



RCEN International Program

Multi-stakeholder Dialogue on Corporate Social Responsibility Report



Submitted to Claire Thompson
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From
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Cover photo taken by Mike Simpson for the Canadian Environmental Network.

1. Summary of activities

The international extractive sector is at the nexus of three interrelated development challenges: sustainable economic growth (which is respectful of the environment and the global commons), democratic governance (transparency and the elimination of corruption) and the alleviation of poverty (inequality and social exclusion). In theory, national and foreign investment in economic development results in economic growth and therefore less poverty and social exclusion. However, we have seen that economic growth does not always translate into improved living conditions for the poorest of the poor. It is also increasingly recognized that poverty (living with less than \$2 a day and lacking basic services such as potable water, electricity and education) leads to social unrest and discontent, resulting in a less favourable environment for national and international investment. Increased social unrest (protests, blockades, lawsuits) leads to increased private sector risk and therefore increased interest rates, which results in increased production costs and finally lower rates of return. Within this context it becomes clear that sustainable development, poverty alleviation and democracy must be addressed not as separate issues, but from a systems perspective where each impacts the other. Through this lens, it is not incumbent upon the private sector alone to advance corporate social responsibility (CSR) in the extractive sector. Rather, CSR is where the private sector, citizens and government meet to address the challenges to achieving sustainable livelihoods globally.

In both the Canadian response (*Advantage Canada Strategy*) and the international response (e.g. IFC Performance Standards, OECD Guidelines, John Ruggie's work on Business & Human Rights), the focus is on improving company performance and, to a lesser degree, state governance to ensure better CSR results in the international extractive sector. However, the role of civil society (communities, NGOs, labour unions) in contributing to corporate social responsibility has not been given due consideration. The Extractive Industries Transparency Initiative is one exception, acknowledging the crucial role that NGOs play in monitoring the performance of both governments and companies in meeting their fiscal obligations.

Recognizing the need to engage Canadian environmental non-governmental organizations (ENGOS) in the national and international dialogue on CSR, the Canadian Environmental Network (RCEN) International Program coordinated a two-day multi-stakeholder dialogue on CSR in collaboration with Foreign Affairs and International Trade Canada and with the support of the International Development Research Centre (IDRC), the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), the Mining Association of Canada (MAC) and Suncor Energy Inc. Canadian ENGOS that do international work have been partnering at the grassroots level with communities affected by extractive operations for years. Their expertise in international environmental cooperation and sustainable development solutions is a valuable asset for translating Canadian CSR policy into solid strategies and project management practices on the ground in developing countries. In order to move ahead with Canada's CSR Strategy to improve the CSR performance of Canadian extractive companies operating overseas, it is vital for all stakeholders to participate in the sharing of knowledge, resources and collaborative efforts to meet the challenges of implementing CSR.

This project included three deliverables:

A discussion paper was prepared by the RCEN International Program entitled “*Why Comply? A Discussion Paper on the Development of Corporate Social Responsibility in Canada*” (Appendix A) and circulated to all participants in advance of the meeting.

On 3 March 2010, a one-day multi-stakeholder dialogue on CSR brought together 38 participants from across sectors and across Canada (see Appendices B and C for the full agenda and participant list). Representatives from government, environmental and development NGOs, extractive companies, consultants, academics and community members from the global south listened to a series of presentations before engaging in a lively debate around CSR. In the afternoon, three workshops on the CSR Centre for Excellence, Conflict Resolution Using Collaborative Tools and Techniques and An Integral Approach to CSR respectively provided additional opportunities for participants to dialogue on some of the more challenging aspects of implementing CSR.

On 4 March 2010, a full-day RCEN International Program meeting convened 12 International Program members and one partner from Peru to develop a Canadian ENGO approach to promoting CSR with a view to supporting sustainable livelihoods (see Appendices D and E for the full agenda and participant list).

2. Acknowledgement of IDRC's Support

The RCEN thanked IDRC for its support in both the opening and closing remarks of the March 3 CSR Multi-stakeholder Dialogue and March 4 RCEN International Program Meeting. IDRC was also acknowledged as a sponsor in both the event invitation and agenda which were sent to all participants of both the March 3 and March 4 meetings. Lastly, IDRC is acknowledged as a sponsor of the project on the RCEN International Program website.

3. Workshop Follow-up and Evaluation

Evaluation forms were distributed to all participants at the beginning of the CSR Multi-stakeholder Dialogue and collected at the end of the event. A total of 23 forms were collected, representing 60 % of participants. In addition, in-depth follow-up was conducted with nine participants through individual face-to-face meetings and phone calls.

4. Analysis of Project Results

The discussion paper was completed and circulated to all participants one week before the event. The purpose of the discussion paper was to address CSR in the extractive sector from a uniquely ENGO perspective and to stimulate reflection among participants in advance of the open discussion period on March 3. The approach taken in the paper was to analyze the issue of voluntary vs. mandatory CSR compliance for extractive companies through the lens of integral theory (a theory developed by the contemporary American author Ken Wilber). From an integral perspective, the paper argued, companies – like individuals - go through a series of developmental stages from egocentric to ethnocentric and, potentially, to world-centric worldviews. (Interestingly, the paper acknowledges that NGOs also go through the same developmental stages.)

These “organizational worldviews” are linked to and evolve according to a company or an NGO’s organizational culture, which in turn is influenced by individual leaders within the organization. CSR measures, therefore, need to meet companies where they are along the developmental path from ego- towards world-centric perspectives. The paper suggests that, while voluntary compliance measures are useful to encourage world-centric CSR behaviour (i.e. decisions are based on “what is good for the individual is good for the company and is good for society over multiple generations” (p. 12)), mandatory compliance measures and enforcement (sanctions, certification or mandatory rules) are more effective for business entities that are at the egocentric or ethnocentric stages. Anecdotal evidence suggests that the paper was read by many of the participants in advance of the meeting.

The March 3 CSR Multi-stakeholder Dialogue was organized into two parts: the morning session consisted of a keynote address by CSR Counsellor Marketa Evans, followed by a series of presentations from various sectors including government, NGOs, the private sector and an NGO partner from Peru. Through the presentation series, different perspectives emerged on issues related to CSR in the extractive sector. The presentations also served to bring all participants up to a common level of understanding on key CSR elements and challenges, and to provide updates on new CSR developments such as the IFC Standards and OECD Guidelines consultation and review processes. At the end of the morning session, an open discussion guided by the Chatham House Rule provided the space for participants to explore some of the questions raised in the discussion paper or to discuss any other issue they wished to raise. Interventions centred around certain themes such as the “common problem” that stakeholders are trying to solve through CSR (or at least acknowledging participants’ diverging interests in CSR); the question of effective compliance measures including enforcement, sanction and remedy; the different mechanisms to ensure compliance, from the role of the CSR Counsellor to Bill C-300 to the international criminal court; and the values of adopting a multi-stakeholder approach to CSR both in Canada and abroad. In the afternoon, workshops on the CSR Centre of Excellence, Conflict Resolution Using Collaborative Tools and Techniques and An Integral Approach to CSR were given successively and provided opportunities for new learning and continued discussion among participants.

A great deal was accomplished during the RCEN International Program (RCEN-IP) meeting on March 4. RCEN-IP members met to develop a Canadian ENGO approach to engaging in CSR activities in Canada and abroad. However, in developing the agenda, it became apparent that in order to come to a consensus on a way forward, a baseline analysis was first required. The meeting was therefore expanded to include a strategic planning session followed by the drafting of a workplan. The meeting started with a debrief of the previous day’s dialogue session, followed by a series of dynamic exercises to imagine a common desired future for the RCEN International Program and then work backwards to identify the specific actions needed to close the gap between the desired future and today’s situation (backcasting). In the course of the exercises, resources were also identified for implementing priority actions. A major outcome of the meeting was the Canadian ENGO strategy to engage in CSR activities adopted by RCEN-IP members. It was agreed that the RCEN-IP would develop a program to pursue multi-stakeholder dialogue to support the implementation of CSR both within Canada and internationally. The program would need to be developed in collaboration with the multiple sectors involved and have incremental implementation phases to incorporate new learning. Pilot projects would be conducted first in Canada and then in two selected developing

countries (ideally one in Africa and one in Latin America) where Canadian extractive companies were operating, with the focus of convening multiple stakeholders to dialogue on the challenges and opportunities related to CSR in the extractive sector.

5. Evaluation of the Project

The RCEN International Program Multi-stakeholder Dialogue on Corporate Social Responsibility has been a clear success. Our stated attendance goal for the event was to have approximately 30 – 40 people as a smaller group is better suited for a *dialogue* session (larger groups mean less talking time for each participant and therefore less rich discussions). Since the event attracted 38 participants, we reached near-capacity for the type of event that we had planned. We also reached our objective of having approximately equal representation from government, the private sector and NGOs, with 11 industry representatives, 17 NGO representatives and 10 government representatives in attendance. One of the key indicators of success for this project was that we were able to draw participation from a broad range of sectors including government, environmental and development NGOs, extractive companies, consultants, academics and representatives from the global south.

The results of our evaluation form (see Appendix F) indicate a high level of satisfaction with our event. In one part of the evaluation form, respondents were asked to rate seven evaluation criteria on a scale of Excellent to Poor. Overall, 83% the criteria were rated “excellent” or “good”, 7% were “fair” and none were ranked “poor” (10 % were left blank or were rated N/A).

Clearly, the participants really enjoyed the multi-stakeholder approach to the dialogue, especially the diversity of people in the room and the opportunity to network. The open discussion was also a success. Participants appreciated:

- the comfortable and diverse dialogue
- the open forum
- the interesting and interactive discussion
- the openness and respect for each other's opinions
- hearing concerns, particularly from the NGO side
- the high quality of issues discussed
- the roundtable setup and constitution of group facilitated dialogue
- the openness and frankness
- the humanity of organizers and participants and the various perspectives brought to the table

Given the candid nature of the discussion, it is worth noting that more than half the participants had never attended any previous meetings organized by the RCEN. The fact that many respondents also thought that the facilitation and moderation were excellent suggests that these were important success factors for the discussion period and the CSR Dialogue overall. Many participants expressed interest in having more opportunities for open discussion, and their evaluation forms contain many interesting suggestions for a follow-up CSR Dialogue Session. The participants also liked the morning presentations and the opportunity to learn more about the issues.

Both during and following the event, the discussion paper generated many comments, both positive and negative. Insofar as the objective was to stimulate reflection and discussion, the discussion paper certainly served its purpose. However, as one

participant noted, it was not made clear how the paper contributed to the meeting. Although the event's final workshop took an integral approach to CSR, there were certainly other opportunities throughout the day to weave integral theory into the sessions. For example, an integral approach could be applied to developing the structure and agenda of a subsequent CSR Multi-stakeholder Dialogue as a "learning by doing" experience for participants.

While there were many participants from the private sector (industry associations, consultants, extractive companies), it was often noted that additional extractive company participation, particularly from the exploration side, would have added to the discussions. The junior companies that do much of the exploration work definitely constitute a priority sector in terms of building capacity and awareness around CSR. Unfortunately, these companies often lack the financial and human resources to attend a full-day CSR Multi-stakeholder Dialogue in Ottawa. One way to encourage more participation from the extractive industry's exploration companies would be to "piggy-back" a CSR Dialogue onto another event that many junior companies attend, such as the Prospectors & Developers Association of Canada (PDAC) Annual Conference.

Careful consideration will also need to be given to the theme of a subsequent CSR Dialogue to encourage maximum participation across sectors. The topic should be chosen to address one (or more than one) key challenge(s) for extractive companies while also drawing on the expertise of companies, government, NGOs and local communities to foster constructive exchanges between stakeholders. Targeted calls to individual company, government, NGO and community representatives in the initial planning stage would serve to identify some common challenges or "hot topics" for the CSR Dialogue Theme. This approach would have the added benefits of promoting the event among key stakeholders and allowing them to input into the project development stage thereby ensuring the CSR Multi-stakeholder Dialogue to better meet their needs.

The Canadian ENGO approach to engaging in CSR crafted during the March 4 meeting incorporates the development of other CSR Multi-stakeholder Dialogues as part of the proposed RCEN-IP program to support the implementation of CSR both within Canada and internationally. This commitment from the RCEN International Program to invest in a Canadian ENGO CSR program fosters an enabling environment to build on the success of the March 3-4, 2010 meetings.

6. Gender Equity Issues

There were 21 women and 17 men at the March 3 CSR Multi-stakeholder Dialogue and 8 women and 5 men at the RCEN March 4 International Program meeting. The outnumbering of women to men is interesting considering the predominance of men in the extractive sector (in Canada, 21% of workers in resource and extractive industries are women). Furthermore, women outnumbered men in every sector present at the dialogue (with the exception of the two university representatives). The increasing number of women engaged in CSR may constitute a new driver for a more holistic approach to the extractive sector in which sustainable development, democratic governance and poverty alleviation are valued as equal parts of a whole. It will be interesting to see, through the RCEN-IP's future CSR work, whether such a trend emerges and, if so, how and why the engagement of women in CSR impacts the extractive sector.

7. Appendices

- A) “Why Comply?” A Discussion Paper on the Development of Corporate Social Responsibility in Canada
- B) RCEN March 3 CSR Multi-stakeholder Dialogue Agenda
- C) RCEN March 3 CSR Multi-stakeholder Dialogue Participant List
- D) RCEN March 4 International Program Agenda
- E) RCEN March 4 International Program Participant List
- F) RCEN March 3 CSR Multi-stakeholder Dialogue Evaluation Form