

CSR as a Concept With Special Regard to Core Business

Erzsebet Szegedi

Member of Executive Board of Hungarian
National Committee for EOQ

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- Background
- Focus on core business, strategic CSR
- A tool for communicating with stakeholders: reporting
 - How to measure ESG performance?
 - Guidelines, standards



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CSR: a voluntary concept

The European Commission's definition (2001):
„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.”



Source: <http://ec.europa.eu/enterprise/policies>

CSR relates to what enterprises can do in the social and environmental fields **over and above what they are required to do by law.**

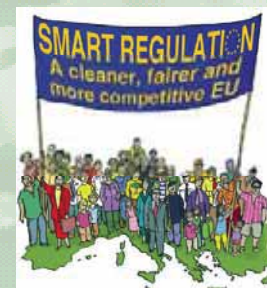
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European law

European law makes the following requirement on companies: (Directive 2003/51/EC)

„To the extent necessary for an understanding of the company's development, performance or position, the analysis [in the annual review] shall include both financial and, where appropriate, non-financial key performance indicators relevant to the particular business, including information relating to environmental and employee matters.”



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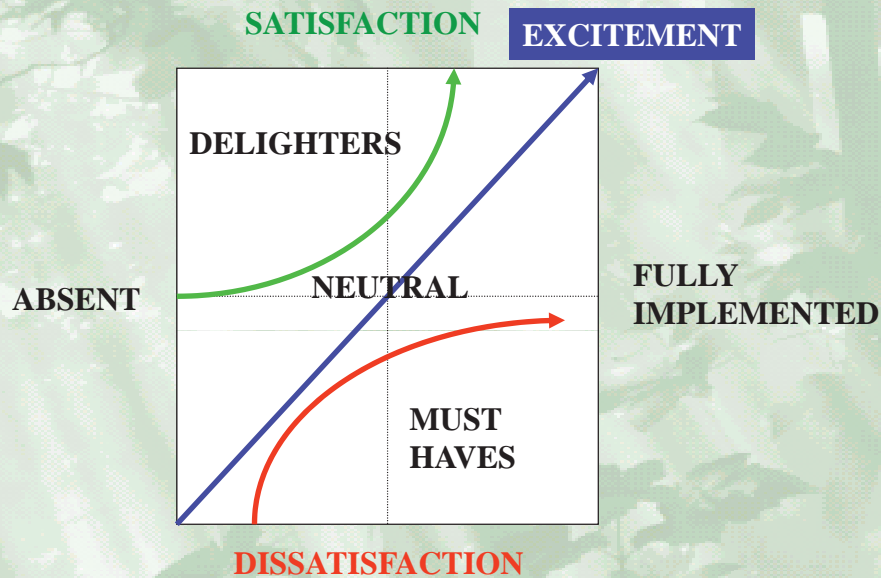
Carroll (1991): CSR pyramid



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CSR pyramid & Kano Model



As „delighters” become „must haves”, „desired” responsibility becomes „required” responsibility

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Positive contribution to society

	Raises social welfare	Reduces social welfare
Raises profit	Good management	Pernicious CSR
Reduces profit	Borrowed virtue	Delisional CSR



Source: Economist 2006

Integrating society & strategy

Responsive CSR

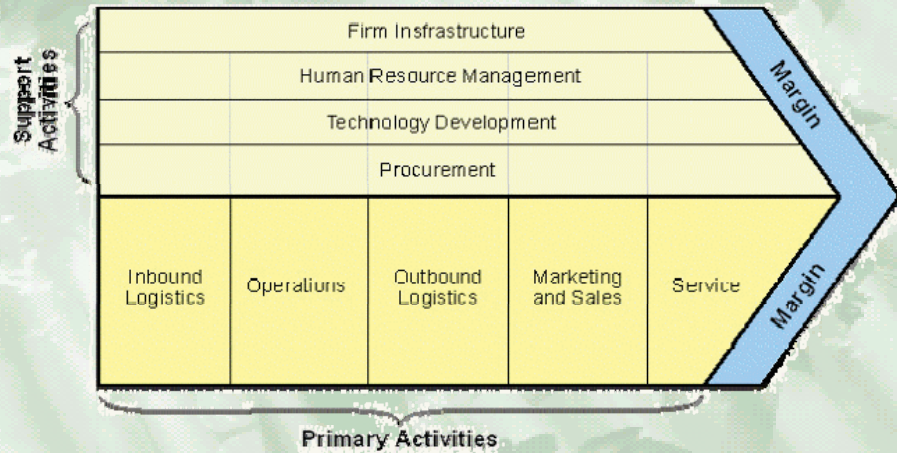
- Act as a good corporate citizen
- Mitigate harm from value chain activities



Strategic CSR

- Identify a small number of social impacts where you can make a significant contribution to society while improving the long-term competitiveness of your business
- Create a social dimension to the value proposition

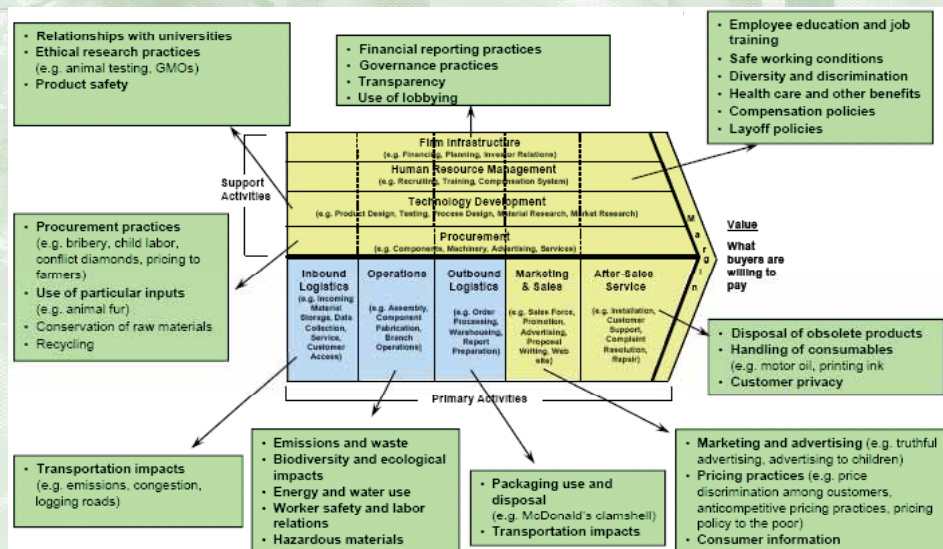
M. E. Porter: Value Chain Model (1985)



Source: Michael E. Porter (1985)

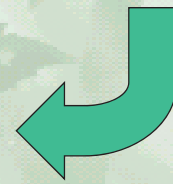
The term 'Margin' implies that organizations realize a profit margin that depends on their ability to manage the linkages between all activities in the value chain.

Identifying Shared Value



Source: Michael E. Porter, Mark R. Kramer: Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility, Harvard Business Review, Dec 01, 2006, page 5.

Corporate growth or social welfare?



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Communicating with stakeholders



The reporting process itself is a good opportunity to build relationships with stakeholders and understand their needs better.

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Reporting

Contents

- completeness
- materiality
- stakeholder inclusiveness
- sustainability context

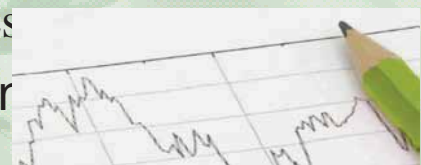
Quality

- balance
- comparability
- accuracy
- timeliness
- clarity
- reliability

Integrated report – part of financial disclosure

How to measure ESG performance?

- ESG: Environmental, Social, Governmental performance
- Triple Bottom Line, 3P: People – Planet – Profit
 - Companies are at different stages of CSR maturity
 - Even the same firm may be more mature in certain parts of the business or on particular topics
- CSR is not the privilege of MNEs
- CSR in SMEs is less formal and more intuitive



Guidelines, standards

- Regulatory framework
 - SOX, EU Modernisation Directive
- Normative framework
 - UN Global Compact, OECD Guidelines, ILO
- Management systems
 - ISO 14001, SA 8000, ISO 26000
- Reporting standards
 - GRI G3, national laws
- Assurance standards
 - AA1000AS



GRI Sector Supplements






Final version released

	Electric Utilities
	Financial Services
	Food Processing
	Mining and Metals
	NGO

Pilot version

	Automotive
	Logistics and Transportation
	Public Agency
	Telecommunications

Under development

	Airport Operators
	Construction and Real Estate
	Event Organizers
	Media
	Oil and Gas

GRI – application level, assurance

Report Application Level	C	C+	B	B+	A	A+
G3 Profile Disclosures OUTPUT	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15		Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17		Same as requirement for Level B	
G3 Management Approach Disclosures OUTPUT	Not Required	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured
G3 Performance Indicators & Sector Supplement Performance Indicators OUTPUT	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.	Report Externally Assured	Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product Responsibility.	Report Externally Assured	Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	Report Externally Assured



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Useful links



- http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/index_en.htm
- www.globalreporting.org/AboutGRI
- www.globalreporting.org/Home/LanguageBar/Hungarian.htm
- www.accountability.org
- www.iso.org/iso/catalogue_detail?csnumber=42546
- www.corporateregister.com/news
- www.unep.org
- www.csreurope.org
- www.unpri.org

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