

The Trends

A QUARTERLY UPDATE ON CSR
Volume 1, Issue 2, May 2011

RESEARCH FOR MEMBERS BY
Canadian Business for Social Responsibility

Welcome to the second edition of The Trends: A Quarterly Update on CSR by Canadian Business for Social Responsibility (CBSR). This briefing provides CBSR members with a snapshot of emerging CSR news for Q2, 2011. Information is collected through a team effort by CBSR staff. Feedback can be provided to robyn@cbsr.ca.

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Top 5 Trends

1. Broader investor support for ESG issues

Shareholder proxy season is underway and Environmental, Social and Governance (ESG) factors are elevating in the minds of investors, both from a risk management and opportunity perspective. A recent [study by Ernst & Young](#) notes that in 2010 “resolutions focusing on social and environmental issues made up the largest portion of all shareholder proposals.” The study also notes that 26.8% of 2010 ESG-related proposals received enough votes to achieve the 30% support threshold, at which point many Boards take note. This trend advances the existing rise of CSR to the Board governance level. To support engagement around a specific stakeholder resolution, CBSR members can access a CBSR [Addressing Shareholder Action briefing](#).

2. Companies who integrate CSR into brand are winning the war for consumer awareness

The 2011 [GlobeScan Radar Report](#) shows a large gap between consumer expectations and perceptions of industry performance. GlobeScan suggests that the gap reflects silos inside companies separating operational CSR, and communications, public affairs, marketing and other externally facing functions. The success of [Unilever’s](#) Sustainable Living Plan, [GE’s](#) ecoimagination program, and the recent work of [Campbell Soup](#), shows that those who are integrating CSR effectively into their corporate identities are winning the war for consumer awareness.

When operational CSR and branding work together, good CSR performance can be clearly communicated to consumers

3. Using social media to engage on CSR issues

Companies have been using social media for some time for philanthropic programs like [Pepsi Refresh](#) or to encourage consumer behaviour change, as with [Cisco’s One Million Acts of Green](#). We are seeing that connection with online communities evolve as a way to share sustainability information and engage with stakeholders. Recently CBSR member PotashCorp, announced an [online shareholder survey](#) and director’s videos on the company’s pay practices on Twitter, Facebook and their website. Credit unions like Alterna Savings and [Coast Capital Savings](#) are using online tools to hold board of director elections, and many members are using social media to announce CSR report releases. Companies have an opportunity to engage with stakeholders where they actively spend time online.

4. Valuing sustainability impacts increases

Recent activity by Canadian Tire and Puma reflects an emerging move towards valuing sustainability impacts. Since Q3 2010 **Canadian Tire** has been quantifying the effects of its business sustainability initiatives through forecasting the annual avoided costs of energy use, GHG emissions and waste reduction. This spring, **Puma** also announced an approach to the economic valuation of environmental impacts generated by GHG and water consumption across the supply chain. We see member interest in this area expanding, and a **new retail working group** formed by CBSR and Simon Fraser University's CarbonTalks will be discussing the integration of carbon/sustainability pricing into strategic planning at a future workshop.

Valuing sustainability impacts brings environmental externalities into operational accounting

5. Targeted employee volunteering programs growing

Targeted employee volunteering programs are trending as a significant growth area within Corporate Community Involvement (CCI). CBSR recently held one of its most well attended webinars on **Building an Employee Volunteer Program (EVP)**, and followed up with a workshop in Vancouver with guest speakers Vantage Point, PwC and Manulife Financial, and a diverse group of business participants. We have also seen member companies creating positions to develop EVPs. **Employee volunteering expert Chris Jarvis** notes that "employees represent the strongest and broadest link between most corporations and their stakeholders." These new EVP initiatives, for example **Edelman Canada's The Little Give**, complement, enhance, and link with overall community investment, signature programs and brand. This was confirmed by workshop participants, who also noted the importance of work to establish strong metrics to measure outcomes and impacts of EVPs. Creating or updating an EVP is an effective way to engage with employees and stakeholders, shape company culture and enhancing reputation in the community.

CSR Theme Trends

BUSINESS STRATEGY

CSR a lower priority at private companies?

A recent [PwC report](#) found that approximately half (48%) of Canadian private companies do not have a CSR plan in place. PwC argues that without pressure from shareholders and government regulations, private companies are not embracing CSR and sustainability quickly. CBSR's experience with privately controlled firms shows the potential for inspired CSR leadership. For example, to address risk and opportunity Galen Weston has led rapid CSR advancements at Loblaws ([see 4th CSR report](#)). Whether or not leadership is on board, private firms need to address the risk of future regulation and the opportunity to grow the business by improving practice.

COMMUNITY

Disaster response still a challenge for business

As disaster struck in Japan, and has occurred at home with fire in Slave Lake and floods in Manitoba, many member companies have had to make quick decisions lately to respond to crisis. The generosity of [member firms to Japan](#) following the earthquake was commendable and extensive. However, five days after the start of the crisis, overall [donations to Japan were down](#). With each crisis many companies must evaluate on the spot. A [CBSR member briefing on responding to humanitarian crises](#) notes that most companies do not have a defined policy in this area or designated budget. Building a defined business approach before disaster strikes can help a company make a rapid respond to a given scenario, within its means and with the best reputational outcome.

Creating a defined business approach for responding to humanitarian crises can make rapid decision making easier when disasters occur

EXTRACTIVES

GRI Oil & Gas Sector Supplement moving towards completion

A tailored version of the GRI Guidelines is being developed for the oil & gas sector, to make reports more relevant and easier to produce. The supplement builds on the base G3 guidelines and covers key issues for the sector, including emissions,

effluents and waste, water, biodiversity, renewable energy, biofuels, and impacts on local communities. The public comment period is wrapping up on July 20, 2011. To provide feedback from your company, [click here](#).

Moving forward on the Alberta Land-use Framework

Alberta Land-use Framework changes approved in May, 2011 have the stated purpose of sustaining economic growth while balancing social and environmental goals. The framework is notable as it works to address concerns with oil sands development and will be watched by CBSR extractive member firms with operations in Alberta. The Alberta government is working with stakeholder groups to develop approaches to biodiversity and conservation, water use and other issues. Public comment opportunities are available on the draft Lower Athabasca Integrated Regional Plan and the South Saskatchewan Regional Advisory Council recommendations. This is a chance for various stakeholder groups to work together to ensure that economic, environmental, and social issues are represented in the final outputs.

FINANCIAL SERVICES

Product innovations with CSR goals target stakeholder groups

We have recently seen some Canadian financial institutions announce product innovations with CSR goals targeted to particular markets. As part of its commitment to small and medium enterprises, Laurentian Bank has formed a team of specialists to offer financial services geared exclusively to **daycare owners in Quebec**. Desjardin Financial Security has partnered with Novus Health on a **Health is Cool 360°** online platform and telephone support to offer DFS clients health and wellness information they can trust. The wider Desjardin Group has launched **Coopme.D**, an extensive program targeted toward community, employees, and members. Lastly, **ING DIRECT** just announced an expansion of its mortgage offer to permanent and non-permanent residents with limited or no credit history. There is significant opportunity for firms to engage stakeholders through product innovation. As noted in a recent **BCG-MIT Sloan report**, this trend underlines the increased investment 'embracer' organizations are making in sustainability.

ICT

Sustainability scrutiny increasing on the ICT sector: 'dirty cloud' a focus

At CBSR's recent **Toronto salon event with GlobeScan**, member Lyn Brown of Catalyst Paper talked about how ICT is now facing the scrutiny that paper has experienced for many years. In April, **Greenpeace looked at the energy choices of several large IT brands** and called Apple the worst offender for purchasing cheap electricity produced by coal and nuclear. Internet data centres in locations offering non-renewable energy and tax incentives are common. In terms of

advancement, we are also seeing some firms invest in renewable energy projects. For example in April, Google announced an investment in the world's largest solar power tower plant.

MARKETPLACE & RETAIL

Consumer facing tools advancing

The challenges that consumers face every day – label bombardment, greenwashing – are being addressed by emerging consumer facing tools. A **German initiative** launched in December, 2010 provides consumers with instant access to information on price, nutrition and sustainability on specific products, with responses delivered to mobile phones. The **Good Guide** is also proving successful in scoring thousands of products on various health, environmental and social criteria. Companies need to be aware of these programs, which provide rewards for those with strong sustainability commitments, and incentives for laggards.

Sustainable palm oil in focus

With palm oil used in 50% of all packaged foods, retailers, grocers and food producers are continuing to examine procurement practices and traceability of palm ingredients. Nestlé, Seventh Generation, Marks & Spencer, Unilever, and Procter & Gamble are among many companies moving towards the elimination of unsustainable palm oil sources from their supply chain. This issue has captured the attention of a wide range of stakeholders – from consumers to investors. **The Roundtable on Sustainable Palm Oil (RSPO)**, a global multi-stakeholder initiative on sustainable palm oil, works towards encouraging sustainable plantations. And in the UK, companies are already embracing the business of “palm oil certificate brokering”. For example **Green Palm** enables palm oil producers to auction certificates for each tonne of oil that companies can purchase to demonstrate the encouragement of sustainable palm oil.

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