GOODCOMPANY

GUIDELINES FOR CORPORATE SOCIAL PERFORMANCE



Better Business, Better World

www.cbsr.ca
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The Guidelines were developed for Canadian business by Canadian business. A CBSR member working group, which included Kathleen Bourchier, Alcan; Lynn Morley, Suncor Energy; Allison Morrison, BC Hydro; Malcolm Smith, Fraser Basin Council; Jody Anderson, Citizens Bank of Canada; John Block, Green Economy Secretariat; and Todd Tessier, Ministry of Small Business, Tourism and Culture; provided insight and extensive input into the development of these guidelines.

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The process of reworking and updating the CBSR Guidelines for Corporate Social Performance was overseen by Adine Mees, Executive Director of Canadian Business for Social Responsibility. The project was lead by Margaret Floyd, Spark Strategies, with the assistance of Susan Todd, Solstice Consulting, and Bryan Evans, Dovetail Facilitation.

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BC Hydro is pleased to be a sponsor of the GoodCompany Guidelines for Corporate Social Performance, and hopes that Canadian companies will find these guidelines a useful tool in shaping their corporate social responsibility programs and enhancing their sustainable business practices.

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INTRODUCTION AND WELCOME

As socially responsible business leaders, we need to understand, measure, and report on the social, environmental, and financial impacts of our business operations. Business is the most powerful institution today. As such, it has enormous impacts on our planet's ecosystems and social networks. At CBSR, we encourage and support our member companies to develop a new world vision for sustainable business practices. These guidelines are a step-by-step process to get us there.

Adine Mees, Executive Director

Canadian Business for Social Responsibility

CANADIAN BUSINESS FOR SOCIAL RESPONSIBILITY

Founded in 1995, CBSR is a national association of businesses working to integrate financial, social and environmental performance into their business practices. We provide assistance to member companies seeking to implement policies and practices which contribute to the long term, sustained and responsible success of their business while balancing the claims of key stakeholders, investors, employees, customers, business partners, communities and the environment. CBSR also operates the CBSR Consulting Group, a corporate social responsibility management consulting service providing leadership and expertise in planning, communications, research and corporate policy development.

A HISTORY OF THE GOODCOMPANY GUIDELINES

In July 1996, a small group of CBSR members wrote and published a set of *Base Level Guidelines for Corporate Social Performance*. Five years later, CBSR decided to update these guidelines, expanding them from the base level to include "stretch" guidelines for those companies that are already meeting the base level goals.

During these past five years, Canadian companies have learned a great deal about incorporating social and environmental values into their business. Several different measurement systems have been developed, but there is no one coherent set of guidelines specific to Canadian companies and applicable to small, medium, and large businesses. Building on what has been done internationally and drawing on the experiences of its members, CBSR wanted to fill this gap and provide guidelines that are relevant to Canadian companies, including the small and medium-sized enterprises, and that are easy for them to implement.

WHAT ARE THE GOODCOMPANY GUIDELINES?

The CBSR *GoodCompany Guidelines for Corporate Social Performance* are a set of guidelines that outline what companies can do to become more socially and environmentally responsible. These guidelines provide a framework for implementing socially and environmentally responsible initiatives at your company. These guidelines are a "what to do," not a "how to" tool. There are many resources available to assist your company in implementing the initiatives you decide to pursue (see the *Additional Resources* section on page 38 for more information).

The guidelines also provide a quick self-assessment tool for you to determine what stage your company has reached in terms of its social responsibility. While this tool is not a formal auditing tool (i.e., it will not help you measure the results or success of your initiatives), it will allow you to see "at a glance" what initiatives your company is pursuing, and give you a sense of where additional effort is needed.

WHO ARE THE GOODCOMPANY GUIDELINES FOR?

These guidelines are for business owners, managers, or employees who want to encourage their companies to become more socially and environmentally responsible. While the guidelines apply to business of all sizes, we recognize that some initiatives may be beyond the scope of smaller or start-up businesses. To allow for this differentiation, we have flagged those guidelines that are best suited for small and medium-sized businesses (SMEs) with a symbol . These guidelines can also be used as a starting point for larger companies new to social responsibility as they typically require fewer resources and less effort to implement.

Although these guidelines are intended primarily for businesses, many are also applicable to non-profit organizations, professional associations, and government offices (federal, provincial, and municipal).

WHY USE THE GOODCOMPANY GUIDELINES?

The guidelines provide a disciplined approach to implementing corporate social responsibility and assist in developing benchmarks against which a company can measure its social performance. By understanding the broad spectrum of commitment and depth of social responsibility, a company can identify its strengths and determine what areas to develop further. Furthermore, if a sufficient number of companies adopt these guidelines, they could provide a common language between customers, suppliers, regulators, and other stakeholders for discussion and information sharing.

COMMUNITY CHECKLIST	COMMITMENT	POLICY	PROGRAM	PROGRAM EVALUATION AND MEASUREMENT	STAKEHOLDER	ACCOUNTABILITY /TRANSPARENCY
1. Make an explicit community commitment						
(a) Business basics: Meet community demands for cost-effective products and services		0	\bigcirc	0	\circ	0
(b) Philanthropy: Meet community needs without apparent business benefit	\bigcirc	\circ	\bigcirc	\circ	\bigcirc	\circ
(c) Commercial Initiatives: Partner with community-based organizations that support business success	\bigcirc	\bigcirc	0	\bigcirc	\bigcirc	0
(d) Community Investment:: Engage in long-term strategic community partnerships	\bigcirc	\bigcirc	0	0	\bigcirc	0
2. Donate 1% of pre-tax profits	0	0	0	0	0	0
3. Prioritize local employment and suppliers	0	0	0	0	0	\circ
4. Incorporate social values into purchasing decisions	0	0	0	0	0	\circ
5. Consider local/regional employment and training needs in human resources strategy	\bigcirc	0	0	0	\bigcirc	0
6. Have a board and management team that understands community interests	0	0	0	0	0	0
7. Conduct social and environmental impact assessments	0	0	0	0	0	0
8. Gather and promptly respond to community complaints	0	0	0	0	0	0

EMPLOYEE CHECKLIST	COMMITMENT	POLICY	PROGRAM	PROGRAM EVALUATION AND MEASUREMENT	STAKEHOLDER	ACCOUNTABILITY /TRANSPARENCY
Ensure fair and prompt payment	0	0	0		0	0
2. Prioritize employee health and safety	0	0	0	0	0	0
3. Prioritize local employment	0	0	0	0	0	0
4. Consider local/regional employment and training needs in human resources strategy	\bigcirc	0	0	0	0	0
5. Ensure access to and understanding of employee policies	0	0	0	0	0	0
6. Offer employee performance reviews	0	0	0	0	0	0
7. Provide equal access to employment and promotion	0	0	0	0	0	0
8. Use living wage as a starting point for employee compensation	0	0	0	0	0	0
9. Provide employee benefits	0	0	0	0	0	0
10. Provide opportunities to share in company growth and profitability	0	0	0	0	0	0

EMPLOYEE CHECKLIST (CONT'D)	COMMITMENT	POLICY	PROGRAM	PROGRAM EVALUATION AND MEASUREMENT	STAKEHOLDER	ACCOUNTABILITY /TRANSPARENCY
11. Use a clear business model for out-sourcing work	\circ	0	0	\circ	\circ	\circ
12. Investigate alternatives to layoffs and downsizing	0	0	0	0	0	0
13. Encourage employee/management communication	0	0	0	0	0	0
14. Support employees to balance work, family, and personal development commitments	0	0	0	0	0	0
15. Provide equal access to employment and promotion	0	0	0	0	0	0
16. Provide a resource or referral for confidential counselling	0	0	0	0	0	0
17. Practice open book management	0	0	0	0	0	0
18. Gather and promptly respond to employee complaints	0	0	0	0	0	0
19. Involve employees in:						
(a) Program Definition	0	0	0	0	0	\circ
(b) Performance Indicator Development	\circ	0	\circ	\circ	\circ	\circ
(c) Program Evaluation	\bigcirc	0	0	0	0	0

CUSTOMER CHECKLIST	COMMITMENT	POLICY	PROGRAM	PROGRAM EVALUATION AND MEASUREMENT	STAKEHOLDER	ACCOUNTABILITY /TRANSPARENCY
1. Market truthfully without perpetuating negative advertising images	0	0	\circ	0	0	0
2. Commit to customer satisfaction	0	0	0	0	0	0
3. Monitor quality, safety and environmental impacts of products and services		0			0	0
4. Facilitate customer giving	0	0	0	0	0	0
5. Inform customers of procurement standards	0	0	0	0	0	0
6. Gather and promptly respond to customer complaints	0	0	0	0	0	0
7. Involve customers in product and service development:						
(a) Product/Service Definition	0	0	0	0	0	0
(b) Performance Indicator Development	0	\circ	0	0	0	0
(c) Product/Service Evaluation	0	\circ	\circ	\circ	0	\circ

SUPPLIER CHECKLIST	COMMITMENT	POLICY	PROGRAM	PROGRAM EVALUATION AND MEASUREMENT	STAKEHOLDER	ACCOUNTABILITY /TRANSPARENCY
Incorporate social and environmental values into purchasing decisions	\bigcirc	\bigcirc	\bigcirc	\bigcirc	0	0
2. Make fair and prompt payment	0	0	0	\circ	0	0
3. Prioritize local suppliers	0	0	0	0	0	0
4. Ensure all qualified businesses have opportunity to supply	0	0	0	0	0	0
5. Do not enter into business relationships with companies that use compulsory labour	0	0	0	0	0	0
6. Inform suppliers of the company's procurement standards	0	0	0	\circ	0	0
7. Ensure directors and senior managers practice supply chain risk management	0	0	0	0	0	\circ
8. Gather and promptly respond to supplier complaints	0	0	0	0	0	0
9. Involve suppliers in supplier contract development:						
(a) Performance Indicator Development	\circ	0	0	\circ	0	\circ
(b) Contract Evaluation	0	0	0	0	0	\bigcirc

ENVIRONMENT CHECKLIST	COMMITMENT	POLICY	PROGRAM	PROGRAM EVALUATION AND MEASUREMENT	STAKEHOLDER	ACCOUNTABILITY /TRANSPARENCY
1. Comply with environmental law and regulations	\circ	0	0	0	0	0
2. Commit to minimizing negative impacts and optimizing benefits	\circ	0	\circ	0	0	0
3. Perform full life-cycle analysis on all products/services	0	0	0	0	0	0
4. Incorporate environmental values into purchasing decisions	0	0	0	0	0	0
5. Appoint one staff member with environmental responsibilities	0	0	0	0	0	0
6. Involve environmental experts and non-governmental organizations in:						
(a) Program Definition	0	0	0	0	0	\circ
(b) Performance Indicator Development	\circ	0	\circ	0	0	0
(c) Program Evaluation	\circ	0	0	0	0	0

SMEs

SHAREHOLDER CHECKLIST	COMMITMENT	POLICY	PROGRAM	PROGRAM EVALUATION AND MEASUREMENT	STAKEHOLDER	ACCOUNTABILITY /TRANSPARENCY
7. Implement fiscal policies, financial management systems, and accounting controls	0	0	0		0	0
8. Report to shareholders on financial and non-financial success	0	0	0	0	0	0
9. Do not share inside information inappropriately	0	0	0	0	0	0
10. Affirm a mission that includes non-financial objectives	0	0	0	0	0	0
11. Support financial and non-financial objectives with employee training	\circ	0	0	0	0	0
12. Involve shareholders in:						
(a) Definition of business direction	\bigcirc	0	0	0	0	\bigcirc
(b) Performance Indicator Development	\bigcirc	0	0	\circ	0	\bigcirc
(c) Company evaluation		\circ	0		0	0

SMEs

INTERNATIONAL OPERATIONS CHECKLIST	COMMITMENT	POLICY	PROGRAM	PROGRAM EVALUATION AND MEASUREMENT	STAKEHOLDER	ACCOUNTABILITY /TRANSPARENCY
Ensure international operations do not lead to the displacement of existing communities		0	\bigcirc	\bigcirc	0	0
2. Ensure that fair labour practices are followed	0	0	0	0	0	\bigcirc
3. Demonstrate sensitivity to local cultures and customs	0	0	0	0	0	\circ
4. Comply with human rights standards	0	0	0	0	0	0

DEFINITIONS OF KEY TERMS

- Corporate Social Responsibility (CSR) encompasses a company's commitment to operate in an economically and environmentally sustainable manner, while acknowledging the interests of all of its stakeholders.
- Sustainability, broadly defined, is a business's "rates of use of renewable resources should not exceed the rates of regeneration; its rates of use of non-renewable resources should not exceed the rate at which sustainable renewable substitutes are developed; and its rates of pollution emissions should not exceed the assimilative capacity of the environment. The term also derives from the word *sustain*, which means to prolong or keep up. As such, sustainability is the ability to maintain the business success over the long term.
- Triple bottom line is a business philosophy that focuses on economic prosperity, environmental quality, and social justice.
- A stakeholder is any person, group, or entity that is impacted directly or indirectly by a business' activities or that directly or indirectly impacts the business' activities. This includes but is not limited to community members, employees and their families, customers, suppliers, shareholders, community and environment groups, politicians, professional and academic organizations, the biosphere, world population, and future generations.
- An Environmental Management System is a tool designed to assist companies improve their environmental performance
 through a set of procedures for implementing and monitoring environmentally-sensitive business practices. It includes developing
 policy, creating programs, and evaluating the success of these programs. ISO 14001 is an example of an Environmental
 Management System framework (www.iso14000.com).
- **Indicators** are measurable markers that indicate progress towards a goal or vision.
- A company's commitment to socially and environmentally responsible practices is the first step in socially responsible business and
 underlies all the other components (policy development, program implementation, program evaluation and measurement, stakeholder engagement, and accountability and transparency). A company's commitment can range from tentative to enduring.
- A policy is similar to a by-law specific to a company. It is the internal set of rules that must be followed and referred to formally
 or informally in every decision making process. In the context of social responsibility, a policy is the company's commitment, formalized, articulated, and documented.
- A **program** involves the active steps a company takes to realize its commitment. A company's social responsibility programs can range from informal and ad-hoc, to formal and consistent.

¹⁰ From Cannibals With Forks: the Triple Bottom Line of 21st Century Business, by John Elkington, 55-56

¹¹ From Cannibals With Forks: the Triple Bottom Line of 21st Century Business, by John Elkington

- **Program evaluation and measurement** involves establishing measurable indicators of success and tracking a company's performance against these indicators. A company's evaluation and measurement systems can range from establishing and measuring against baselines (the minimum requirements) to indicators (the stretch goals) to benchmarks (comparison to other entities).
- Stakeholder involvement involves actively seeking and responding to stakeholder input on a company's policies and programs.

 Stakeholder involvement can range from informing stakeholders of company activities to engaging them in dialogue.
- Accountability and transparency involves reporting (both informally and formally) to a company's stakeholders on its policies and programs, describing clearly, accurately, and truthfully its successes and setbacks.

CBSR

CBSR conducts programs on a range of corporate social responsibility issues. The programs focus on issues related to ethics, the

work place, the marketplace, the community, the environment and the global economy.

CBSR members receive a variety of products and services. We track emerging issues and trends, provide information on corporate

best practices, conduct research and educational workshops, and develop practical tools, technical assistance and consulting services

to help members implement more responsible policies in their own businesses.

CBSR MEMBERS

CBSR has an inclusive membership policy. We welcome companies that are leaders in the implementation of responsible business

policies and practices, as well as those who are interested in doing so. While CBSR members include some of Canada's corporate

leaders representing a variety of sectors, smaller companies and start-ups known for their CSR innovations also represent a

significant share of CBSR's membership.

HOW DOES A COMPANY BECOME A MEMBER?

Companies interested in membership should fill out an application form (online at www.cbsr.ca) and pay dues based on numbers

of employees. Applicants are asked to describe socially responsible initiatives that their company has undertaken and to share this

Tel:

experience with other member companies.

If you would like to join the growing number of movers and shakers with a corporate conscience, please contact us.

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