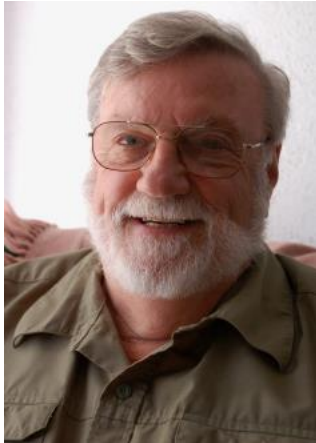


How to Implement Strategic Corporate Social Responsibility

By Gerald Trites, FCPA, Editor-in-Chief



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“In 2001, the European Commission proposed its first definition of Strategic Corporate Social Responsibility (CSR). In a Green Paper, it is stated that CSR is ‘a concept whereby companies integrate

social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”¹

“Today, CSR is elevated to a strategic level and has become fundamentally about how the money is made. Hence, it is about integrating CSR principles in businesses’ strategy and core operations that include all parts of the often globally expanded value chain.”²

Fundamental changes are required to implement strategic CSR. It requires changes in the behaviour of personnel in the business carrying out any functions relative to ESG matters as well as finance personnel. It would be necessary for them to work together through a common understanding of the direction being taken by the company. The change process generally used in strategic planning with some tweaking is an appropriate way to implement the required changes.

CSR is a natural extension of integrated thinking, a necessary element of integrated reporting, under which financial and ESG reporting are pulled together and integrated in a single report. Integrated thinking is introduced in the Integrated Reporting Framework and further explained in the “Integrated Thinking Principles” issued by the Value Reporting Foundation, now consolidated into the IFRS Foundation. Full integrated thinking in the sense of being incorporated in all the corporate operational and strategic thinking is, as a practical matter, a long-term goal.

Strategic Planning

Strategic CSR starts with integrating social, environmental and governance considerations into a company's overall business strategy, creating a positive impact on both society and the organization itself. To accommodate effective CSR, the corporate strategic planning must include the effects of value change on all the capitals being used in the company. The CSR related strategies would focus on which strategies affect which capitals and to what extent.

Strategic Planning generally involves the following steps:

¹ Christopher Wickert and David Risi, *Corporate Social Responsibility* (Cambridge University Press: July 2019).

² Wickert and Risi, Cambridge University Press, July 2019.



1. Define the vision

A clear vision is necessary to begin the planning process. This begins by identifying the purpose and values of the company, as well as its challenges and opportunities. By aligning the CSR strategy with the company's core business objectives, it becomes an integral part of the organizational culture and decision-making processes. From the vision, the objectives of the organization can be derived by linking the operations of the company to the overall elements of the vision. In

determining a vision, the United Nations Sustainable Development Goals (SDGs) outlined in the preceding chapter provide a good starting point. Clearly, no one company can achieve all those goals, nor can any group of companies nor any one country. But many companies can identify areas within them where they can focus their CSR efforts and make a contribution without altering their basic business model.

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Several companies start their CSR journey by defining their vision in terms of a Social Purpose or Social Value Statement. Such a beginning forces the company to think about how it can approach its implementation of CSR. For example, Maple Leaf Mills, a very well-known Canadian company in the business of making and selling protein food products, such as bacon and other packaged meats, has identified its social purpose by using the slogan “Raise the Good in Food.” Further its social purpose statement reads “We’re a carbon neutral food company on a purposeful journey to ‘Raise the Good in Food’ through better nutrition, safer food and workplaces, more humane animal care, and sustainability efforts that protect our planet.”³

2. Identify the Points of Intersection

To develop a suitable CSR strategy, it is necessary to narrow down the thinking from the overall issues facing society such as those represented by the UN goals. This is generally done by identifying the points of intersection between those broad societal goals and the activities of the company. There are two basic ways to approach this task – from the inside out and from the outside in.

³ <https://www.mapleleaffoods.com/>,

The inside-out approach involves starting with the activities of the company and matching them up with the overall issues of society. For example, if a company runs manufacturing plants in various cities, it could consider what impact the plants might be having on the local environments, such as air or water pollution, and consider strategies to reduce the negative impact. Or they could look at the role they are playing in the community and perhaps sponsor local team sports for the benefit of everyone living in the area.

The outside-in approach involves thinking about the environment and how it affects the company. This could include the legal environment and how friendly it is to business activities. Or it could look at whether the local environment provides enough skilled workers. Perhaps it would adopt training programs to help address deficiencies or sponsor programs at a local community college.

Parley for the Oceans is the global environmental organization where creators, thinkers and leaders come together to raise awareness of the beauty and fragility of the oceans and collaborate on projects that can help end their destruction. In 2018, Adidas partnered with Parley to make shoes out of recycled plastics destined for the ocean. Parley collects the plastic from beaches and Adidas breaks it down into usable material. Each shoe in the Parley collection is made from at least 75% intercepted marine trash.⁴ Studies indicate that, by 2030, there will be more plastic in the ocean than fish. It is well documented how much damage this creates. Adidas is doing its part to modify its manufacturing process to reduce the amount of plastic in the oceans. They did this by partnering and by modifying its core product without altering its business model.

By setting clear objectives, companies can track their progress, demonstrate commitment, and continuously strive for improvement in their CSR initiatives.

3. Determine Priorities

Prioritizing objectives enables the company to develop practical action plans. Integrated thinking is needed in this process so that the concerns of society and the financial needs of the company both can be taken into account.

Perform a materiality assessment to identify the most significant social, environmental, and economic impacts of your business. This helps prioritize CSR initiatives and allocate resources effectively. Consider conducting a stakeholder engagement exercise or utilizing industry-specific sustainability frameworks to support this assessment. Conducting a materiality assessment helps identify the issues that are most relevant to the company and its stakeholders. This assessment considers both internal and external perspectives to determine the key social, environmental, and governance aspects that have the most significant impact on the company's operations, reputation and value chain.

⁴ <https://www.sustainablebusinesstoolkit.com/examples-corporate-social-responsibility/>.

Set Specific Goals and Targets. Once the material issues are identified, the next step is to set measurable goals and targets. By setting clear objectives, companies can track their progress, demonstrate commitment, and continuously strive for improvement in their CSR initiatives. Develop comprehensive CSR policies and programs that address the identified material issues. Strategic CSR requires embedding CSR considerations throughout the company's operations. Integrate CSR considerations into all levels of the organization and across business functions. This involves training employees on CSR principles, promoting responsible decision-making and embedding sustainability practices into day-to-day operations. It includes integrating social and environmental criteria into procurement practices, supply chain management, product development and employee practices. For example, companies can adopt sustainable sourcing practices, develop eco-friendly products and promote diversity and inclusion in their workforce. By integrating CSR into the core business functions, companies create long-term value while addressing societal and environmental challenges. Ensure that the policies are aligned with legal requirements, industry standards and international guidelines. Encourage innovation and collaboration to identify opportunities for positive impact.

Managing a CSR system is an ongoing process that requires commitment, adaptability and a genuine desire to make a positive impact. By integrating CSR into the core business strategy, companies can contribute to a sustainable future while enhancing their reputation and long-term success.

Collaborate and Engage with Stakeholders.

Stakeholder engagement is crucial in implementing strategic CSR. Companies need to understand the expectations and concerns of their stakeholders, including employees, customers, suppliers, communities and investors. By engaging stakeholders in dialogue, involving them in decision-making processes and soliciting their feedback, companies can gain valuable insights, build trust and ensure that their CSR initiatives are aligned with stakeholder expectations.



Employees play a pivotal role in driving CSR initiatives. To foster a culture of social responsibility, companies can implement employee engagement programs. These programs can include volunteering opportunities, skills-based pro bono projects and sustainability training. By empowering employees to

contribute to social and environmental initiatives, companies not only enhance their CSR impact but also improve employee morale, satisfaction and retention.

Addressing complex social and environmental challenges requires collaboration. Companies can form partnerships with non-governmental organizations (NGOs), academic institutions, government agencies, and other businesses to pool resources, expertise, and networks. Collaborative initiatives can amplify the impact of CSR efforts, drive innovation, and promote shared learning and best practices.

A good CSR program creates a marketing opportunity. One that will not only lead to increased sales, but will serve to improve the reputation of the company.

Develop and Launch Action Plans. Too many strategic planning exercises end up as reports sitting on a dusty shelf, the most common reason for this is that they did not contain action plans or did not contain workable action plans. Buy-in is absolutely essential in order for the plans to work out. This includes buy-in from the people to be given the responsibility to carry out the plans and buy-in from the management who must ultimately take responsibility for the outcomes from a corporate perspective. This may require organizational changes to bring the right resources to the new tasks.

It is also important for the action plans to include specific targets that can be measured and progress monitored.

Measure, Monitor and Evaluate

Results of a CSR program must be monitored regularly and measured against the overall objectives previously established. A steering committee is helpful in making this work effective.

Regularly review and evaluate the effectiveness of the CSR system and initiatives. Seek feedback from stakeholders, conduct internal audits, and stay updated on emerging trends and best practices.

Establish key performance indicators (KPIs) and metrics to track and measure the progress of CSR initiatives. Monitor and report on the company's performance against these metrics regularly. This data will help identify areas for improvement and demonstrate the company's commitment to CSR.

Assess and manage the social and environmental impacts of the supply chain. Encourage suppliers to adhere to ethical practices, such as fair labor standards and responsible sourcing. Implement supplier codes of conduct and conduct audits and due diligence programs to ensure compliance.

To ensure the effectiveness of CSR initiatives, companies need to establish robust monitoring and evaluation systems. Measuring the outcomes and impacts of CSR efforts against set goals and targets enables companies to track progress and identify areas for improvement. Regular

reporting of CSR performance enhances transparency and accountability, fostering trust among stakeholders and showcasing the company's commitment to sustainability.

Communicate and Market the New Initiative

Communicate CSR initiatives and progress transparently through various channels such as annual sustainability reports, website content and social media platforms. Share successes, challenges, and lessons learned to maintain accountability and engage stakeholders.

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Maple leaf Mills does a good job of this. It is important to note that the social purpose of Maple Leaf Mills is closely related to their core products and its business model. Integration of its social purposes and its financial business model comes more naturally and is much more feasible than if they had defined a high end, vague social policy and then tried to figure out how to fit it into its business model. They get into more specifics in their website, for example, “high-quality meat products, meat that’s never been treated with antibiotics and plant-based protein options” are mentioned.

Adopt Continuous Improvement Techniques

Implementing strategic CSR is an ongoing process. Companies must regularly review and revise their CSR strategy to adapt to evolving social and environmental trends, emerging issues and stakeholder expectations. Learning from experiences, both successes and challenges, allows companies to refine their CSR approach, and align it with changing circumstances. Continuous improvement then becomes a part of the management of CSR. Adapt and refine the CSR strategy accordingly to ensure continuous improvement and relevance.

This article draws heavily on the book [Beyond Sustainability Reporting – A Roadmap to Corporate Social Responsibility](#), by Gerald Trites, published in early May, 2024 by Business Experts Press of New York and available on Amazon.





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