

The evolution of Corporate Social Responsibility*

What is corporate social responsibility (CSR)? It is a concept of corporate behaviour that recognizes that companies have a duty of care to all their stakeholders, including employees, customers, local communities and shareholders. Its holistic approach requires that businesses account for and measure the actual or potential economic, social and environmental consequences of their actions.

The World Business Council for Sustainable Development states, "Corporate social responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large."

Some may regard CSR as a new concept, arriving on the corporate agenda within just the past few years. In fact, it is based on the global social justice movement that for more than 40 years has demanded that transnational corporations conform to basic human rights principles. In the intervening decades, CSR has evolved and changed its name and nature, but never disappeared. Today, it is stronger than it has ever been and there is growing pressure on companies around the globe to adopt CSR guidelines as part of their business plan.

The roots of CSR go back to the 1960s and 1970s. During this period, the environment was emerging as a worldwide concern. In 1972, the United Nations held a Conference on the Human Environment in Stockholm, Sweden, the first major international gathering of nations to discuss the world's environmental problems. At the end of two weeks, representatives of 113 nations produced a number of agreements on environmental principles along with recommendations for further national and international action.

During the early 1980s, CSR began to incorporate environmental principles and the concept of sustainable development emerged.

In 1983, the United Nations established the World Commission on Environment and Development with the mandate to propose long-term environment strategies for achieving sustainable development by 2000. Chaired by Norwegian prime minister Gro Harlem Brundtland, the commission issued its report in 1987. Formally entitled Our Common Future, the document quickly became known as the Brundtland Report.

The report dealt with the need to achieve "sustainable development" which it defined as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

In 1989, the UN followed up with a process of planning, education and negotiations among all member states that led to Agenda 21, a wide-ranging blueprint for action to achieve sustainable development worldwide. The climax of this process was the Earth Summit, held in Rio de Janeiro in 1992, 20 years after Stockholm, where the UN sought to help governments rethink economic development and find ways to halt the destruction of irreplaceable natural resources and pollution of the planet.

The summit called for a complete change of attitudes and behaviour, moving beyond the environment into social concerns. Its message was that poverty as well as excessive consumption was damaging the environment.

The Earth Summit was transformational, bringing a new context to all subsequent UN conferences. Whether it was women, social development, population or human settlements, all were discussed in the context of environmentally sustainable development. For example, the 1993 Vienna World Conference on Human Rights underscored the right of people to a healthy environment and the right to development. Prior to Rio, these demands had been resisted by some member states.

Sustainable development required enterprises to make business decisions based on social and environmental, as well as financial, concerns. Striking a balance between these three pillars became known as the “triple bottom line.” Before Rio, business had viewed the environment and sustainable development as risk factors; now they started to see them as opportunities and sources of competitive advantage.

By the end of the 20th century, the challenge for business had become newly articulated: it needed to create value for society as a whole and the degree to which companies were able to respond to this challenge would determine their “licence to operate.”

In 2000, the inaugural meeting of the World Mines Ministries Forum was held as part of Mining Millennium 2000, the combined PDAC/CIM convention organized to celebrate the new millennium. During this event Rio Algom president and CEO Patrick James talked about the challenge facing exploration and mining companies as they sought this social licence.

He noted that in the past, companies had rarely thought through their social responsibility in a comprehensive way. Now they were being challenged to consider the broader effects of their actions. He warned his audience that, without public consent, no project could succeed. And that consent could be won only by involving all stakeholders and employees in developing a common approach toward establishing community standards.

About that same time, a worldwide mining industry movement, the Global Mining Initiative (GMI), was established by the CEOs of several of the world’s major companies to respond to the Rio Earth Summit challenge of sustainable development. GMI launched a policy dialogue and in 2002 formed the [International Council on Mining and Metals](#) (ICMM) to implement its findings.

The council’s objectives include development of protocols to allow independent monitoring of mining company operations and establishment of community development concepts, environmental guidelines and an emergency response registry. The PDAC represents the interests of the Canadian exploration industry on the council.

Other initiatives were also underway.

In 2001, the World Bank Group (WBG) launched an Extractive Industries Review. The group’s membership comprises the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation and the Multinational Insurance Guarantee Agency.

The purpose of the review was to make recommendations to guide the group’s involvement in the oil, gas and mining sectors, and outline steps to reduce poverty and

support sustainable development. For the next two years, the WBG conducted consultations, held workshops and visited projects and communities as it elicited views from government representatives, the private sector, civil society, academia and other interested groups.

The PDAC responded with a comprehensive brief noting that poverty among local populations was a key concern for the exploration and mining industry. It pointed out that, while many mining companies were creating programs to invest a large proportion of the wealth created by a mine in the local community, governments were largely absent from the process, lacking the mechanisms and political will to distribute this wealth effectively to the local level.

The PDAC's brief urged the WBG to use its influence to encourage governments to develop and implement policies and mechanisms for the redistribution of these revenues to benefit local populations and reduce poverty. In particular, it asked the WBG to prioritize investments in countries where governments were willing to develop governance structures that would enable effective redistribution of resource revenues to local populations.

On the national scene, CSR and the extractive industries had become a concern in the federal government.

Over a period of several years, a number of presentations had been made to a subcommittee of the Standing Committee on Foreign Affairs and International Trade on the activities of petroleum and mining companies in countries such as Colombia, Sudan, the Democratic Republic of Congo and the Philippines.

Concerns over certain incidents in developing countries resulted in a report that the standing committee submitted to the government in June 2005.

The report, *Mining in Developing Countries and Corporate Social Responsibility*, argued that more should be done to ensure that Canadian mining companies operating overseas conduct their activities in a socially and environmentally responsible manner and in conformity with international human rights standards.

It called on the government to take several actions. These included: strengthening existing CSR programs and policies or establishing new ones; developing stronger incentives to encourage Canadian mining companies to conduct their activities in a socially and environmentally responsible way; monitoring the activities of Canadian mining companies, especially those operating in conflict zones; and establishing clear legal norms in Canada to ensure Canadian companies and residents are held accountable when there is evidence of environmental or human rights violations associated with Canadian mining companies.

The government's response came in October 2005. It noted that there were a number of practical policy challenges in translating many of the standing committee's recommendations into practice. Among them were finding an acceptable method of measuring CSR performance, choosing from among a proliferation of CSR codes and standards and establishing a consensus on the boundaries between governments, companies and stakeholders.

The government noted that there was a need to strengthen the host country's capacity to regulate corporate activities. It also pointed out that, while it could influence Canadian mining companies, this may not be true of companies that are incorporated in Canada or listed on a Canadian stock exchange but based abroad.

The government decided these issues could best be examined in a series of four national roundtables that would review the actions of Canadian petroleum and mining companies overseas.

The objective of the roundtables would be to generate a report to Parliament presenting "recommendations for government, NGOs (non-governmental organizations), labour organizations, businesses and industry associations on ways to strengthen approaches to managing the external impacts of international business activities to benefit both businesses and the communities within which they work." Specifically, the roundtables would examine measures that could be taken during the next one to three years to enable Canadian extractive sector companies operating in developing countries to meet or exceed leading CSR best practices.

A government steering committee was established to run the roundtables. Led by the Department of Foreign Affairs and International Trade, it included representatives from eight federal government departments and was assisted by an advisory group representing the extractive industries, NGOs, aboriginals and academia.

PDAC director Dennis Jones represented the association on the advisory group (the Mining Association of Canada was also represented) and PDAC executive director Tony Andrews acted as the "industry focal point" for the roundtable process.

The two-day roundtable sessions took place from June to December 2006 in Vancouver, Calgary, Toronto, and Montreal. Each consisted of a public forum and an *in camera* session at which invited experts made presentations on specific issues. In addition, there were working sessions of the steering committee and advisory group in Ottawa.

Discussion at the roundtables centred on five themes: CSR standards and best practices; incentives supporting the implementation of CSR standards and best practices; verification and assurance of CSR performance and the formulation of a dispute resolution process; support (such as tools and training) for the implementation of CSR standards; and building the host countries' governance of resources.

The final report of the advisory group was released on March 29, 2007. The English version of the report is [here](#), and the French version is [here](#). A media advisory, issued on the same day, summarizes the key recommendations contained in the report. [Click here](#) for a copy.

Most Canadian exploration and mining companies operating in Canada and overseas have been implementing CSR practices at the sites of their operations for quite some time. But CSR expectations are fluid and constantly changing, and industry is being challenged to keep pace.

It is here that the PDAC sees its particular role. The association believes that the most helpful way forward is to clarify expectations about CSR and industry's CSR achievements, provide good practice benchmarks against which members can measure

their activities, and then continuously help to improve industry performance by providing tools and training.

Current concepts of CSR good practice and the means for improving them were presented at a workshop held in conjunction with the 2007 PDAC International Convention, Trade Show and Investors Exchange. Entitled *From Theory to Practice: Corporate Social Responsibility and Sustainable Development in Exploration*, the workshop attempted to answer three questions: What is CSR? How can it be put into practice? What are the key considerations for improving performance? [Click here](#) for copies of the material presented during the workshop. ‘

The association is also taking the lead in informing its members about the evolving CSR landscape.

For several years, its annual convention has included technical sessions on environmental and CSR issues. It also regularly publishes information about CSR on its website and in member publications.

One of the PDAC’s major tools is [e3 Environmental Excellence in Exploration](#), an online e-manual that provides proven guidelines for good exploration practices, including environmental care and social engagement, in every region of the world. Freely available, the manual is being used by more than 1,500 subscribers in 40 countries, and that number climbs by 10 to 15 new subscribers every week.

In 2005, the PDAC gave an even higher profile to CSR by establishing an annual e3 Environmental Excellence in Exploration award.

The award, presented at a gala evening during the PDAC International Convention, honours an individual or company that demonstrates outstanding initiative, leadership and accomplishment in protecting and preserving the natural environment and establishing and maintaining good community relations. The 2005 winner was Diavik Diamond Mines, recognized for its protection of the natural surroundings in the Northwest Territories and the lasting rapport it has established with neighbouring communities. In 2006, Greystar Resources was honoured for its achievements at its Angostura project in Colombia and its support for and communications with the local community.

The PDAC has also published a special bulletin listing more than 30 national and international CSR codes, standards and tools that are currently available to assist exploration and mining companies. They include the Mining Association of Canada’s stewardship initiative, Towards Sustainable Mining; The International Council on Metals and Minerals (ICMM) Good Practice Guidance for Mining and Biodiversity; the Global Reporting Initiative’s Sustainability Reporting Guidelines; ICMM’s Community Development Kit; the International Labour Organization’s Convention 169 on Indigenous Peoples; The Kimberley Process Certification Scheme for rough diamonds; and the Minerals Council of Australia’s document, Enduring Value — the Australian Minerals Industry Framework for Sustainable Development. [Click here](#) for a copy of the publication.

The PDAC believes CSR will continue to have a major impact on the exploration and mining industry in the years ahead. As its members seek to enhance their performance,

they can look to the association to provide the tools and resources they need, and to represent their interests in the national and international arenas where CSR is discussed.

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