEN KEY
Eco-Rating Program



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Canada's Forest Products Industry

GROWING A GREENER TOMORROW



Towards Sustainable Mining

Vers le développement minier durable





Best Practices: Research Phase

- Understanding of long-term sustainability risks and opportunities
- Agreement on business case and member value proposition
- Knowledge of member and external stakeholder priorities
- Knowledge of best practices – company and IA
- Agreement on gaps and opportunities





Best Practices: Commit Phase

- Sustainability definition
- Sector-wide sustainability vision principles and vision
- Sector-wide goals
- “Get house in order” program



Mining Association of Canada

- Towards Sustainable Mining
- Brundtland definition of sustainability
- Guiding Principles, e.g.:
 - *Involve communities of interest*
 - *Sustainable resource stewardship*
 - *Health and safety of all*
 - *Respect human rights and First Nations*
 - *Best international practices*
 - *Respond to community priorities*
 - *Provide lasting community benefits*



Forest Products Association of Canada

Vision 2020: By 2020 the Canadian forest products industry will power Canada's new economy by being green, innovative and open to the world





Best Practices: Strategize Phase

- Action plan, metrics and targets for sustainability program
- Stakeholder engagement (panels, dialogues, consultations)
- Strategic partnerships
- Industry collaborations



FPAC industry goals

Products:

- Generate an additional \$20B in economic activity from new innovations and new markets

Performance:

- Deliver a further 35% improvement in the sector's environmental footprint

People:

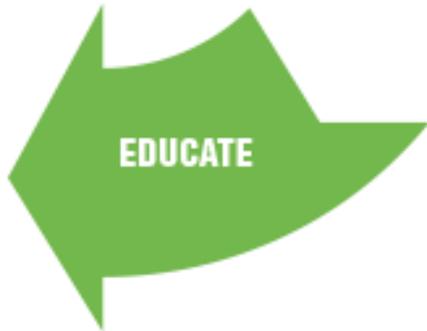
- Renew the workforce with at least 60,000 new recruits including women, Aboriginals and new Canadians



MAC Community of Interest Advisory Panel

- Independent, multi-stakeholder group
- 12 – 15 people, including Aboriginal groups, communities, environmental and social NGOs, labour and financial organizations
- Select MAC Board members sit on the Panel for mining industry perspective





Best Practice: Educate Phase

- Tools
- Training
- Roundtables / work groups
- Peer learning
- Mentor programs
- Communities of Practice

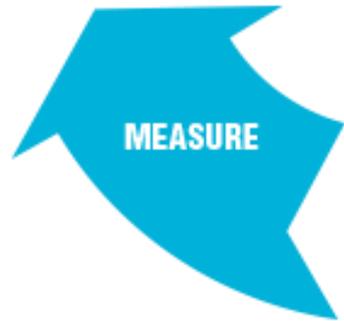


MAC TSM Training

8 courses, 1 hour each:

- Understanding TSM
- Applying the TSM Protocols
- Energy Use and Greenhouse Gas Emissions Management
- Crisis Management Planning
- Aboriginal and Community Outreach
- Safety and Health
- Biodiversity Conservation Management
- Tailing Management





Best Practices Measure Phase

- Sector performance indicators/metrics
- Graduated performance levels
- Sector benchmarking
- Track sector performance
- Mandated performance requirements



MAC Six Protocols – 23 indicators	FPAC – 12 Environmental Performance Indicators
Energy and GHG emissions management	GHGs and energy use
Biodiversity conservation management (new)	Species at risk
Aboriginal and community outreach	Sustainable forest practices
Tailings management	Waste and recycling
Health and safety (new)	Water use
Crisis management	Air quality



Requirements

- Certification is an FPAC membership requirement
- Companies must certify to one of these standards
 - Forest Stewardship Council (FSC)
 - Sustainability Forestry Initiative (SFI)
 - Canadian Standards Association (CSA)





Best Practices: Report Phase

- Report sector performance
- Third party audits (external verification)
- Public communication programs
- Proactive government engagement



Best Practices: Public Sector Reporting

MAC



FPAC



FPAC Proactive Public Engagement

- *“We are supportive of WWF’s initiative calling on others to embrace a global target of zero net deforestation by 2020. The single most powerful measure the world can take to address climate change is to end deforestation. And the first step must be to take aggressive action against illegal logging,”* said Mr. Lazar.



Elements of an IA Sustainability Program

1. Vision	Sustainability vision, goals, targets
2. Participation requirements	Membership, standards/ certifications, monitoring, reporting
3. Reporting	Sector reports, external/ internal auditing
4. Research & training	Guides, tools, workshops, case studies
5. Networks	Meetings, communities of practice, events, etc.
6. Promotion	Website, awards, media
7. Engagement & partnerships	Advocacy, member/ stakeholder/ government engagement, partners & funders
8. Targeted programs	Supply chain, climate change, etc.
9. Governance	Staff, board, advisors (members, stakeholders)



Partners



Resources

CSR Guide for Canadian Business

https://www.ic.gc.ca/eic/site/csr-rse.nsf/eng/h_rs00599.html

Sustainability Roadmap for Canadian SMEs

https://www.ic.gc.ca/eic/site/csr-rse.nsf/eng/h_rs00174.html

Global Qualities of a Transformational Company

<http://cbsr.ca/transformationalcompany/>

Global Business Case

<http://projectroi.com/>

Global Sustainability Risks

<https://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/Documents/building-business-value.pdf>

Industry Association Sustainability Guide

<http://corostrandberg.com/publication/roadmap-to-sustainability/>

IA Sustainability Benchmark

<http://corostrandberg.com/wp-content/uploads/2012/07/industry-assoc-sustainability-checklist.pdf>

Business Case

<http://projectroi.com/>







Thank you!





Strandberg
CONSULTING

Solutions for a Sustainable World

Corporate Responsibility & Sustainability Institute.



Acknowledge, understand, and address the global megatrends affecting business.
Engage with business, non-profits, governments, and academia.



For more information about the Corporate Responsibility & Sustainability Institute

Contact:

Wendy Mitchell

Director, Corporate Responsibility, Sustainability
& Stakeholder Relations

613-526-3090 ext. 472.

Mitchell@conferenceboard.ca

And follow us on twitter @CBoC_CSR





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