

The future of corporate social responsibility

CORO STRANDBERG

principal of Strandberg Consulting, a CSR strategy consultancy specializing in sustainability governance and risk management, CSR opportunity creation, stakeholder relations and sustainability finance.



Ten years from, now civil society organizations, consumers, governments, investors and employees will be assessing companies that aspire to "Corporate Social Responsibility," (CSR) – and their counterfeits – on the degree to which they have achieved their CSR claims and, more importantly, on the extent to which they have helped to reduce society's two greatest ills: environmental degradation and the growing divide between the rich and poor. This is the recent view of nearly fifty CSR "thought leaders" around the world, when asked the question: What is the future of CSR five to ten years from now?

Those interviewed for a study I conducted for a corporate client ranged from a few hard-core cynics, who believe CSR would never advance on a wide scale because of its inability to prove its business

case, and the CSR utopians, who believe that future 9-11-type social and environmental shocks will drive a rethinking of the role companies play in society. They believe recurring crises in global markets will highlight corporate accountability and transparency; CSR will come to be seen as good corporate governance and a key determinant of corporate success in the marketplace. Cynic or optimist, however, most believe that corporate sustainability will become a mainstream business practice over the next decade.

Currently, CSR front-runners face a myriad of CSR and sustainability standards and codes of conduct in their quest to integrate stakeholder expectations into their corporate strategies. In the future, these

will become more uniform as standard-setting bodies such as the Global Reporting Initiative, AA1000, SA8000 and the UN Global Compact consolidate their programs.

For example, a CSR "starter pack" for companies will be available, describing the performance management and reporting standards expected of new CSR entrants seeking to incorporate social and environmental objectives into their business plans and company operations. Company annual reports will not only include independently verified progress reports on CSR achievements and challenges, but more and more they will be developed with stakeholder input and increasingly focus on impact: the degree to which a company has improved conditions in society or the environment. This will be the litmus test for CSR in the future. With standardization and stakeholder engagement in triple-bottom-line reporting, "real" CSR will become more readily distinguishable from "cosmetic" CSR.

Stakeholders will not simply be involved in the company's monitoring and reporting programs. They will gain increasing influence, drive

corporate innovation and continuously bring forward new and challenging perspectives. Over the coming decade, activist NGO (non-governmental organization) stakeholders representing the interests of a company's host community – or broader social or environment concerns – will become more sophisticated in their abilities to use financial pressure and marketplace campaigns to confront companies and their supply chains. Other NGO stakeholders will become adept at forging collaborative partnerships with business to achieve social or environmental objectives.

Employees, particularly younger entrants to the workforce, are expected to become more discerning of companies in their quest to find work with values-based companies. The best and the brightest – those individuals companies most desire – will increasingly use their clout in the labour market to affect CSR performance.

Investors, too, are already flexing their muscles on social and environmental matters at company annual meetings. This ability of investors to champion improved corporate governance and social and environmental performance is

expected to grow. A company's ability to attract investment capital will be constrained if it fails to demonstrate sufficient CSR literacy to the social investor.

Finally, the ethically motivated consumer is expected to remain a small part of the market at five to ten per cent. Don't underestimate the clout of this group, however. Such consumers are typically high-net-worth individuals – a particularly desirable and powerful market segment.

Companies that conduct effective two-way dialogues with their stakeholder communities will leap ahead of their competitors. The strong governance procedures that result will serve as early-warning systems for simmering risks. These companies will be positioned to capture the opportunities of marketplace innovation because of their strong stakeholder relationships.

No fortune teller, I can't predict whether the CSR optimist or the pessimist view will rule, but I'm convinced that leading companies genuinely committed to CSR will benefit from the business opportunities that will arise...and in the process contribute to healthier communities. ■

VanCity

From N1

make sure we are providing a strong alternative to the banks," said Mr. Mowat. He added that VanCity, "gets on a lot of people's shopping lists" when they are looking for a financial institution because they have heard about its active community involvement.

"Everyone is offering the same rates, but if you know that doing business at VanCity helps support community projects, it adds value," said Mr. Mowat. "People feel like they are contributing to something good."

As one aspect of its CSR commitment, this March, VanCity announced it would share \$4.7 million, or 30 per cent of its net earnings, with members and local communities where the institution has branches.

According to Bruce Ralston, chair of the board of directors, CSR at VanCity is well ingrained in the institution's operations and is driven by a set of values and commitments that have evolved since the late 1980s. "These values and commitments guide us, and the idea is to drive those down to the core business of the credit union," he said. "Our goals strengthen the company's business performance while contributing to the well-being of members, staff, communities and the environment."

Among its priorities, VanCity is committed to ensuring that the credit union is a great place to work.

"Much of the success we aim for depends on committed, enthusiastic and capable employees, so the degree to which we are able to make VanCity an attractive place to work is the degree to which we will be successful," said Mr. Ralston, who added that VanCity receives about a thousand unsolicited resumes a month. "We are obviously seen as a very good place to work."

CSR principles also guide extensive philanthropic programs at VanCity. There is an annual \$1-million VanCity Award for environmental, social or economic well-being projects. EnviroFund grants of up to \$25,000 are awarded for local green projects. Staff fundraisers alone have raised more than \$1.5 million over the past 17 years for local community organizations.

Beyond philanthropy, the credit union is also developing socially and environmentally responsible financial products.

Explained Mr. Ralston, "The credit union can act as an agent of change to help the communities we live in thrive and prosper. As a financial institution, we have certain financial tools and levers at our disposal, in particular credit."

CSR-related products for members include a prime-plus-zero percent Clean Air Car Loan to help with the higher purchase price for hybrid vehicles, and a Living By Water loan program for shoreline improvements, and Green Business Loans.

VanCity has also made its CSR programs an accountable, evolving aspect of its business. Its extensive, externally verified "accountability report" is into its fourth cycle this year.

"The board has provided active leadership at the values level to ensure the programs developed are measured against our commitments," said Mr. Ralston. "Ultimately, we are accountable to our members because we are a financial co-operative."

Added Mr. Mowat: "We are playing a leadership role in CSR and are anxious to innovate and push the frontier on this. More and more people are holding companies to a higher standard of accountability. We try and stay ahead of that curve by constantly looking for ways to improve our performance." ■

Financial impact – new indices measure CSR performance, enable investment

BY SUE SHERLOCK

Canadian investors interested in supporting good corporate citizens can now take advantage of new indices that measure performance in this evolving area. The number of products available for socially responsible investing (SRI) in Canada, North America and globally also continues to grow.

In the United States, the Dow Jones Sustainability Indexes were set up in 1999 to help track the financial performance of the world's top sustainability-driven companies. The FTSE4Good Index, launched in the United Kingdom in 2001, now lists over 250 companies screened through various social and environmental criteria.

In 2000, Toronto-based social and environmental research company Michael Jantzi Research Associates Inc. created the Jantzi Social Index (JSI), consisting of 60 Canadian companies. The JSI is a socially and environmentally screened, market-capitalization-weighted common stock index modelled on the S&P/TSX 60.

Company president Michael Jantzi explained the rationale for setting up the JSI: "Money man-

agers of SRI investments needed a benchmark to measure their performance. They wanted to answer the big questions: does SRI hurt returns? Can you look at social and environmental indicators and still make money?" Mr. Jantzi said that by tracking progress over time, the JSI is beginning to answer that question in Canada.

"This year our (JSI) return has so far been 13.87 per cent, compared to 11.01 per cent for the S&P/TSX Composite Index and 10.97 per cent for the S&P/TSX 60. Integrating social and environmental parameters into the investment process adds value – it does not take it away."

The JSI screens for performance in a broad range of social and environmental areas, but issues of most interest to their clients revolve around human rights and the environment.

"Other areas we look at are things like employee relations, diversity in the workplace, Aboriginal and community relations, corporate governance, ethical business practices and involvement, if any, in alcohol, gambling, nuclear energy, tobacco and weapons-related production."

The JSI is not simply looking to

exclude bad corporate citizens but also hopes to bring attention and investment to those firms doing a good job of practicing CSR.

As new indices emerge, so do new SRI investment products. Robert Walker, vice president SRI policy and research for Vancouver-based Ethical Funds Inc says the company pioneered ethical mutual funds in Canada in 1986. Ethical Funds now has \$1.7 billion in assets under its management.

The company's range of socially responsible mutual funds has since grown to 17. "The family of ethical funds now covers fixed income, core equity, global equity funds, regional funds as well as several specialty funds," he said.

An Ipsos-Reid survey last year demonstrated Canadians' interest in SRI, he added. "Some 73 per cent of Canadians believe mutual fund companies should use their influence as large investors to encourage companies to adopt positive social, ethical and environmental policies."

Some of that interest has no doubt been spurred by corporate scandals. "It is a reflection of the growing concern about corporate accountability and transparency after Enron and WorldCom." ■

Real Assets: investing with clout

BY CHRISTOPHER POLLON

Ask Deb Abbey how her management investment firm fosters meaningful change through socially-responsible investing, and she'll emphasize two words: "shareholder activism."

As president and chief executive officer of Vancouver-based Real Assets – the first investment firm in Canada to focus entirely on what she calls "social impact" investing – shareholder activism is a key strategy in maximizing social, environmental and even economic benefits for high-net-worth investors.

"We file shareholder resolutions with companies about issues that are important to our unitholders," said Ms. Abbey, whose company has historically catered exclusively to wealthy investors and foundations. "We believe that we can improve long-term shareholder value by having companies improve their social and environmental performance, and there's increasing evidence that this leads to greater profitability in the long term."

Last year, Real Assets filed resolutions with major soft drink bottlers over the responsible use of water, and launched a responsible finance campaign with the big five Canadian banks, challenging them to adopt new standards for reporting environmental risks inherent in their lending and underwriting activities. Real Assets is also actively encouraging Canadian companies to address their "carbon liabilities" in the face of global climate change, and pushing for fair coffee prices (for international farmers) and improved sweatshop working conditions.

Ms. Abbey says Real Assets' second strategy towards promoting socially-responsible business practices is realized through its Social Leaders Fund.

"We invest in companies who are committed to environmental and social sustainability, progressive policies and practices, and cutting-edge products and services," she said. "It's these businesses that really raise the bar for all companies, and help everyone move forward in terms of their ethical performance."

The decision to invest in a com-

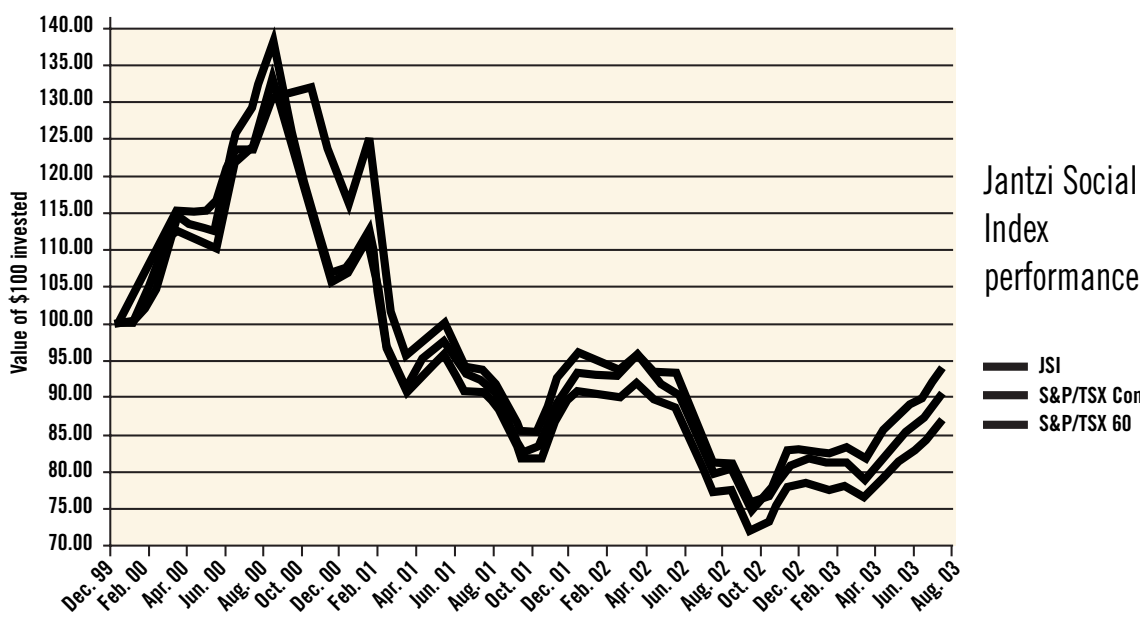
pany is also based on the following factors: the demonstrated ability to attract and retain a motivated and productive workforce; generation of sales through positive and reliable branding; and the ability to comply with regulatory hurdles. Companies are excluded if they face negative publicity, a high potential for lawsuits, or carry significant environmental liabilities.

Ms. Abbey reports a growing sophistication among socially-conscious Canadian investors, whose vision of social responsibility has shifted beyond the exclusionary practice of punishing individual companies when their practices conflict with personal beliefs.

"Social investing has evolved into something much more about social impact – it's not about my or your values," said Ms. Abbey. "It's about those broader international codes of conduct in society that guide our everyday behaviour, and which should guide corporations too." ■



Real Assets president Deb Abbey says that shareholder activism fosters meaningful change.



The Jantzi Social Index (JSI), a composite of 60 Canadian companies, is performing well against benchmarks the S&P/TSX Composite Index and the S&P/TSX 60. The JSI was created by Michael Jantzi, co-author of "The 50 Best Ethical Stocks for Canadians: High Value Investing."

CSR leaders

From N1

"What we're talking about today is total responsibility for all that corporations do," said Dr. Wiebe. "There is a progression underway, and CSR is the latest notch in an evolving hierarchy. A few companies are going even further and are achieving excellence by pushing the boundaries of CSR."

David Wheeler, professor of Business and Sustainability at the Schulich School of Business, says that companies that rise to the challenge will "recruit and retain the brightest workers, maintain the trust and loyalty of their customers and

business partners, minimize their risks and liabilities, and secure long-term competitive advantage and commercial success."

Led by chief executive officer Pat Daniel, Enbridge – Canada's largest natural gas distribution company and operator of the world's longest crude oil and liquids pipeline – is among those organizations at the forefront of CSR. Its comprehensive policies and actions address the company's spectrum of strategic, financial, operational and other risks.

A recent Conference Board of Canada *Leaders on Leadership* report said that Mr. Daniel "represents a shift in the leadership paradigm – he bases his leadership on a foundation of ethics. With the derailment

of flamboyant CEOs, the new exponent of successful leadership comes from those exhibiting humanity, integrity and an authentic voice."

Leadership at Enbridge isn't dictated from the top-down, however. According to the report, Mr. Daniel "advocates...a structure that requires leadership to be spread across a greater number of people across the organization."

"We encourage every employee to exercise leadership within his or her sphere of responsibility," said Mr. Daniel. "It fosters innovation, and translates into the delivery of better customer service and other results."

With leadership comes responsibility. As a condition of employment at Enbridge, all employees

must read and sign a Statement of Business Conduct, a code that its board of directors also commits to. Its scope covers commitments to: the law; fair and ethical business practices; human rights; health and safety; and the environment.

Dirk Schlimm, vice president of Human Resources at Husky Injection Molding explains that Husky, a company that manufactures molds and fabricating equipment, built its reputation as being a good corporate citizen long before the phrase corporate social responsibility (CSR) ever crossed anyone's lips.

"We are a leader, driven by business, by 'doing it right'," said Mr. Schlimm.

Husky's ethical and environmental practices permeate the

organization and have earned it high regard and other rewards. Absenteeism is below industry averages; community relations are strong; other companies send teams to observe the corporate culture. At Husky, employees are encouraged to make healthy choices at work and even when not on the job.

"CSR is a longer-term payback," said Mr. Schlimm. "You have to be in it for the right reasons or not at all."

Enbridge's practices recently earned it the 2003 GLOBE Foundation award for Corporate Competitiveness – recognition of environmental stewardship that has contributed to Enbridge's economic competitiveness.

Among its efforts, Enbridge has

extensive measures to reduce CO₂ emissions. Innovative action such its use of Solarwall technology for space heating at its Toronto garage facility has added up. According to the company's 2002 Environmental Health and Safety Report, Enbridge has reduced its CO₂ emissions 13 per cent below its 1990 levels.

"Enbridge's strategy covers a broad spectrum of social, economic and environmental commitments," said Dr. Wiebe. "Its partnership ethic with customers, shareholders, governments and the public reflects its core values of sustainability and corporate responsibility. It's companies like Enbridge, Husky and others that are setting standards that others will eventually have to aspire to in order to compete." ■

Sustainability drives value

TRAVIS ENGEN
president and chief executive officer,
Alcan Inc.



Not that many years ago, Corporate Social Responsibility was identified with community donations or the development of green spaces. Today, the thinking has changed as progressive companies recognize the link to business issues such as the reduction of greenhouse gas emissions, consultations over proposed expansions or ensuring a safe and healthy workplace.

At Alcan, we have taken an even broader view of Corporate Social Responsibility by framing our social, economic and environmental, health and safety (EHS) goals into a global sustainability approach that is directly tied to our governing objective of Maximizing Value.

Make no mistake, as with all successful companies, Alcan operates to optimize financial returns. But, this can only be achieved by ensuring

customer satisfaction, hiring and retaining the best workforce, investing in the best technology and by being a valued partner to our stakeholders and the communities where we operate. This is the basis of Alcan's sustainability framework.

By incorporating a long-term sustainability strategy, I believe that companies can safeguard their licence to operate and grow and maximize their long-term value. It is in this context that Corporate Social Responsibility is taking on a new dimension of importance in successful companies with solid

business models. Like Alcan, they see the long-range value of corporate sustainability.

As I see it, to be in the top rank of companies on a long-term basis, you have to be able to do many things well and in an integrated manner. Ultimately, the individual integration of economic, environmental and social dimensions of sustainability into standard business practices will gradually disappear, leaving an overall business model that incorporates sustainability as its inherent operating principle. At Alcan, linking sustainability with our governing objective of Maximizing Value contributes to our position as a "partner of choice" for our investors, employees, customers and communities.

Consider the next two examples to see how sustainability and Maximizing Value go hand-in-hand.

Following earlier success at reducing PAH emissions in our smelters in Quebec, our researchers developed a revolutionary low-tar pitch that produced an additional

47 per cent reduction in PAH emissions. Aside from the significant environmental benefit, the low-tar pitch also eliminates the production of related hazardous waste, thereby resulting in waste disposal savings of some U.S.\$500,000 annually.

The next example began with the aim of creating a safer work environment by eliminating chlorine as an agent to remove impurities in liquid aluminum alloy. In cooperation with other stakeholders, the Alcan team developed technology that has resulted in safer conditions as well as more consistent and reliable metal output, especially important for highly specified products such as can-stock. The new technology eliminated the need for chlorine injection stations at a minimum capital cost of some U.S.\$500,000 each and is now installed in 15 Alcan casting divisions.

Both these examples illustrate how our sustainability approach is directly linked to Maximizing Value. Supporting elements include

a new Worldwide Code of Employee and Business Conduct, an Ombudsman Office, an employee recognition program, and an annual Global Employee Survey to ensure that we are on the right track and that our objectives are well understood. In addition, we published our first global sustainability report last year, and we are about to release an online update available on the Alcan Web site.

On the operations side, we are currently implementing an integrated EHS system that singles out environment, health and safety as a top priority at every level in the company. And, our voluntary greenhouse gas emissions reduction program (TARGET) far surpassed our original objectives with an average 1.45-million-tonne reduction in GHG emissions in the first two years of reporting results under this program.

Of course, community-related projects are also part of Corporate Social Responsibility, in addition to initiatives such as Alcan's sponsorship of world-class Paralympic

champion Chantal Petitclerc or the Habitat for Humanity program -- where our recycling efforts have helped build homes for deserving families. Co-operative efforts with customers and suppliers have also maximized the unique properties of our materials for the benefit of the environment, resource conservation and society at large.

Studies have shown that a majority of consumers around the world believe that they can make a difference in how a company operates. Furthermore, 67 per cent of North American shareholders (either direct or indirect) say they would sell their shares if a company or fund were behaving in a socially irresponsible manner, even if the shares gave them high earnings.

This is reason enough for companies to embrace Corporate Social Responsibility. If business and investors take heed, maybe it will be truly possible to generate value while meeting the diverse needs of an increasingly global and concerned stakeholder community. ■

CBSR Toronto has answers

BY JOHN ARDEN

Interested to learn more about how corporate social responsibility can improve your company's bottom line? Eastern Canada-based corporations may now get answers in person -- and gain new insight into global CSR developments during a special event in Toronto this October.

Canadian Business for Social Responsibility (CBSR) -- a non-profit business network and consultancy established in 1995 -- recently expanded its operations to Toronto and is inviting the public to attend its special "CSR Across Borders" panel discussion October 1 at the Royal York Hotel.

CBSR eastern regional manager

Kathrin Bohr says the breakfast event will provide valuable insight for business leaders.

"Addressing the environmental and social impacts of corporate activities drives innovation and can lead to increased competitiveness and new product development," said Ms. Bohr, who holds an MBA in business and sustainability. "Our upcoming event in Toronto will provide a unique, global perspective."

Featured speakers include Bob Dunn, chief executive of U.S.-based advocacy group Business for Social Responsibility; Dr. David Wheeler, vice chair and director of the Haub business and sustainability program at Schulich School of Business, will focus on European and U.K. efforts; and CBSR president Adine Mees



CBSR eastern regional manager Kathrin Bohr

will provide a Canadian view.

Following the breakfast session, a special summit for CBSR sustaining and founding members will focus on managing reputation risk and leading through CSR. CBSR Toronto is also hosting a small business forum on September 30.

For more information, contact Kathrin Bohr at 416-703-7435 or e-mail: kathrin@cbsr.ca

Systems approach simplifies CSR planning process

Building a Corporate Social Responsibility (CSR) plan may appear overwhelming, especially when the goal is to achieve sustainability with social and environmental criteria embedded into a company's core business practices, strategic vision and planning, and culture. A business planning approach to CSR requires discipline and focus; taking the first steps may be challenging, but they are also critical and possible.

- 1 Commit to the initiative, internally and publicly;
- 2 Develop a policy to formalize and articulate the commitment;
- 3 Create programs to implement the policy;
- 4 Evaluate program success and measure progress;

For the complete step-by-step planning and assessment tool, see the GoodCompany Guidelines for Corporate Social Performance at www.cbsr.ca

- 5 Involve key stakeholders in program development and evaluation; and
- 6 Report on the initiative. Be accountable.

Each of these points along the continuum represents a deeper level of commitment and a higher degree of sophistication.

Step-by-step plan ensures realistic goals and outcomes

- 1 Begin with a CSR self-assessment
- Do a quick self-assessment or gap analysis to determine what socially responsible initiatives your company has implemented, and the depth of that commitment (policy, program, management system, etc.). You can complete this yourself using a tool like the GoodCompany Guidelines, or you can invite an independent third-party

social audit consultant to come in and do this work for you.

- 2 Determine your priorities
- Record your company's strengths and weaknesses and prioritize them in a way that meets your company's needs.
- 3 Establish a values statement

Outline your basic CSR principles in a code of conduct that will be used to inform all business decisions and actions. Write this commitment in simple language and by all means, make it inspirational.

- 4 Engage your employees
- The importance of integrating CSR into the corporate culture of your company cannot be overstated. Employees are most likely to be influenced positively by CSR activities than any other stakeholders.

HOW DOES COMMUNICATION GROW A COMMUNITY?

It's simple. Where there's communication, there's community. As a company, our business is to create connections. As a corporate citizen, our connections with community partners are focused on new and innovative ways to help them grow. Whether it's our charitable programs, our community development initiatives, or the expertise of our employees, we are committed to enhancing the lives of Canadians and the communities we serve. To find out more about Bell in the community visit www.bell.ca/responsibility



Making it simple.™

Philanthropy:

From N1

there is a growing trend towards corporate social responsibility in Canada, spurred by the Canadian public's increasing expectations regarding the role business should play in society.

"Government has scaled back its community support considerably," said Mr. Pinney, whose organization promotes volunteering, public and corporate giving, and community support initiatives. "Canadians are looking to businesses to play a much more active and involved role in helping society address major social challenges. Passive philanthropy is not enough anymore."

Mr. Pinney cites the "Computers for Schools" initiative as an example of how Canadian organizations are answering the call by working together, in this case to address the funding crunch in public schools. In partnership with Industry Canada, companies such as Canadian Imperial Bank of Commerce, DaimlerChrysler Canada, and Bell Canada, for example, have refurbished and donated their used computers to public schools. To date, Bell alone has donated more than 10,000 computers and monitors to Canadian schools across the country. Bell's work with the program in Quebec won Imagine's "New Spirit of Community" Partnership Award, recognizing Bell's role in making the initiative such a success.

"The program is a good example of how a company can enhance society simply by lending its skills or by giving its used equipment to communities instead of sending it to a landfill," said Mr. Pinney.

Computers for Schools is just one way that Bell Canada is engaged in grassroots community giving. "It is very important for a company that is making profits in a marketplace to be part of the community, and contribute to that community's long-term health, both economically and socially," said Louise Bellingham, Bell Canada's director of Corporate Responsibility.

Even when contributing cash, Bell Canada is far from being a passive philanthropist. Instead, the company takes a hands-on approach, directing funds to projects that may also leverage Bell's high-tech expertise.

In 2002, 13 Ontario communities benefited when Bell gave them \$292,000 drawn from its Bell Canada Community Development Fund, which supports local economic and social development projects. One recipient – a Toronto-based geriatric centre – received \$30,000 to fund the development of an Internet-based intervention tool to assist families caring for loved ones with degenerative diseases. The project was further developed through Bell's R&D resources at Bell University Labs – an integrated network linking Bell with university researchers in Ontario and Quebec – which designed computer software and hardware to provide a user-friendly online interface for caregivers.

Bell also benefits from its giving. Ms. Bellingham says, for example, that when employees volunteer in communities, they grow personally and as a result become better workers. In 2001, up-and-coming Bell managers who participated in the "BoardMatch" pilot program volunteered on charity boards, developing leadership skills and an awareness of the importance of community stewardship.

When a company is more in touch with the local community, Ms. Bellingham says its decision-making focus moves beyond financial drivers, improving corporate relations and marketing efforts.

"Community involvement ultimately enhances the reputation of our company," she says. "We know that this has a lot to do with customer satisfaction and the decisions of other companies to do business with us."

The importance of corporate social responsibility – from a bottom-line perspective – is reinforced by surveys targeting Canadian investors. Twenty-six per cent of Canadian investors in a 2001 Enron survey said that CSR directly influenced their investment decisions. In the U.S., that number was 28 per cent.

"Companies really want to be seen by the public as making a difference, and to do that, they have to involve their expertise and people," said Mr. Pinney. "It's not about who gives the most money."

He adds that the phenomenon of companies lending expertise to enhance community development is a trend that has been on a steady climb over the last five years. Since 1994, the number of companies working with Imagine has risen from 220 to nearly 600. ■

How does your CSR program measure up?

BY MYRNA KHAN

CSR member companies strive to incorporate CSR into their business practices to contribute to healthier communities and grow profitable business. This commitment to CSR is a journey that any company can undertake – one step at a time. Here are some examples of some big and little steps that CCSR member companies are taking:

The Hudsons Bay Company

HBC's independent monitoring program for the merchandise it sells ensures ethical sourcing that helps protect the company's reputation. All vendors must commit to the company's Code of Vendor Conduct, which is consistent with International Labour Organization conventions.

Third-party auditors monitor factories and present findings seen in HBC's Social Responsibility Report.

Metro Credit Union

Through its Spare Change Program, Metro Credit Union provides its members with the opportunity to have the spare change in their accounts electronically swept once a month and put into one of three different donation pools that address children's issues, homelessness or environmental concerns.

Mountain Equipment Co-op

MEC based its building development strategy in Winnipeg on goals to design and build "green," retain and reuse existing facilities, and implement systems that reduce waste and energy consumption

wherever possible. Three large masonry and timber structures already existed on MEC's Winnipeg building site. With an aim to retaining and reusing assets, the largest building was repaired with existing materials, while the other two buildings were carefully dismantled. Nearly 75 per cent of the old building materials were recycled. Almost everything structural in the new building is made from reclaimed material.

Renewal Partners

Renewal Partners is a small company and proud of the employee benefits package it provides, especially given its size. One of its practices is to encourage and match employee expenditures on a wide range of attention to wellness. Renewal Partners pays a daily fee for employees

walking or taking public transportation to work. It also supports employee time spent at Hollyhock Centre, taking personal development workshops and rejuvenation holidays. Continuing professional and personal development is highly valued and encouraged.

Shell Canada

The Shell Conservation Internship Program is an innovative partnership between Shell Canada and the Nature Conservancy of Canada (NCC) that provides field experience for students interested in a career in conservation or the environment. Established in 2002 with 16 interns, the 2003 program supported 22 students who accomplished needed stewardship work on NCC properties across Canada. The program conserves

biodiversity and provides experience for students.

Westport Innovations

Westport's Community Involvement Committee consists of ten employees who volunteer their time and expertise to organize, coordinate, fundraise, perform various "good-works" and promote Westport in the community. In its first year, these volunteers raised more than \$10,000 via events including barbecues, intranet auctions, a dunk tank, 50/50 draws and flower sales. All proceeds and gifts-in-kind go to Westport's adopted charitable organizations: Glen Eden Multi-Modal Centre and the British Columbia Lung Association. ■

Myrna Khan is vice president Membership Services, Canadian Business for Social Responsibility

CSR innovator tackles climate change

BY JOHN ARDEN

The Government of Canada has only just begun to encourage Canadians to take action on climate change, but a Vancouver-based credit union is already well on its way to doing its bit. Among its many innovative corporate efforts to reduce emissions and promote a healthier environment, Vancouver City Savings Credit Union (VanCity) is offering

its members in British Columbia a discounted car loan that encourages the purchase of hybrid vehicles.

The credit union is the first Canadian financial institution to offer such a loan, which is applicable to new low-emission, energy-efficient vehicles such as the Honda Civic Hybrid and the Toyota Prius.

Hybrid electric cars – the most environmentally friendly mass-produced vehicles available today –

incorporate combined gasoline- and electric-motor power trains, and other technologies such as regenerative braking systems that recharge batteries.

The cars sell for a cost slightly higher than their non-hybrid counterparts, but with gasoline prices rising ever higher, advocates suggest that the fuel savings alone will make up the difference in short order. The Toyota Prius achieves twice the gas mileage of a comparable gas-only

vehicle and produces half the emissions. It has won Canada's Energy Guide Award three years in a row for being the nation's most fuel-efficient compact vehicle.

VanCity's loan is priced at "prime-plus-zero" per cent – three per cent below average car loan rates. It is also lower than rates offered by car dealers for financing hybrid sales. Estimates show that an average consumer who uses VanCity's Clean Air Car Loan could save

\$4,500 over the life of the loan (including lower interest and fuel costs) while reducing harmful CO₂ emissions by 6,000 kilograms.

A leading practitioner of corporate social responsibility, VanCity is offering the Clean Air Car Loan as part of its broader efforts to reduce greenhouse gas emissions and slow the pace of climate change.

For example, the company encourages its employees to "go green" by offering flexible work arrangements, subsidized transit passes, and by providing a bike room and showers at its head office and at a number of its branches. Currently 49 per cent of VanCity employees bike, walk, take transit and carpool to work.

Since 1992, the company has also pursued an energy efficiency program that has reduced its energy use by 27 per cent per square metre and decreased greenhouse gas emissions by 223 tonnes. It has committed to a further 10 per cent reduction in total energy use over the next three years.

Through its VanCity Capital Corporation subsidiary, the company has also backed climate-friendly energy alternatives by financing projects such as a 10-MW run-of-river hydro project that will power 8,000 homes at Furry Creek northwest of Vancouver. The company also recently financed a 5-MW electrical plant that will use landfill gas as the fuel source, converting a former pollutant into enough energy for up to 4,000 homes annually. The expected outcome: an annual 30,000-tonne reduction of greenhouse gases – equivalent to taking 6,000 automobiles off the road yearly.

VanCity Capital Corp. is also literally helping take automobiles off the road by providing expansion capital for the Co-operative Auto Network (CAN). Canada's largest car-sharing co-op, CAN involves 1,250 local members who share access to 60 vehicles, a fleet that recently grew with the addition of its first hybrid car. ■



PHOTO COURTESY HONDA CANADA

Honda's Civic Hybrid is one of the fuel efficient, low-emissions hybrid-electric vehicles now available. Vancouver City Savings Credit Union is helping consumers buy into the clean auto technology with a low-cost Clean Air Car Loan.

Public policy influencing corporate reporting, behaviour

United Kingdom advocates "light touch" on CSR

BY RANDALL ANTHONY MANG

Will Canadian corporations one day be required to report their social and environmental performance? If Canada follows an emerging international trend, the answer may be "yes." Such change, however, doesn't necessarily have to mean more red tape. According to the British Government – a CSR policy leader – the trick is to encourage compliance with "light-touch regulation and self-regulation."

"There is a place for carefully framed regulation, but I do not believe the answer is to try to pass laws to make (CSR) compulsory," said British Minister of CSR, Stephen Timms. "It mustn't become just another form to fill in. That would stifle the enthusiasm and creativity and innovation that are the most valuable features of these activities today."

The British Government's multi-pronged approach to support CSR includes incentives to programs encouraging public/private partnerships and ethical reporting practices.

As the British Government's Pensions Minister in 1999, Mr. Timms began by introducing legislation now requiring public companies to simply state whether or not they have a policy on socially responsible investment.

"This has had a major impact on the pension industry in the U.K.," said Eugene Ellmen, executive director and founding member of the Toronto-based Social Investment Organization (SIO), which promotes socially responsible investing in Canada. "The legislation encouraged pension funds to take another look at their social and environmental policies, including their proxy-voting guidelines."

Reaction by the capital markets



British Minister Stephen Timms believes there is a place for carefully framed regulation.

has been strong, says Mr. Ellmen, with Britain's investment community now funnelling more dollars into socially responsible investments

than before.

Mr. Ellmen believes that public policy changes in Europe, South Africa and elsewhere are all important steps further promoting the expansion of CSR. For example, he calls the recent changes in U.S. regulations governing how mutual funds vote on proxies, "a real breakthrough."

"With their massive share holdings, mutual funds wield power and clout on capital markets and on corporations," he said. "The new regulations in the U.S. will cause mutual funds to become transparent on social and environmental issues." SIO is now pressing for similar policy in Canada.

Mr. Ellmen says that increasingly, investors are seeking companies that have "long-term sustainability plans and which can produce consistent and reliable profits." CSR advocates suggest that such policies can stimulate better performance.

British Minister Timms notes that responsible business practices can be a catalyst for innovation. "Creativity emerges as a significant justification for integrating such practices into the business mainstream," he said.

One aim of the British Government is to see business, the voluntary sector and public bodies working together to advance their own key interests as well as the interests of others.

"Corporate social responsibility is a fertile ground for innovation.

Skilled staff working alongside people from unfamiliar partner organizations, grappling with very important but unfamiliar challenges, stimulates innovation," he said.

Mr. Timms says that fiscal incentives can also encourage CSR, citing the recent introduction of the U.K.'s Community Investment Tax Relief program to support investment in disadvantaged areas.

"Over time, public policies will eventually lead to sea change in U.K. and elsewhere in the world," said Mr. Ellmen, who notes that in Canada, the corporate and financial sectors have so far led the move towards CSR.

"Alcan, Sunco, Shell Canada, TransAlta are all examples of domestic companies that are very much trying to adopt policies that will make them corporate leaders," said Mr. Ellmen. "They're happy to do this on a voluntary basis, but I think they might also like to see the playing field levelled with some policy support."

In the meantime, he says another positive development is the Canadian Institute of Chartered Accountants' recent amendment of its Management Discussion and Analysis accounting guidelines to include social and environmental reporting.

"We think that in general the progress is positive. More comprehensive reporting allows investors to better assess risk and opportunities," said Mr. Ellmen. ■

Can Ethics be taught?

BY LAWSON HUNTER

In the corporate world today, it's not enough to do the right thing. You must be seen "doing the right thing" day-in and day-out – and not just when the spotlight shines. Corporate responsibility must be part of the corporate culture. It must be ingrained – a responsibility shared among all employees and focused on the needs of the community (both globally and locally) in which the company operates. Such emerging business philosophy sounds good, but where and how do executives learn to merge such practices with traditional business models?

Amitai Etzioni, a professor at George Washington University, recently mused in the Washington

Post about the lack of business ethics taught in business schools in the U.S. In his article, he wondered if concepts such as corporate social responsibility (CSR) could even be taught in today's business climate.

A few leading universities and business schools around North America have begun to supplement elective business ethics courses with programs – often at the MBA level – that address issues such as human rights, corporate responsibility, environmental impact and reputation management.

In the U.S., the Haas School of Business at U.C. Berkeley has created the Center for Responsible Business; Stanford Business School has the Center for Social Innovation; and the Tuck School of Business at Dartmouth launched its Allwin Initiative for Corporate Citizenship to prepare graduates to meet societal and management challenges. A few Canadian business schools are also beginning to respond to industry's need for instruction.

Vishwanath Baba, dean of the Michael G. DeGroote School of Business at McMaster University states, "Ethics is a pervasive mindset. Often students (and business executives) are in a position that requires ethical decisions to be made. We introduce the concept that every decision we make has an ethical consequence. We want our graduates to think for themselves, avoid templates, and incorporate ethics and social responsibility as second nature in their decisions."

While some universities across Canada seek to integrate CSR in



Charles Holmes of Simon Fraser University says the Sustainable Enterprise Academy provides senior executives a peer networking opportunity within a university setting.

their business courses, few offer a complete program. One exception is the Erivan K. Haub Program in Business and Sustainability at the Schulich School of Business, York University.

Dr. David Wheeler, director of the program explains the philosophy behind the course, "For us, sustainability is about protecting the natural environment and delivering on social and ethical responsibilities whilst maintaining profitability. It's about resolving complex challenges and reconciling diverse demands. But most of all, sustainability is about innovation and the creation of value: social, environmental and economic."

Executive education programs such as the Sustainable Enterprise Academy (SEA) also offer an answer. The intense four-day SEA program – founded by the Schulich School of Business – involves top-notch speakers from academia and businesses who exchange leading-edge views on corporate sustainability. This fall, the Learning Strategies Group at Simon Fraser University (SFU) Business School in Vancouver is hosting the SEA program.

Learning Strategies Group associate Charles Holmes explains why he helped bring the program to SFU: "It's one example of SFU

partnering with other organizations (York University, Canadian Business for Social Responsibility (CBSR), and others) that offer programs in sustainable business. It allows participants to connect with others in the field, and share ideas and experiences." He says that participants tend to be upper-management executives who see the benefits in peer networking within a university setting.

"Demands from society and shareholder pressure are making executives look at alternatives, and this series of seminars exposes them to valuable ideas and theories," added Dr. Holmes. "They gain insights, make connections, and hopefully will bring back the message of sustainability to their companies."

It is encouraging to see academics in Canada and elsewhere in the world beginning to offer guidance, support and new opportunities for CSR learning. How executives put that knowledge to work will be the ultimate test of corporate interest in this new business paradigm. ■

Everybody wins with effective CSR programs

BY GRANT WING

Non-profit organizations such as the World Wildlife Fund (WWF) Canada and Special Olympics Canada (SOC) depend heavily on the support of corporate partners. But it's not just non-profits that benefit from Corporate Social Responsibility (CSR) and its emphasis on environmentally and socially sustainable policies. When organizations work together on CSR programs, everyone wins.

Linda Coady, vice-president Pacific region for WWF Canada, developed considerable insight into the business advantages of CSR working 20 years with forestry giants MacMillan Bloedel and Weyerhaeuser. Her Weyerhaeuser achievements include helping to end clear-cutting in British Columbia's Clayoquot Sound and starting a First Nations eco-forestry joint venture.

"I think that the benefit [of] CSR from a company perspective is that it allows the company to address issues that are not directly accounted for in the bottom line but nevertheless have the capacity to significantly influence their bottom line. The real challenge is to work together in a way that's credible... so that's one of our major trends right now. How can non-profits and for-profits work together around a CSR agenda that also addresses broader social and environmental issues?"



PHOTOS COURTESY: LEFT, SPECIAL OLYMPICS CANADA; RIGHT, COPYRIGHT ANDREW BRYANT, WWW.MARMOT.ORG

Corporate support for Special Olympics Canada (SOC) helps it fund training and participation in competitive sports for 28,000 Canadians with mental disabilities. CSR also benefits nature. For example, partner organizations are helping save the endangered Vancouver Island marmot; the species recently achieved a population of more than 100 – the first time since 1998.

In British Columbia, a CSR partnership involving forestry companies, the provincial government and WWF is helping protect wildlife and jobs. Weyerhaeuser and TimberWest, along with WWF and the B.C. government, fund an innovative breeding and reintroduction program for highly endangered Vancouver Island marmots. The project not only protects marmots, but by demonstrating industry's pursuit of conservation and sustainable forestry practices, it also serves the interests of the corporations, their employees and the public.

"I think that people on Vancouver Island who care about the mar-

mot recognize that TimberWest and Weyerhaeuser have made a contribution," said Mrs. Coady.

Nathalie Cook, director of sponsorship and communications for Special Olympics Canada (SOC), saw the power of CSR in action when Irish health officials threatened to prohibit 58 Canadian athletes from participating in the Special Olympics World Summer Games in Dublin during the SARS scare.

"What it did is rally a lot of corporate partners to say 'How can we help?'" said Mrs. Cook. Corporate and government sponsors were able to convince Irish officials to lift the ban, enabling the athletes to

compete.

SOC funds training and participation in competitive sports for 28,000 Canadians with mental dis-

abilities and depends on its sponsors to meet the rising cost of training and competing at the international level.

Ethically mined diamonds shine bright

BY CHRISTOPHER POLLON

After just four years on the market, Canadian diamonds have captured the national imagination like few other home-grown products in history. One contributing factor to this consumer interest can be traced to Canada's diamond mines and their progressive regime of socially and environmentally responsible production standards that mirror the values of the Canadian people.

"Canadian consumers find it exciting that diamonds – quality diamonds – come from Canada," said Mel Moss, president of Vancouver diamond wholesaler Regal Imports Ltd. "Not only are they ethically produced, but they are uniquely our own. Canadians want to buy into that."

As an emerging force in the global diamond industry (Canada is already the world's fourth largest supplier of diamonds by value production), Canada has been a key player, helping to ensure that diamonds from all over the world are produced in a socially responsible way, and that stones mined in Canada can be reliably authenticated.

The Canadian-led Kimberley Process, for example, was enacted to eliminate the movement of diamonds associated with socially or environmentally irresponsible mining practices. The Process, which came into force last January, is now backed by 60 signatory countries committed to a stringent process of certifying all shipments of rough diamonds. The trade of so-called

"blood diamonds" has been reduced to nearly zero.

At home, the Canadian diamond industry has gone one step further by creating the voluntary Canadian Diamond Code of Conduct, which ensures the authenticity of domestically produced stones.

"With the voluntary Code, a stone can be traced to the mine simply by picking up the phone," said Mr. Moss. "Canada is the only country in the world that has something like this."

BHP Billiton (BHP), operator of Ekati – Canada's first diamond mine – recently took the voluntary code to a higher level by introducing CanadaMark – a new hallmark that applies strictly to top-quality Ekati diamonds mined, cut and polished under the control of BHP. CanadaMark assures buyers that the stone is a genuine Ekati diamond, and that it has never changed hands or been owned by any other company.

"BHP is trying to make CanadaMark for Canadian diamonds what Intel is to PC computers," said Mr. Moss. "It is the guarantee of the mine itself, which is better than any other guarantee you could find."

Implicit with the CanadaMark, beyond the quality of the stone, is the high social and environmental standards that govern diamond production at Ekati. Since the initial discovery of diamonds near the Northwest Territories' (NWT) Lac de Gras in 1991, the mine has been an innovator in corporate social responsibility. Its extensive consul-

tations with the governments, Aboriginal people and other northerners established relationships that enabled the company to achieve its business objectives while managing its risk.

"Agreements were made between BHP and government of the Northwest Territories to ensure that a majority of the benefits would remain in the north," said Denise Burlingame, senior external affairs specialist at Ekati, and a 17-year resident of the North. "To date we've spent \$1.5 billion on goods and services in the NWT, with 37 per cent of the total spend directed at local Aboriginal businesses."

Ekati's hiring-targets also ensured that it would not become a "fly-over" development – where a majority of staff and goods come from outside local communities. As of today, nearly 60 per cent of the Ekati staff is from the North, with about 28 per cent of the total having Aboriginal heritage.

Such progressive corporate practices complement the physical beauty of Canada's high-quality stones – a win-win situation for Canadian consumers whose enthusiasm for northern diamonds borders on the uncharacteristically patriotic.

"I think Canadians feel a lot of pride in what we're producing here," said Ms. Burlingame. "With all the talk about the ambiguous Canadian identity, this is one more way for us to hold our heads up high and say, 'we are Canadians, and this is one of the wonderful things we do.'"

Where energy meets people.

You'll see Colin Penman. Humanitarian. Stability provider.

And Program Manager of Families in Transition.

And you'll see us. Helping Colin provide shelter and support for families at risk of homelessness.

Crude oil & petroleum product pipelines • Natural gas distribution & transmission • International energy ventures • Frontier pipelines • Alternative energy technologies • enbridge.com | aspenfamily.org



To improve our methods, our materials and the quality of our work every day. To ensure the sustainable development of the communities in which we operate, and the environment from where we draw our resources. To maximize the synergies created by our expertise, our technologies, and assets.

At Alcan, we have taken an even broader view of Corporate Social Responsibility by framing our social, economic and environmental, health and safety (EHS) goals into a global sustainability approach that is directly tied to our governing objective of Maximizing Value.