

Corporate Responsibility: When the Memo Comes

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You might actually be looking forward to annual report season this year. After all, you've been producing the document for some time and you've got the process down. You've developed great relationships with your colleagues in finance and investor relations. They, along with the company's senior leadership, are pleased with the results and confident that you and the rest of the folks in corporate communications will produce another stellar book.

Naturally, this is when your CEO suggests that now is the time to tackle the company's first Corporate Responsibility (CR) report.

The news might make you reach for TUMS. But, if you are honest, the request is not unexpected. Over the last decade, businesses around the globe have increasingly been implementing and reporting on company practices and policies that contribute to the well-being of the environment, economy and society.

There's good reason why businesses are doing so. To begin with, it's expected. Given globalization and the size and power of corporations today, society is demanding much more of the world's businesses. Sure, successful companies are still focused on making money for their shareholders. But they are doing so at the same time as they are devoting energy to internal business practices, such as employee diversity, sound corporate governance and ethical behaviour, as well as external social issues, including community capacity building, climate change and human rights.

There's another compelling motivation. CR is good business. An effective CR program can help a company improve, market and sustain its image. It can attract employees, customers and investors, and help mitigate risk. It can also contribute to a more robust society, which in turn benefits business. Reflecting on CR's ability to make a real and positive impact on the bottom line, SocialFunds.com, a personal finance site devoted to socially responsible investing, notes, "A study of

mutual funds managed by members of the Social Investment Forum finds that two-thirds outperformed their benchmarks across nearly all asset classes in 2009."

Given the benefits – as well as a laudable desire to do good – it's not surprising that more and more companies are exploring CR. Yet, given the scope of CR, it's also not unusual for the individuals charged with the task of reporting on a company's CR activities to be uncertain about where to start.

While annual reports speak primarily to investors, CR reports address the interests of customers, employees, governments, communities and social organizations as well. CR newbies will find themselves confronting an alphabet soup of organizations, each offering a unique methodology designed to establish and measure a company's individual CR performance. Welcome to the world of GRI (the Global Reporting Initiative), ISO 26000 (International Organization for Standardization 26000 – Guidance on social responsibility), UNGC (the United Nations Global Compact), FTSE4Good (not short for anything – that's the name) and DJSI (the Dow Jones Sustainability Index), to name just a few of the major reporting indices.

So, the good news is that while financial reporting demands that companies abide by well-established regulations and legal requirements, for the most part, such hard and fast rules do not dictate CR reporting. (Not yet, anyway.) Instead, there is an assortment of guidelines, such as the GRI. Increasingly recognized as the world standard, the GRI advises individual companies to adopt the reporting level, style and parameters that suit their abilities, capacity and position on the CR continuum. In other words, businesses are encouraged to develop a CR strategy and reporting program that fits with their culture and business goals. Many of the other major CR reporting schemes take a similar approach.

One of the most common views concerning CR is that the goal is not the finish line but the process of continuous

improvement. So, while a company may get nailed for not living up to its stated CR goals (the letters “BP” come to mind), it can also get credit for taking its first steps and working toward improved CR performance. And the only way for a company to get that credit is for it to tell its CR story.

That might mean developing a working CR strategy or incorporating information, such as community giving or environmental sustainability practices, into an existing annual report. Or it might mean deciding to produce a more ambitious stand-alone report that will be modelled on the GRI guidelines.

Here’s another piece of helpful news. If, even after reading this far, the only thing you’re sure you know about CR is how it’s spelled, don’t worry. There is a rapidly growing assortment of credible organizations and consultancies that specialize in working with companies on their CR programs and communications.

For all the challenges that come with it, the most important thing to keep in mind about CR reporting is that it gives you a new way to reach out to stakeholders. It offers you a fresh platform, not just for presenting numbers, but for telling the story of how your organization connects with the world. And that’s not just another assignment. That’s an opportunity.

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About The Works

The Works Design Communications Ltd. is an award-winning integrated communications company. Providing a full range of in-house communication services, including strategic counsel, writing, design, multimedia development and print production, The Works has developed IR and CSR communications for many of Canada’s most well-known and well-respected organizations. We help clients define their objectives and then work with them to create compelling messages and breakthrough communications.

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