



## Opening Remarks from President & CEO, CBSR and Summit Chair October 20, 2008, 8:30am

### Speakers:

Adine Mees, President and CEO, CBSR  
Anne McClellan, P.C. Bennett Jones LLP and CBSR Board Member

### Adine Mees

Thanks to the primary sponsors of the 6th Annual Summit: CSR Wire, EDC, Loblaw Companies, Nexen and Syncrude Canada. Bullfrog Power donated renewable energy for the conference and the Four Seasons provided a 100-mile breakfast.

- CBSR and its objectives: founded in 1995, CBSR is based on the need for companies to come together and learn about CSR; Prince of Wales is patron, and CBSR is a member of international networks.
- 2009 partnerships with CSR Wire Canada and GlobeScan are providing more benefits to members such as GlobeScan's CSR Monitor.
- This year's Summit topic is Stakeholder Engagement.
- We are in the midst of a perfect storm with one crisis after another and social systems failing us.
- Question is: *Is CSR going away?* No, as consumer demand for responsibility will increase or remain high. Every organization is operating within courts of public opinion.
- Trust in corporations is at a record low.
- Smart companies can use CSR as a way to manage reputation and risk, and will continue to gain benefits from this approach.
- Effective CSR is an integrated, strategic approach, placing business in relationship with stakeholders. Businesses must therefore continue to build on those relationships.
- How to sharpen the tools to ensure success? What does the toolbox of a CSR practitioner look like today? How is different from a year ago?

### **7 habits of highly successful CSR manager:**

1. Makes sense of global trends, such as climate change, water and poverty and understands how they intersect with business.
2. More effective stakeholder engagement: understand who they are.
3. Positioning CSR within risk management.

**Linking Stakeholders to the Bottom Line.**

## 6<sup>th</sup> annual summit on Corporate Social Responsibility

4. Possess a lens of talent, recruitment and retention: employees are a key stakeholder group.
5. Align what we're doing in CSR with corporate strategy: what is measured matters.
6. Get good at articulating the business value of what we are doing.
7. Gain a better understanding of how to effectively engage corporate boards.

### Anne McLellan

- I was honoured to be asked to serve as Summit Chair for this, the 6th Annual CBSR Summit, on the theme of Linking Stakeholders to the Bottom Line.
- Adine mentioned that I sit on three Canadian publicly traded companies, joining them at various times in 2006, after leaving federal politics. I am still a relatively new corporate director and am very new to CBSR, having joined the Board in May of this year. Also, I serve on a number of non-profit boards, including the Edmonton Airport Authority, the Royal Alexander Hospital Charitable Foundation and Habitat for Humanity.
- While still a new director, I have a particular interest in responsible and effective governance with respect to that bundle of obligations that fall under the rubric of Corporate Social Responsibility (CSR).
- Given the topic of this year's Summit, I thought I would spend a few minutes talking about corporate boards as a key stakeholder group.
- The for profit companies on whose boards I serve generally can be described as being "extractive" industries - mining, oil and gas and different aspects of the energy and chemical businesses. Historically those doing business in these industries were not thought of as leaders in what we now call CSR. I remember when I became Minister of Natural Resources in November 1993, in the government of Prime Minister Jean Chrétien, the concept of sustainable development was relatively new. The Brundtland Commission was still being digested by international organizations, industrial sectors and individual companies.
- Fast-forward 15 years to 2008 and the three companies on whose boards I sit would not be in business if they had not embraced the values of CSR; whether we are dealing with environmental issues (climate change, water, clean air, habitat disruption) or social issues, (often we work in remote areas, with sparsely populated aboriginal communities with unresolved land claims, with high levels of unemployment, with drug and alcohol addiction and with poor infrastructure, such as inadequate schools, water and sewage treatment and health care facilities) it is imperative for these companies to be concerned about and working with local communities to improve their quality of life.
- Stakeholders are crucial to our success and whether it is different levels of government – with regulatory regimes or concerns; aboriginal communities; non-aboriginal communities; our employees, our contractors and suppliers; the consumers of our products (for example, Agrium is the largest retailer of agricultural nutrients in North America) and of course our shareholders, I can say that these three companies – the Boards, our senior management teams (and our employees) work to be socially and environmentally responsible citizens. And CSR considerations are becoming more important – not less so – we know that for all the regulatory regimes with which we comply and the formal licenses for which we apply, that the most important license we will ever have is the

### **Linking Stakeholders to the Bottom Line.**

## 6<sup>th</sup> annual summit on Corporate Social Responsibility

social license to do business – given to us by the public or a community. And to continue to be granted that social license, we must be ethical, responsible, transparent and accountable in all that we do.

- From the Board's perspective, we need to figure out what our role should be as it relates to CSR and governance. Most of us now accept that this is important – although I know that at times a Board's or management team's sincerity may be questioned. There are those who ask: is CSR more than window dressing; more than the "ticking-off" of a box – to satisfy yet another survey or rating agency? For smart companies the answer is "Yes".
- Recently we have been hearing calls for boards to expand their role in this area. More voices are suggesting greater board oversight of relationships with stakeholders; for example, those we are talking about and with at the Summit today.
- As I have mentioned, businesses are responsible to a range of stakeholders. Clearly understanding and then balancing their interests is key to the success of a business.
- We see some boards establishing CSR committees or adding CSR oversight to the terms of reference of an existing board committee and including regular reviews of corporate citizenship in their agendas. At Nexen for example, we have added social responsibility to both the name and mandate of the Health, Safety & Environment Committee. At Enbridge, they have created a Corporate Social Responsibility Committee.
- Literature suggested Boards should do the following to effectively govern around CSR:
  - Leadership from Chair & CEO is crucial;
  - The Board must set the tone – the overall standards and values of the business;
  - CSR should be incorporated into strategic plans adopted by Boards.
  - The Board must be strategic thinkers around responsible business practices. We have a great opportunity to lead and reap the rewards that a strong commitment to CSR can bring to a business – in competitive advantage as well as enhancing resilience in times of economic stress.
  - The Board should ensure that incentives and rewards for both the senior leadership team and employees reflect the values of CSR;
  - The Board should ensure compliance with CSR values through internal controls (internal audit);
  - The Board should manage risk through CSR;
  - And I leave for further discussion direct Board engagement with stakeholders. I have not reached a conclusion on whether I think this is a good idea over and above the engagement the Board would have at AGMs or other similar venues.
- So, as Board members we have a definite role to play as it relates to CSR, we must carry out this role while respecting the existing board/management relationship;

### Linking Stakeholders to the Bottom Line.

## 6<sup>th</sup> annual summit on Corporate Social Responsibility

- I believe the Board can have impact in setting the tone, values and direction while tasking management to operationalize and embed those values throughout the business.

### Shareholder Expectations

- We see a lot of short term thinking for short term gains. We can see where that has lead us all! A lot of actions described as socially responsible probably speak to medium and longer term returns for a company.
- Directors, when asked, say that stronger support for CSR from investors would encourage their efforts.
- The bulk of mainstream investors, who have maintained a wait and see approach about CSR factors, may now be moved, in part because of the emphasis placed on risk identification and management, to broaden both their time horizons and their definitions of successful company performance.
- Shareholders should begin to reward virtue.

### CSR & the Canadian Government

- My remarks wouldn't be complete without touching on CSR and the role of Government.
- There is increased interest in CSR from a variety of crown corporations. For example a number of CBSR members are crown corporations, including EDC, Farm Credit Canada, Canada Post, Hydro Quebec, who are all here today.
- They and other crown corporation members are actively involved in working on stakeholder engagement.
- In fact, this is a sector from which we should expect leadership and best practices as it relates to CSR.
- I would encourage them to do more in this area.
- Let me conclude by quoting from a recent article by Judith Maxwell (Globe & Mail, September 2, 2009) in which I think she summarizes well what we need in this area:

Managing environmental, social and governance risks is not a game for neophytes. It takes good information systems, strong intermediaries with strong technical skills and far sighted leadership on the part of corporate directors, executives and institutional investors.

- Now it is my pleasure to introduce our key-note speaker this morning, someone known to all of us through his unique, and socially responsible, approach to marketing Loblaws, Galen Weston.

## Linking Stakeholders to the Bottom Line.