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The Canadian Trade Commissioner Service

SPOTLIGHT

ON SOCIAL RESPONSIBILITY



TCS



Global Affairs
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Trade Commissioner
Service

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délégés commerciaux

Canada

Social responsibility produces numerous benefits for the environment and global communities as well as encourages participating companies to innovate, attract top talent and even reduce their operating costs.

The following Spotlight can help your company stay informed about the advantages and emerging trends associated with socially responsible business practices as well as access resources that reinforce these important principals and offer actionable solutions. From social innovation and intrapreneurship to clean technology and corporate social responsibility, this short guide can assist you in making positive social, environmental and economic changes that can contribute to your company's bottom line.



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Responsible Business Practices

Technological innovations like digital media are changing the way consumers behave, interact and communicate. Today, information is more accessible than ever, and the modern company is being held under a magnifying glass as a result.

By integrating social responsibility into business practices such as policies, activities and operations, enterprises can mitigate a variety of risks when doing business abroad, while strengthening their brand and their bottom line as well as the environment in which they operate. Sustainable and responsible business practices “can save resources, promote green production, protect the environment or otherwise contribute to sustainability. They look beyond pure financial considerations to include social and environmental aspects, and can help

companies reduce operating costs, innovate and remain competitive.” (Source: Department of Innovation, Science and Economic Development).

The Canadian Trade Commissioner Service (TCS) is pleased to present the following Spotlight on Social Responsibility, encompassing the competitive advantage of the socially responsible firm, ideas for innovation, as well as how the TCS helps support Canadian companies in succeeding abroad to manage risks and undertake responsible business practices.



How does socially responsible business help my business?

One of the most prevalent misconceptions with socially responsible business is that it is equivalent to philanthropy and consequently an expense. However, responsible business can involve strategically aligning interests across stakeholder groups, internal and external, through the integration of responsible business practices, with a goal of long term sustained success. This alignment of interests can make the socially responsible company and its products more appealing to consumers, communities in which they operate and investors, and results in stronger brand fidelity and equity. These are crucial elements for international companies as doing business beyond Canadian borders requires a focus on social, environmental and economic factors. These elements can also be critical in proactively mitigating a variety of risks associated with doing business abroad. As such, doing business responsibly should be an integral component of sustainability and risk management for any business.

The benefits of integrating responsible business practices into a company's operations include:

- **Managing brand reputation and risks more efficiently and effectively** - the repercussions of negative publicity can be dire for a corporation's public image. Bad news spreads quicker than good news, and bad news can mean major losses to brand equity, share prices, and even the ability to operate and do business abroad. The implementation of responsible business practices can foster positive publicity and media coverage for your business, resulting in free marketing and PR, while also mitigating the following risks:
 - o Legal troubles such as accounting fraud and corruption
 - o Inability to retain and attract talent
 - o Government action and policy detrimental to business
 - o Loss of consumer appeal and declining revenues

- **Fostering good relations with investment partners and surrounding communities** – With the manifestation of corporate scandals, corruption and human rights, environmental and climate change concerns, investors have become even more wary of where they spend their dollars. They search actively for firms who embrace socially responsible business as a strategic and profitable form of risk management. As elucidated by Benjamin Franklin, “It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you’ll do things differently.”

Investors are therefore more likely to support companies that demonstrate a commitment to their customers, as well as due diligence in working with local communities directly impacted so that all may benefit and the risk of conflict is minimized. Investors want to invest in stable, risk-managed businesses because sustainable business practices that respect local needs can help improve stakeholder relations

and build credibility and trust. Fostering good relations with surrounding communities is also a key to winning both local and international business as well as market share, contributing to long-term success.

- **Acquiring and retaining corporate talent** – Candidates for employment are more likely to work for an organization which embodies their own values, as well as one which provides them with a sense of fulfillment through their work. According to a survey conducted by Deloitte, 70% of Millennial job candidates aged 18 to 26 stated that a company’s commitment to the community has an influence on their decision to work there. It is also shown that groups who believe their work has a genuine impact on their community, whether local or global, carry higher levels of employee morale and work more productively as a result.



Did You Know?

Research by Net Impact suggests two thirds of MBAs surveyed will consider more highly job offers from companies with a strong socially responsible vision and practice.



- **Innovation and brand differentiation** – Responsible business propels research & development (R&D) units to innovate new products that wouldn't have otherwise been conceived. Investing in R&D for new products that are less detrimental to the environment, produce less waste, or save energy, can help companies stand out in a highly competitive global marketplace.
- **Cost savings** – Responsible business can provide companies with an invaluable opportunity for cutting costs, whether it's using 20% less packaging, reducing energy consumption, or engaging in local sourcing and procurement. The integration of responsible business practices into activities and operations can not only bring substantial savings, it can even render certain expenses obsolete.



Social Innovation

As the global landscape of business evolves, so does the global landscape of socially responsible business.

Not long ago, socially responsible business may have been considered as a periodic contribution to environmental or community causes in order to foster a positive image. It may now be seen as a global movement aiming to enable and integrate communities through sustainable efforts, while encouraging economic development. One of three emerging trends related to socially responsible business that will be covered in this guide is social innovation.

The concept of new strategies, operations and ideas aimed at meeting the social needs of communities is referred to as social innovation.

Pushing the socially responsible envelope by providing communities with new tools and technologies, it enables them to evolve and develop progressively, rather than providing an expendable benefit. The end result is tangible, long term and sustainable solutions.

Investors favour social innovation because it delivers financial return while also providing measurable social and economic impact. For example, a company which installs mini-power plants in rural villages across developing countries promotes economic development by allowing businesses to stay open after dark, and students to study at night. These efforts ultimately improve the economic and social climate of the environment in which these businesses operate.

More information on the Government of Canada's Social Innovation and Social Finance Strategy can be found [here](#).

Clean Tech

Clean tech, short for clean technology, is an industry term describing new technology, products or services which improve operational efficiency while reducing costs, waste, energy consumption or pollution. Clean tech has proven to be one of the most effective ways for businesses to reduce their own costs while also positively impacting the global environment.

Canadian businesses understand the importance of clean technology, and have been able to leverage clean tech to acquire business abroad all over the world. In fact, [a report by Invest Ottawa](#) states that 57% of Canada's clean tech revenues come from international clients like China, the U.S. and India who were collectively responsible for half of global clean energy investment in 2016 (C\$348 billion).

The following is a list of Canadian research & development facilities with a strong focus on clean tech:

- [The National Research Council \(NRC\)](#)
- [The CANMET Energy facility](#)
- [The National Sciences and Engineering Research Council \(NSERC\)](#)
- [Agriculture and Agri-food Canada](#)
- [Natural Resources Canada](#)
- [Environment and Climate Change Canada](#)



“Canada’s globally recognized expertise in clean technology is a promising area for growth and investment... points to a clear and strategic direction for economic development through innovation... [and] shows that conservation and innovation can be competitive advantages. Now is the time for Canada to reinforce its globally competitive advantage in clean tech.

- The Honourable Navdeep Bains, Minister of Innovation, Science and Economic Development

Social Intrapreneurship

Social intrapreneurs are employees who drive social change and innovation within their companies. They are the modern day changemakers of the business world, finding creative solutions to universal problems with a desire to contribute to the global community.



Embracing an entrepreneurial spirit and start-up attitude within their bureaucratic business environment, they innovate products, policies and processes to improve efficiency, reduce waste, and derive both economic and social value from their work. Through these efforts, they are able to aggregately and positively impact team morale, productivity, and bottom line growth.

Unlike social entrepreneurs who are constrained by limited funds, resources and networks, intrapreneurs benefit from their business's existing:

- Market share
- Customer footprint
- Distribution channels
- Knowledge reserves
- Funding
- Marketing Capabilities
- Scalability

Access to these resources and networks allows them to take their innovative ideas from conception to commercialization, all the while influencing and inspiring

other employees to harness their own innovative spirit. Many of the most environmentally impactful and cost-saving product innovations within some of the biggest companies and industry leaders are made possible because these businesses understand the importance of recognizing and enabling their social intrapreneurs.

The [League Of Intrapreneurs](#) is a global movement of individuals wishing to transform industries and change the world, all without quitting their day job.

Your ability to recognize and empower your company's social intrapreneurs through the creation of internal intrapreneurship programs, decentralization and autonomy delegation strategies, design thinking sessions, and the creation of innovation work spaces will be a determining factor in your international business success in 2018 and beyond.

"In the next decade, the most successful companies will be those that integrate sustainability into their core businesses" - Jim Owens, CEO Caterpillar

Corporate Social Responsibility

The Government of Canada's approach to corporate social responsibility (CSR) aims to help Canadian companies doing business abroad manage social and environmental risks and enhance their chances for business success.

The government works with the Canadian business community, civil society organizations, foreign governments and communities, as well as other stakeholders to foster and promote responsible business practices, and thus support sustainable economic growth and shared values. Canada's approach offers support to companies through the Trade Commissioner Service (TCS), as well as early intervention and dialogue facilitation, but also links responsible corporate behaviour with access to Government of Canada trade advocacy and economic support in foreign markets.

CSR is about companies understanding the impact of each of their functions on the surrounding economy, community and environment, as well as within their supply chains, and adjusting activities and operations to create value for themselves and for other stakeholders. Canada's network of regional offices and missions abroad actively promote awareness and understanding of the importance of responsible business practices and creates opportunities for relationship building through conferences, workshops and other activities involving companies, representatives of host governments, and civil society.

Did You Know?

On January 17, 2018 the Government of Canada announced new initiatives to help keep Canadian companies at the forefront of responsible business practices abroad, a competitive advantage in today's marketplace, and contribute to Canada's reputation as an international business partner of choice.

- The creation of a multi-stakeholder Advisory Body on Responsible Business Conduct to advise the government on the effective implementation and further development of its policies and practices addressing Canadian corporate conduct abroad in all sectors.
- The creation of a Canadian Ombudsperson for Responsible Enterprise to promote best practices for responsible business conduct and investigate allegations of human rights abuses arising from Canadian corporate activity abroad. The Ombudsperson will be able to undertake joint and independent fact-finding, make recommendations and monitor implementation, and report publicly throughout the process. The Ombudsperson's scope will be multi-sectoral, initially focusing on the mining, oil and gas, and garment sectors, with the expectation to expand to additional sectors in the future.

To learn more visit: www.csr.gc.ca





International Corporate Social Responsibility (CSR) Guidelines:

Internationally recognized CSR guidelines and standards help companies mitigate risks and are important tools for doing business abroad. They provide information on the considerations that can improve companies' social, environmental and economic performance, and can help companies capitalize on the opportunities and benefits mentioned earlier. Canada helps advance and promote widely-recognized international CSR guidance, such as:

- [OECD Guidelines for Multinational Enterprises \(MNEs\)](#)
 - [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#)
 - [OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector](#)
 - [The OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#)
 - [OECD-FAO Guidance for Responsible Agricultural Supply Chains](#)
 - [Responsible Business Conduct for Institutional Investors](#)
- [United Nations \(UN\) Guiding Principles on Business and Human Rights \(GPs\)](#)
- [Voluntary Principles on Security and Human Rights \(VPs\)](#)
- [International Finance Corporation's \(IFC's\) Performance Standards on Social & Environmental Sustainability](#)
- [Global Reporting Initiative \(GRI\)](#)



How the TCS can help

Whether a company is looking to export, invest abroad or are seeking partnerships, Trade Commissioners are trained to provide support on CSR-related issues as an integral part of providing service excellence to Canadian client companies around the world. Canada's Trade Commissioners provide assistance in:

- Advice and guidance related to identifying, managing and mitigating environmental and social risks when preparing for, assessing and doing business in a market. Trade Commissioners are well-placed to share information on what works and what doesn't in a given country.

- Helping connect companies with expertise and practitioners in CSR-related areas.
- Fostering networks and partnerships by bringing together companies and a variety of local stakeholders to discuss CSR, share best practices and build networks and relationships.
- Helping identify local procurement opportunities and helping Canadian companies work with communities to take advantage of them.
- Problem solving by helping companies access Canada's dispute resolution mechanisms to assist companies and communities abroad in resolving differences.

You can learn more about responsible business practices, resources and tools, and the TCS role in supporting CSR at www.csr.gc.ca or by contacting your nearest [Trade Commissioner](#).

FACT:

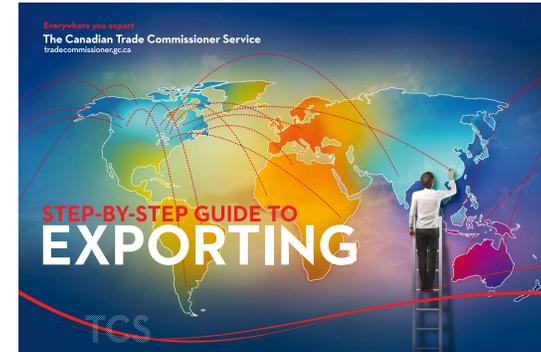
The Government of Canada offers mechanisms to help companies and communities abroad resolve differences and mutually benefit from operations, including Canada's National Contact Point (NCP) for the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, which apply to all industry sectors!

Are you export ready?

The [Step-by-Step Guide to Exporting](#) will help you to:

- **Sell to more customers.** Target global buyers online.
- **Enter more markets.** Leverage the benefits of free trade.
- **Save time & avoid risks.** Learn the legal aspects of trade.

Download this free guide and gain access to all TCS export publications through [MY TCS](#).



Access these additional resources:

- Canadian Trade Commissioner Service (TCS)
 - [Corporate Social Responsibility](#)
 - [Canada's Enhanced CSR Strategy](#)
- Business Development Canada (BDC)
 - [Corporate Social Responsibility](#)
- Innovation, Science & Economic Development Canada
 - [An Implementation Guide for Canadian Business](#)
- Natural Resources Canada
 - [Checklist for Canadian Mining Companies Working Abroad](#)



Spotlight Series

The Canadian Trade Commissioner Service's (TCS) new *Spotlight Series* sheds light on a variety of export-related topics to help Canadian companies conduct business abroad more efficiently and identify new opportunities for growth.

Topics taking centre stage:

- **Free Trade** – mitigation to access international markets effectively
- **E-commerce** – automation to reach millions of customers worldwide
- **Global Value Chains** – connection to expand your business network

- **International Marketing** – promotion to increase global revenues
- **Social Responsibility** – innovation to decrease operating costs

Transform your export business. Get your free copies of the Spotlight Series today.

 bit.ly/tcs_spotlight

Trade Commissioners are on-the-ground in more than 160 cities in Canada and worldwide.

The Canadian Trade Commissioner Service (TCS) is gaining market intelligence and insight, and uncovering opportunities for Canadian companies.

Our export experts can help your company:

- Prepare for international markets
- Assess your market potential
- Find qualified contacts
- Resolve business problems



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