

Corporate Responsibility

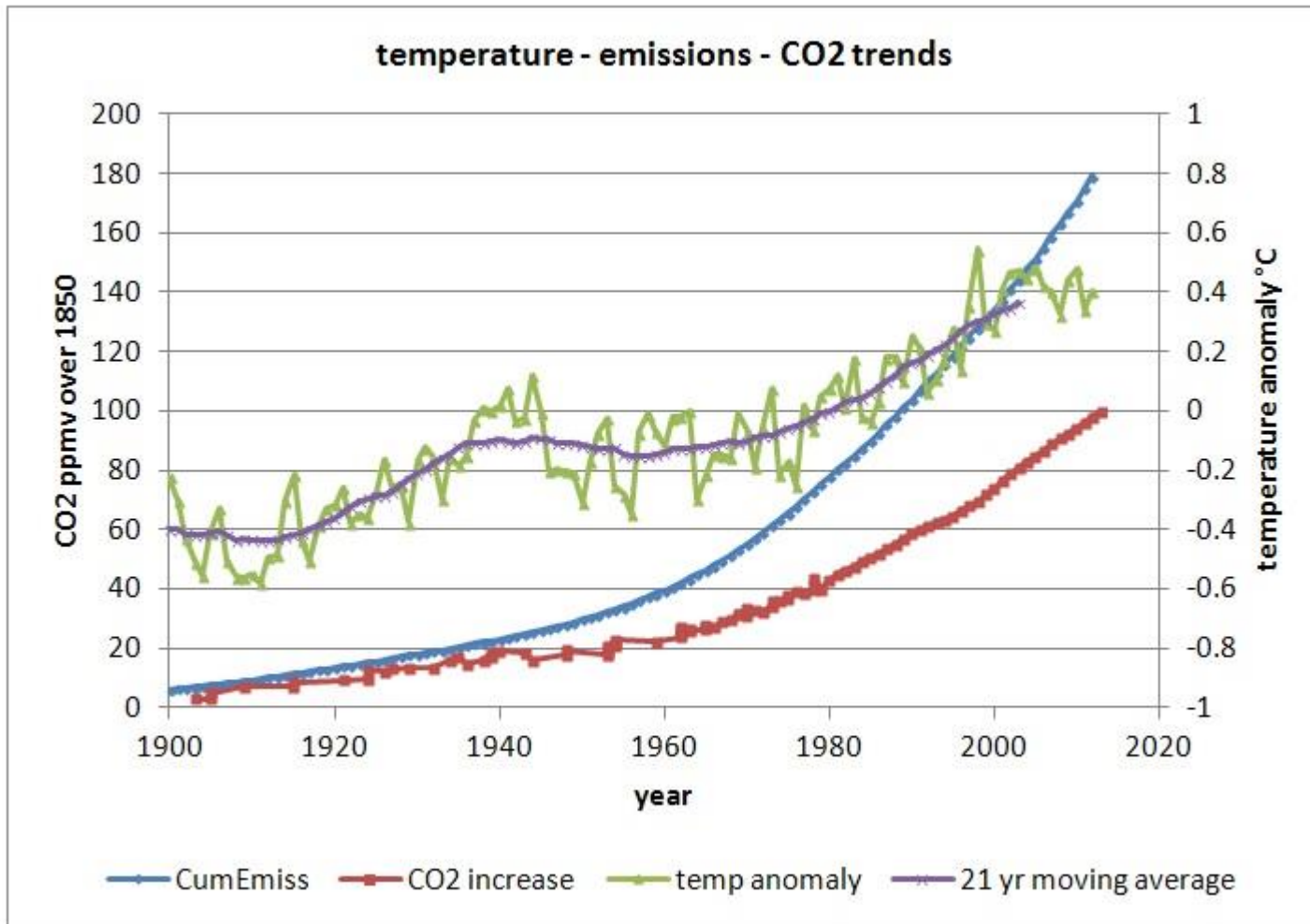
Content

- Why at all take sustainability into account?
- What is Corporate Responsibility?
- Basic terminology
- Who are stakeholders?
- How to get loyal employees?
- Being successful on the marketplace
- Taking environment into the account
- Helping your Community
- First steps in implementing your CR program
- Benefits of CSR

Why we talk about CSR?



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Basic Terminology

Corporate Citizenship

Philanthropy

Stakeholders

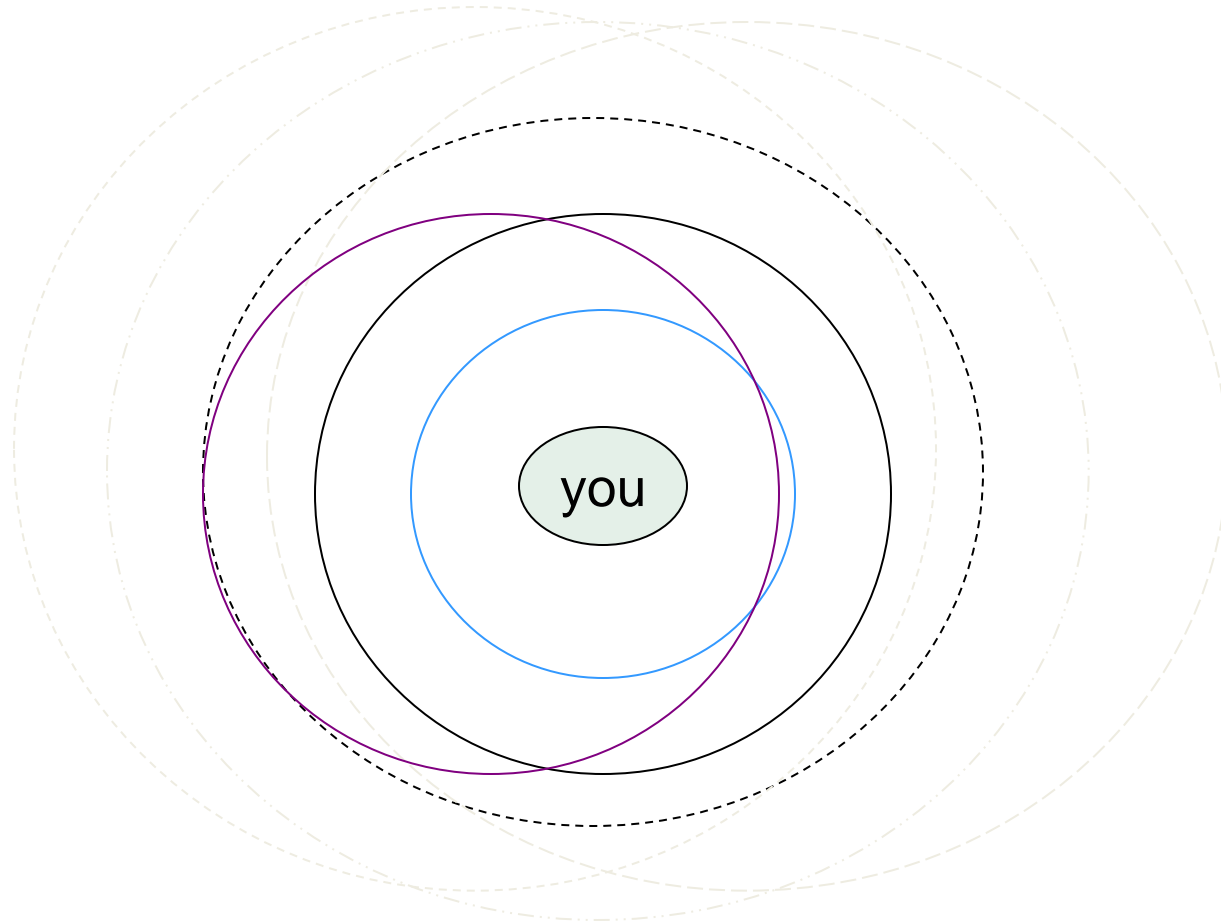
Sustainable Development

Tripple bottom line

Corporate (Social) Responsibility (CR or CSR)

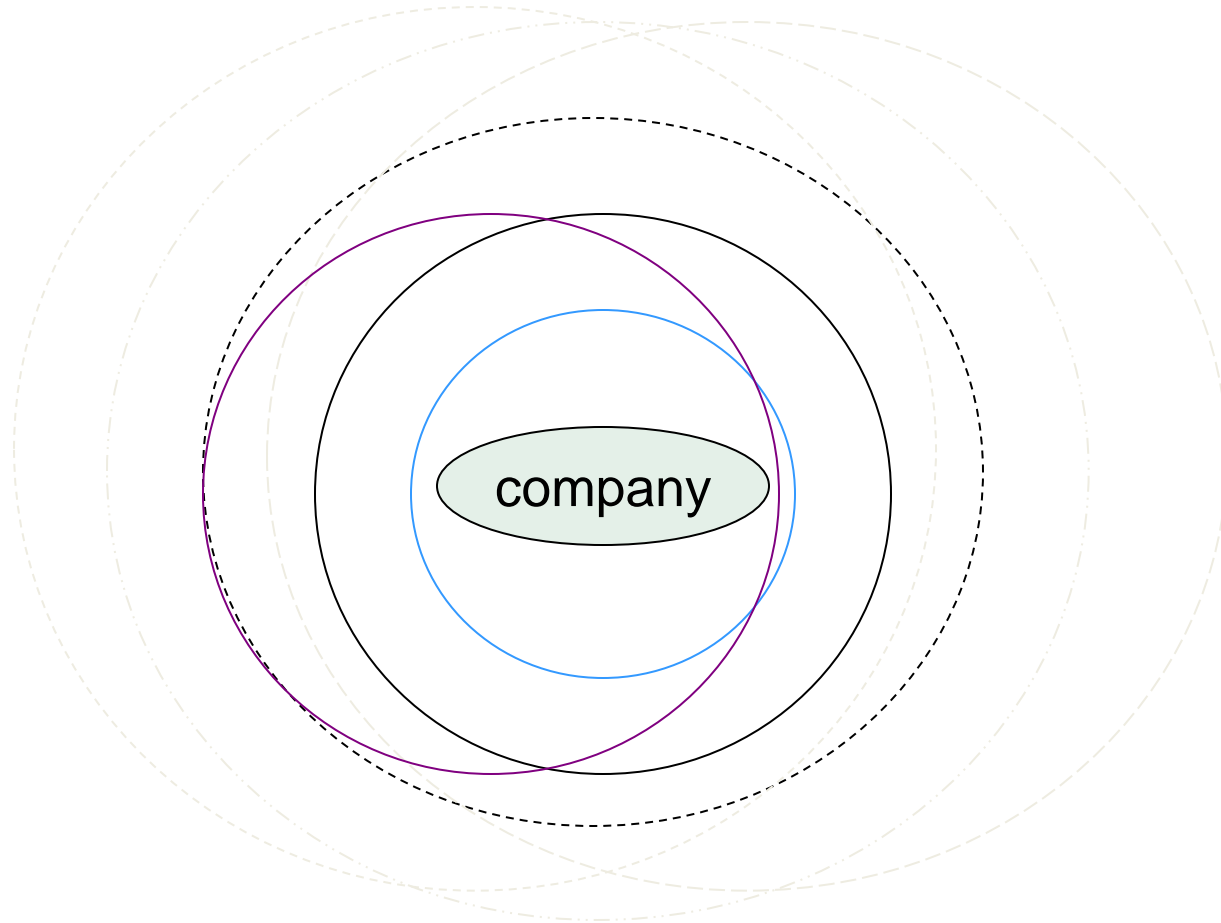
Stakeholders

Stakeholders are individuals and groups affecting or affected by....

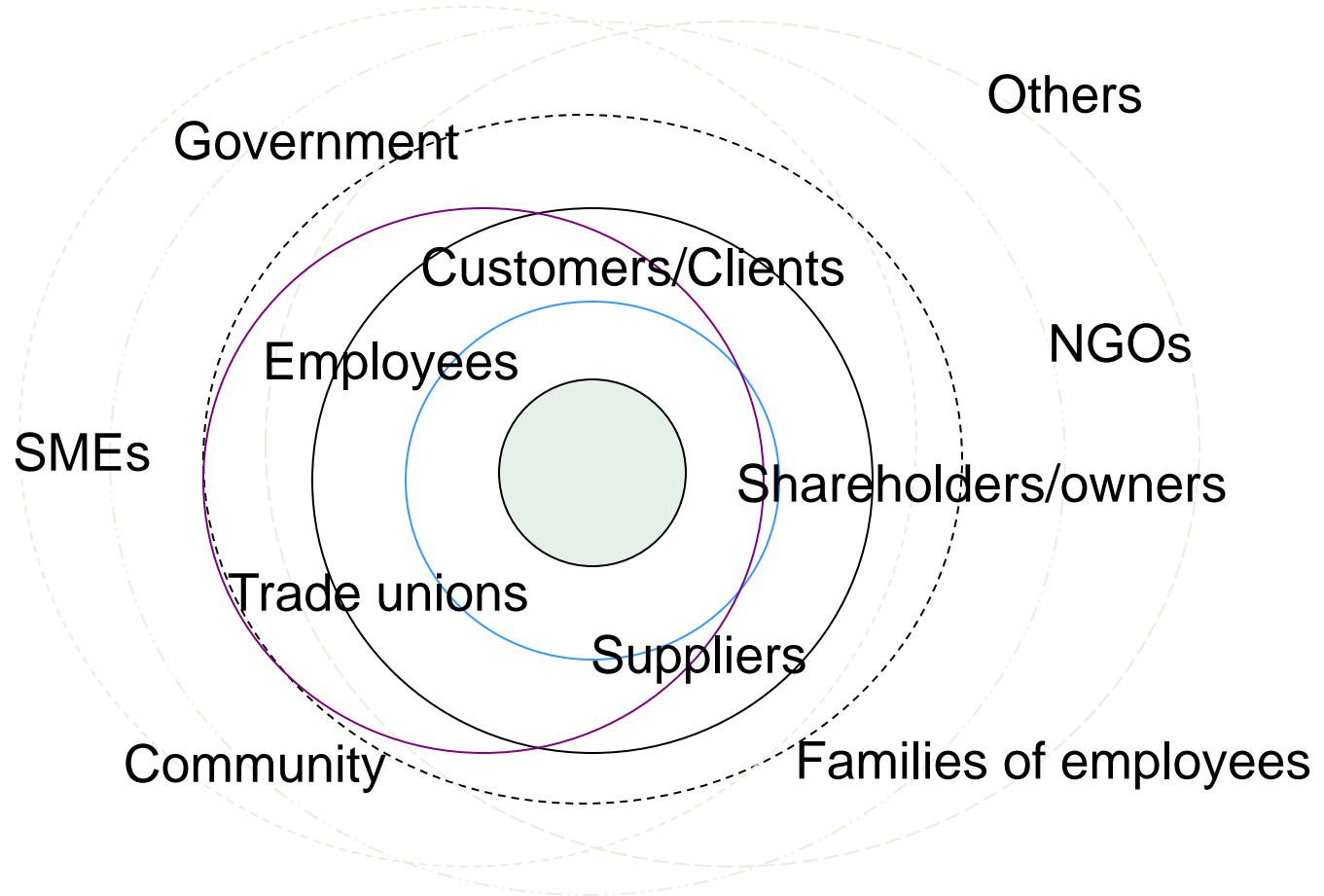


Stakeholders

Stakeholders are individuals and groups affecting or affected by...



Stakeholders



Definitions

Philanthropy



Corporate Responsibility



Definitions

Philanthropy

- Support focused on areas not covered by state/government.
- Doesn't have to correlate with core business of a company.

Corporate Responsibility

- Everyday decisions take into account environmental and social issues as well as economical ones.

Definitions

CSR means to get economic profit the way that takes into account ethical values, community and people and protecting environment.

EU: Responsibility of a company for its impact on society.

History

- 1973 - Elibert & Parket
- 1976 - OECD, Guidelines for Multinational Enterprises
- 1990 - IBLF (Prince Charles)
- 1992 - OSN, Earth Summit, Rio de Janeiro
- 1996 - CSR Europe
- 2000 - UN Global Compact, 10 principles
- 2001 - Lisbon Strategy, EU Green Book
- 2004 - Business Leaders Forum Slovakia
- 2006 - GRI G3 Guidelines
- 2007 – Compulsory reporting in Sweden
- 2010 - ISO 26000

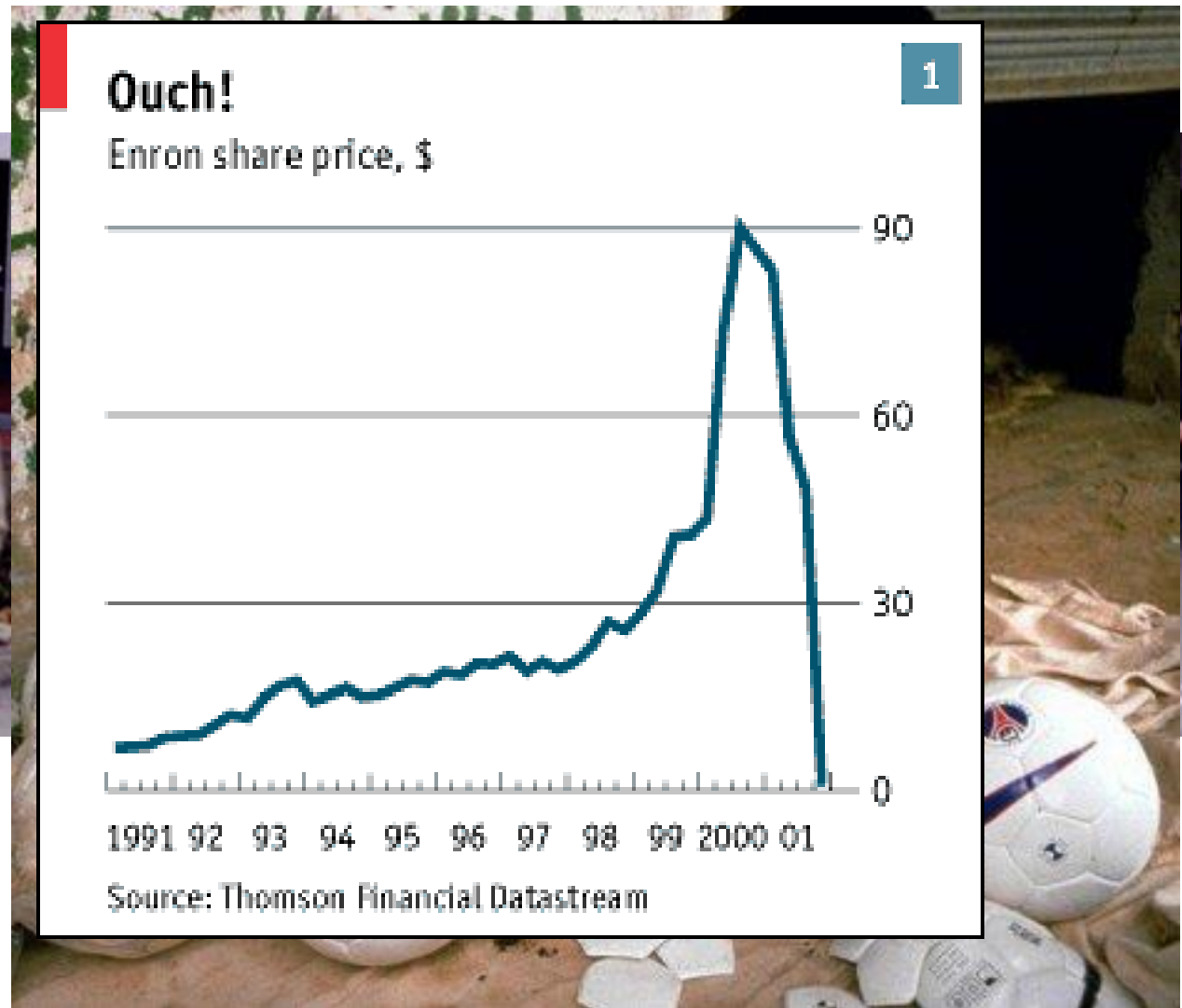
But the biggest push for more responsible companies....

History

1990 - Movement
for the Survival of
the Ogoni People

1996 - Life Magazine

2001 – Enron
bankruptcy



Pressure from consumers



1941

The aspirational consumer

These consumers desire for their actions to:

- meet their needs
- have a positive impact on others
- and connect them with an ideal or community that's bigger than themselves.

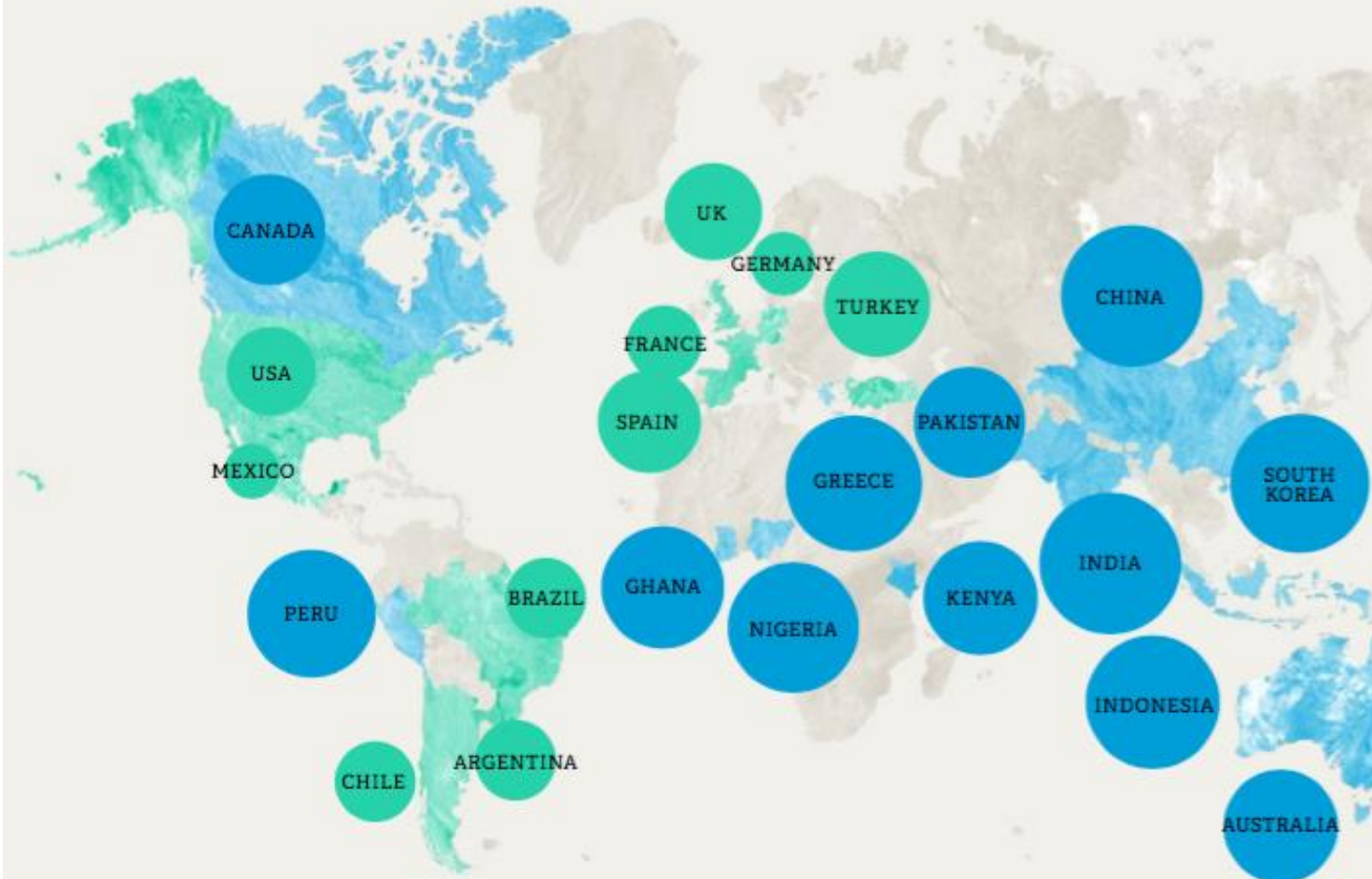
39%

of global
population

Connecting the right thing to do with the cool thing to do.

Pressure from consumers

Global Presence



22
COUNTRIES

N=22,000

40%–60%
ASPIRATIONALS

CHINA-51%
INDIA-51%
S. KOREA-50%
GREECE-49%
INDONESIA-48%
NIGERIA-47%
PERU-46%
GHANA-44%
AUSTRALIA-41%
KENYA-41%
CANADA-40%
PAKISTAN-40%

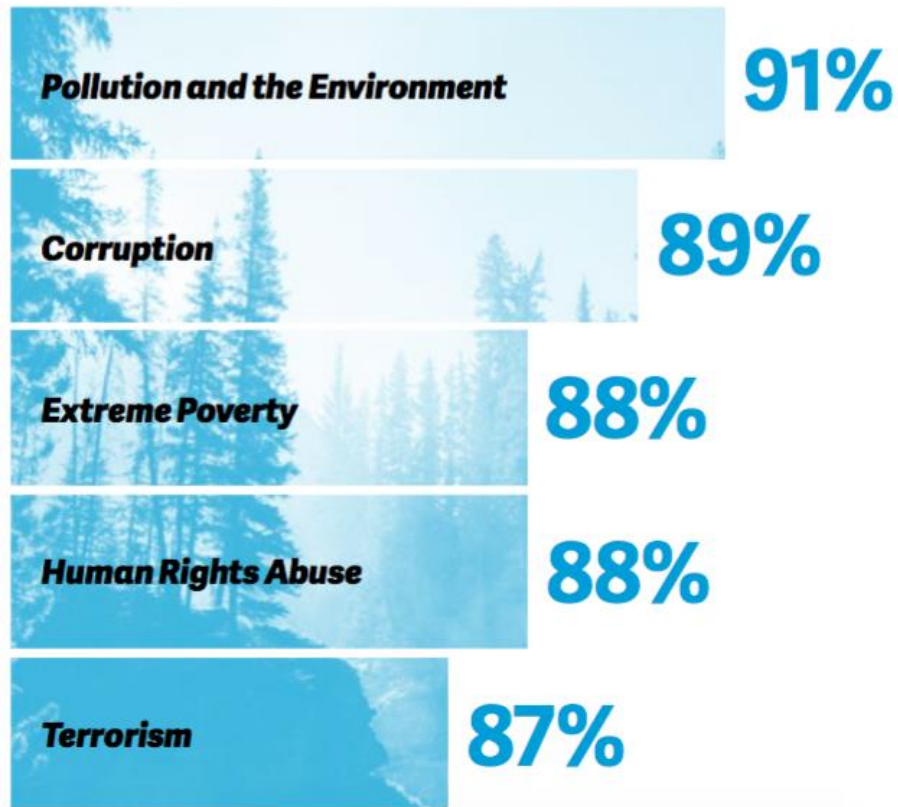
20%–39%
ASPIRATIONALS

TURKEY-38%
SPAIN-37%
UK-35%
USA-32%
ARGENTINA-29%
CHILE-29%
BRAZIL-29%
FRANCE-29%
GERMANY-23%
MEXICO-20%

Pressure from consumers

The issues and expectations

TOP ISSUES FOR ASPIRATIONALS



TOP EXPECTATIONS FOR ASPIRATIONALS



Pressure from consumers

Trust Matters

▲ General Population

Percent who engage in each behavior based on trust



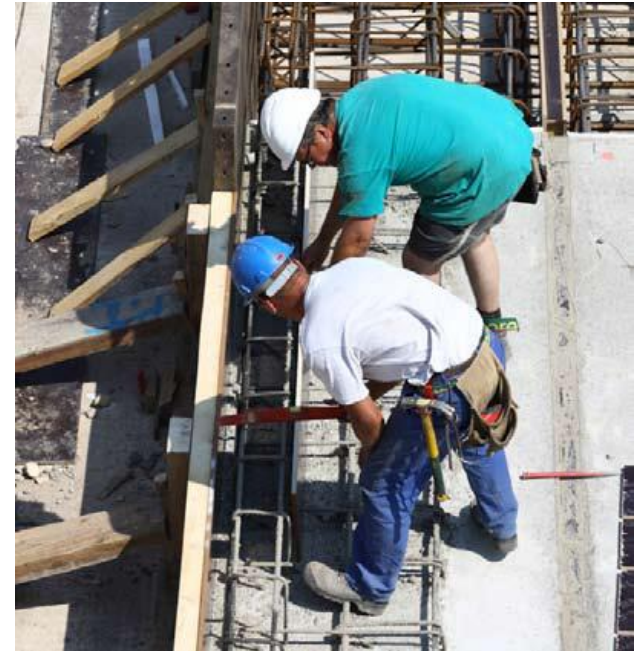
Source: 2016 Edelman TRUST BAROMETER

Areas and topics of CSR



How to get loyal employees

- Safe and healthy working environment
- Transparent selection and rewarding of employees
- Talent management – education and development of employees
- Work-life balance
- Flexible working hours
- Dialogue between employees and leaders
- Engagement in company decision-making
- Diversity, age-management and non-discrimination policies



Fair Trade – The First Step

Areas and topics of CSR



Examples of activities – Marketplace

- Engageing/hiring local suppliers
- Fair-trade and eco products procurement
- Paying on-time
- Cooperation and correct relations with (local) government
- Participation at local and regional business networks
- Implementations of CR standards in suppliers
- Fair communication with customers, honesty in advertising
- Transparent reporting of impact – using standard methodology, e.g. Global Reporting Initiative

Examples of activities – Communication

VALUE CHAIN — GLOBAL IMPACTS

EXPLORE OUR GLOBAL IMPACTS

NIKE'S IMPACT ON PEOPLE AND ENVIRONMENTS ACROSS THE GLOBE

ENERGY | LABOR | CHEMISTRY | WATER | WASTE | **COMMUNITIES**

We leverage the power of our employees, brands, consumers and partners to support organizations and collaborations that create positive long-term changes that expand access to sport, empower adolescent girls in the developing world, and support the communities in which we live, work and play.

AIM: Catalyze human potential by creating business and community impact through a portfolio of innovative partnerships, advocacy and movement-making initiatives.

CONTRIBUTIONS: \$52.7M in community support in FY13

MORE ABOUT COMMUNITIES

1.6%
PRE-TAX INCOME
SUPPORTED COMMUNITIES
GLOBALLY IN FY13

Share

Nike – detailed on-line disclosure of information

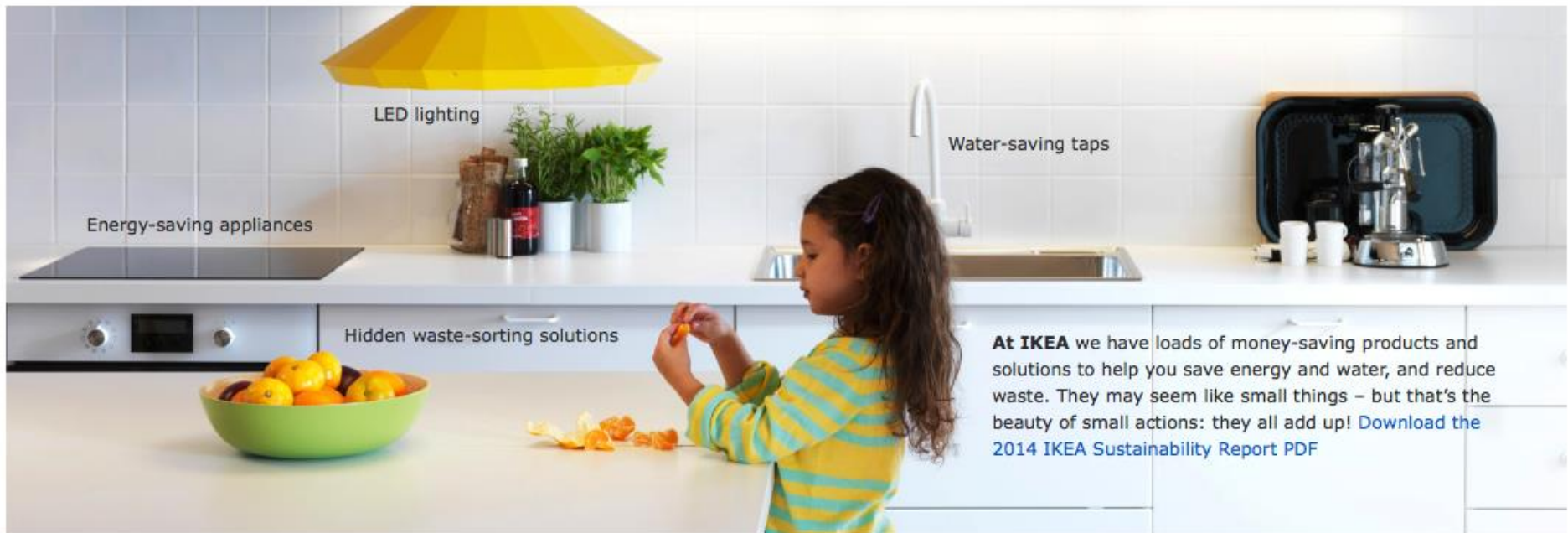
Examples of activities – Communication



Ikea – Enabling Customers to be responsible

SUSTAINABLE LIFE AT HOME

Make a difference without leaving your home



SUSTAINABLE LIFE AT HOME: SAVING ENERGY | SAVING WATER | WASTE & RECYCLING

Examples of activities – Environment



Examples of activities – Environment

- Energy and material **efficiency**
- **Waste** reduction and separation
- Ecological **accident prevention**
- **Eco design** of products and services
- **Circular economy** principles, Cradle-2-Cradle
- **Biodiversity** protection
- Compliance with **ecological standards in supply chain**
- **Transparency** in environmental issues

Intermarché

Patagonia

Examples of activities – Community



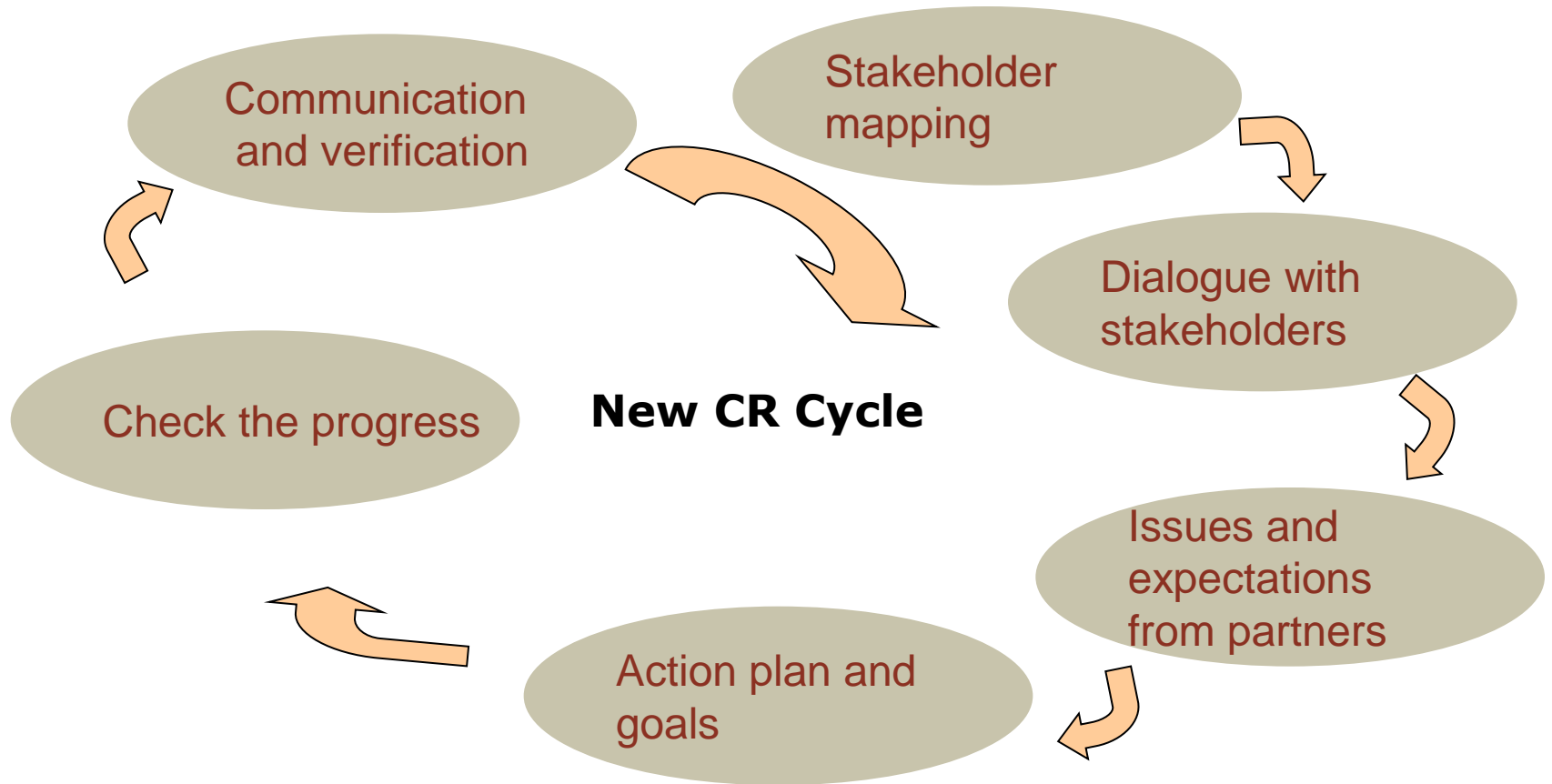
Examples of activities – Community

- Financial and support to local institutions, such as schools, hospital, NGOs, cultural events)
- Non-financial supports - providing products or services
- Cooperation on public-interest projects
- Support to volunteering
- Improving local infrastructure

Examples of activities – Community



First steps – how to begin and plan



Benefits of CSR

- Responsible companies are more successful in mid and long-term
- Reputation of brand is improving
- More loyal employees and attracting talent
- Improved relationship with suppliers – savings and innovations
- Lower impact on environment, energy efficiency, lower costs
- Improved relationship with community

What is Business Leaders Forum

Our Mission: To cultivate Slovak society by creating and implementing CSR standards.

Our Vision: To foster sustainable and prosperous Slovakia through corporate responsibility.

How we network and share best practices

CEOs

**CSR/Communication
Managers**

**Experts (HR/Enviro/
Procurement Managers)**

**CEOs annual
meeting**

Quarterly meetings

Seminars

Workshops

Recommendations

**CEE CSR Summit
Forum on Corporate Philanthropy
Via Bona Slovakia**



Recommendations of CSR leaders 2013



Responsible business leaders' recommendations for the area of

WORKPLACE

Topic: Active Ageing at Work



None of us is getting any younger, our customers. The product market continues to grow, and age, intergenerational with richer skills that are for a very important asset. There are people in a higher productivity advantage, compared to younger generations, as they can achieve more that make decisions in companies that we should appreciate them.

President of the Business Leaders Forum
CEO Hevner

We are getting older – why should we care?

The year 2012 was the European Year of Active Ageing and Solidarity between Generations. One of its goals, among others, was to find innovative solutions to support employment of older people. According to the 'European Commission', the number of people in the working age population is expected to increase from the current 17% to 30% by 2060. At the same time, witnessing an on-going decline in the number of inhabitants in many countries. Forecasts indicate that Slovakia will have one of the highest rates of population ageing in the world. Associated with the ageing of the population in the European Union from 2020, due to low birth rates, we will see a decline of the workforce whereby an increasing proportion of older people will be burdened on our social, pension and healthcare systems. By 2050, due to an ageing population, the workforce shortage in Slovakia this shortage will reach 21%. Employers should think about how they can create appropriate conditions for the ageing population and how to motivate older employees to work longer, past the traditional retirement period.

1 http://ec.europa.eu/transport/pdf/2012_ageing_report_en.pdf
2 <http://www.infostat.sk/cevojstat/demografia/prispevky/demografia1.pdf>
3 http://www.randstad.com/press-room/sandstadseo-publications/bridging-the-gap_full_en_june2010.pdf



Recommendations of responsible business leaders' for the area of

ENVIRONMENT

Topic: Facility Management and Eco-Efficiency

Why eco-efficiency?

In 2008, member states of EU committed to decrease primary energy consumption by 20% until 2020. Reason for this commitment was not only to decrease dependence on the import of energy from abroad (50% of energy consumption is imported), but also to decrease production of CO2 emissions and thus mitigate negative impact on environment. Energy consumption in residential and commercial buildings represents 40% of total energy consumption in the EU member states. That's why energy efficiency in facility management is a vital part of this commitment. This should also be a topic for discussion in every responsible company. It is important to take into account not only environmental reasons, but also economic benefits. Efficient buildings are much cheaper to operate.

"Premises with stable temperature, ventilation or balance between natural and artificial lighting have lower operational costs and in the same time contribute to the satisfaction of employees. Technological equipment is the key factor for productivity in such conditions. Facility manager can identify and specify operational risk for the time of planning. The goal of facility management is to have satisfied users and perfectly running building."

Viera Soroková
President, Slovak Facility Management Association

How to begin?

Environmentally friendly solutions in facility management are usually the key to success in implementing an environmental protection strategy within a company. To start, gather basic data, familiarize yourself with your premises. Do you measure water, electricity and gas consumption? How do you try to manage and decrease the consumption of energy? Are your goals firmly set? Do you use energy saving light bulbs and automatic motion sensors? Is your HVAC system set up efficiently? Do you measure production and its composition? How often do you need to exchange office equipment (e.g. electronic devices)? Do you apply ecological certificates in your procurement? Do you use ecological or recycled office supplies? Only after you answer these questions you can set your own targets (e.g. decrease energy consumption by 5%, reduce the amount of landfilled waste, increase the percentage of recycled materials) and choose a path to reach them.

1 http://ec.europa.eu/transport/pdf/2012_ageing_report_en.pdf
2 <http://www.infostat.sk/cevojstat/demografia/prispevky/demografia1.pdf>
3 http://www.randstad.com/press-room/sandstadseo-publications/bridging-the-gap_full_en_june2010.pdf



Responsible business leaders' recommendations for the area of



MARKET

Topic: Responsible Supply Chain Management

What are the advantages of responsible supply chain?

Corporate responsibility should be incorporated in company's relationships with all its stakeholders. An important field of each CSR strategy is responsible procurement. Responsible supply chain management plays a vital role in improving working standards globally*. But there is more to it. By implementing social and environmental aspects into procurement criteria, companies can better manage reputational, operational and legal risks, improve relationships with their suppliers and support creation of innovative and sustainable solutions for products and services.



"Responsible approach to suppliers brings savings and increases efficiency. Moreover, it creates an environment of mutual trust and respect, and gives space for innovation"

Miloš Olejník
Director of Procurement and Services;
Slovenské elektrárne, member of the Enel Group

* These recommendations reflect needs of Slovak companies that mainly cooperate with local suppliers or suppliers from the EU countries. Therefore, we do not focus on working standards adherence (minimum wage, prohibition of child labour, prohibition of forced labour, etc.) which is a key issue for companies working with suppliers from developing countries.

Recommendations of CSR leaders 2014



Responsible business leaders' recommendations for the area of

WORKPLACE

Topic: Supporting a Work-Life Balance



"More and more companies understand that in order to gain satisfied and loyal clients, they firstly need to have loyal and satisfied employees. They are the key to the successful running of a company."

Branislav Jovanković
McROY Slovakia



"If employees are given the opportunity to bring their whole self to work, they are willing to give much more of themselves. At work everyone wants to be not only an employee but also a human being."

Lydia Siroťová
McROY Slovakia

Why should companies care about their employees' work-life balance?

Two-career marriages, caring for little children and for ageing parents. An ever fast working pace and an overabundance of information. Keeping a balance between working and private lives of employees, a 'work-life balance', is important to increasing number of companies. This is due to the change in the traditionally division between working and personal life caused by an emphasis on speed efficiency as well as advanced technologies, which are a double-edged sword. It can contribute to the inner balance and satisfaction of employees, but on the other hand they can also lead to feelings of constant pressure and stress, which are not that good for employers either. Employees, if under long-term stress, make mistakes, lose creativity and the ability to produce new ideas; they are ill more often, eventually they can burn out and leave their job. However, if employers care for their employees' work-life balance, they gain loyal and productive workers who contribute to the higher efficiency of the company and reinforce its positive reputation in their communities. It's a win-win situation, isn't it?

* The inhabitants of Slovakia work on average 1,793 hours a year, while the OECD average is 1,776 hours. Approximately 6% of Slovak workers regularly work overtime compared to the OECD average of 9%. (Source: OECD BetterLifeIndex, 2013: <http://www.oecd.org/betterlifeindex/countries/slovak-republic/>).



Responsible Business Leaders' Recommendations for the Area of

ENVIRONMENT

Topic: Mobility Management in

Cities are home to over 70% of the EU population and account for 70% of the EU's GDP. Most journeys begin and end in cities. Urban mobility on the use of private cars, which have many negative impacts on the environment. High population densities in cities and high share of short-distance trips create a potential to move towards low-carbon transport through schemes, clean and energy efficient vehicles, public transport.

Many European cities face growing daily invasion of cars. Increasing demand for urban mobility has created a situation, which is not sustainable: severe congestions, poor air quality, high levels of CO₂ emissions, noise emissions and grabbing of public space. The more are companies dependent on the use of conventional fuelled cars, the more they will be hit by rising negative impacts on their economy. Effective 'green' mobility management become more competitive by reducing costs and happier employees.



Bonnie Fenton
Sustainable mobility

Why should employers care about mobility management?

- Big company fleet is costly (car maintenance, fuel costs)
- The provision of employee parking is expensive and time put to better use.
- Due to congestion, employees come later to the office meetings. Company is limited in the time, planning and less productive.
- Due to lack of physical activities employees suffer from often off the work.
- Cities face problems with congestion, noise levels and business community and local authorities can help to manage business and to live in.
- Reducing dependence on cars helps to make our economy more resilient. The dependence of road transport on (imported) mineral oils is a factor of geo-political vulnerability.



Responsible business leaders' recommendations for the area of



MARKET

Topic: Role of Purchasing/ Procurement in a Responsible Company



The role of purchasing department is important in every company. If the company wants to re-affirm the declared principles of corporate social responsibility, these activities must be reflected in the supply chain. It is a win-win situation.

Stefan Leibiczer
European Senior Purchasing Manager,
Embraco Slovakia

How does the role of purchasing/procurement change in a responsible company?

The role of procurement has been transformed from an almost invisible order and invoice administration in the back-office into a highly appreciated cost saver, network builder and a carrier of a competitive advantage. A strive for greater economic efficiency can be seen in many companies nowadays, for example via the standardization of purchases (only one type of notebook, cell phone, etc. is bought). The manufacturing companies often install one component in a variety of products, thus decreasing the error rate during purchasing. At the same time, higher numbers of the same products decreases the purchasing price and helps reducing the cost. The objective is no longer to purchase goods and services at the lowest price, but to use the purchasing power of a company to achieve a positive change. The approach to purchasing that does not merely take into consideration the economic influence, but also environmental and social aspects, is called responsible supply chain management.

The responsible supply chain management undergoes a development as well. In the past, the improvement of working conditions in developing countries or decreasing the amounts of chemicals harmful to environment or human health was put forward. Today, companies focus also on a possible shortage of natural resources and raw materials, on preparing plans for climate change adaptation and on purchase that can help the development of the local community where the company is based. The procurement represents acquisition and management of personnel, facilities, transportation, materials, energies, water and waste. A partnership approach within a responsible supply chain management may contribute to the creation of innovative solutions that are beneficial both for the supplier and the purchaser. The importance of purchasing as company's strategic department grows with growing expectations and contributes to the fulfillment of the business objectives.

CSR Strategy / Program is not Everything

- It won't sell anything that is worse than the offer of competition
- If it is not shared within a company or badly managed – it won't get results