

Future Gazing: Sustainability expert foreshadows CSR trends for 2007



Paul Hohnen
Global Reporting Initiative
(GRI)

Paul Hohnen is the director of strategic development for the Global Reporting Initiative (GRI), which works to develop, improve and build capacity around the use of its Sustainability Reporting Framework. He runs his own business, Sustainable Strategies, to advise companies on sustainability. Mr Hohnen is a director of Greenpeace International and worked as an Australian diplomat between 1975 and 1989.

'She'll be right' has no place in the world of CSR and sustainability, international expert PAUL HOHNEN tells BCI as he outlines the top trends for 2007.

BCI: You are in Australia to attend an Australian Centre for Corporate Social Responsibility conference and provide an update on the Global Reporting Initiative (GRI) and its Sustainability Reporting Framework. Can you give BCI a summary of how that initiative is travelling?

Paul Hohnen: 2006 was an exciting year for GRI. It's hard to describe the sense of history you have sitting in a room of 1000 people – including a prince, a former US vice president, the head of a UN body, and various ministers and CEOs – discussing 'sustainability reporting' – a concept and initiative that didn't exist a decade ago! The launch of the GRI's new Sustainability Reporting Guidelines – which were agreed by business, labour and NGO groups around the world – sends a hugely positive message about the capacity and good will to negotiate, but also on the shared concern to address sustainable development in an urgent and organised manner. All those who said in 2002 – when the last GRI standard was released – that reporting was 'too complex', 'too expensive' or 'not relevant' will want to look very hard at why so many organisations are now using the GRI.

BCI: You're also representing the GRI in the International Organisation for Standardisation negotiations in Sydney. What are you hoping to see in the CSR standard?

Paul Hohnen: GRI and other well-established and widely used international CSR instruments like the Global Compact are mainly looking to ensure that the ISO standard builds on the learning they have acquired and produces a tool that the market will see as practical, attractive and credible. Among other things, this means that it will need to be very clear on how well it reflects existing international human rights and environmental norms, and how

well it complements existing initiatives. The CSR market is certainly not short of toolkits, guidelines and codes. What is needed now is a period of consolidation, where the leading approaches are able to show their worth, and initiatives like ISO can help fill any gaps, and better link them. It shouldn't muddy the water.

BCI: Can you provide an overview of how ISO negotiations will proceed this year?

Paul Hohnen: ISO will probably hold two negotiating meetings this year, including the Sydney meeting. Like any negotiations, it's impossible to predict how the content will evolve. I take the view that ISO has already changed the face of CSR, whatever it produces. It has already brought together actors from around the world that haven't previously exchanged views on the subject, and increased the level of awareness about the issues. This can't help but affect attitudes and practice. Whatever standard that emerges will be widely read, and could impact business practice worldwide within a short time, whether it is controversial or not. I have been most interested in seeing how closely the Chinese and some of the other emerging economies – like Brazil – have been following the process.

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BCI: What do you believe the leading corporate social responsibility issues will be in 2007?

Paul Hohnen: Climate, climate and climate. If the climate change issue gets as bad as

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some think it could, most other issues will look pretty secondary in the coming years. That's not to say that important work on building local communities, respecting and advancing decent labour standards and other human rights through the supply chain, reducing waste, better educating consumers, and other measures shouldn't be done. They can be, and should be, in parallel with responsible energy policies.

BCI: What practical CSR initiatives should businesses be undertaking this year?

Paul Hohnen: Given the importance of climate change, I think every business that isn't already doing so should be thinking about how it can reduce its own emissions, and how it might make a dollar out of reducing someone else's. We're rapidly approaching a time when any business or sector that is increasing its emissions, without a very good explanation, will look pretty irresponsible. That, and related issues around more efficient uses of water. To do this, businesses will have to join with civil society groups on putting pressure on the Federal Government to create the right policy environment, where emissions can be reduced, while maintaining jobs and growth.

BCI: What (if anything) would you like to see the Australian government doing regarding corporate social responsibility in 2007?

Paul Hohnen: The single biggest thing the government could do would be to recognise that CSR is important: as a source of business innovation, trust-building and competitive edge. This does not mean legislation. However it does mean using its 'soft power' to raise awareness about how CSR can give competitive edge, to support research, to profile Australian success stories and to follow through on the recommendations of the PJC (Parliamentary Joint Committee) and CAMAC (Corporations and Markets Advisory Committee) enquiries. It can do this both at home and abroad, using its

development assistance budget to help promote sustainable and responsible business. To do this, it may need to revisit how CSR issues are coordinated at the national and state levels and to set some attractive but achievable targets for itself.

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BCI: There is a belief in some quarters that Australian businesses are lagging behind in the CSR stakes. Where do you see Australia in comparison to the rest of the world?

Paul Hohnen: I think it's dangerous to characterise countries and business sectors as 'ahead' or 'behind'. Invariably you find pioneers and plodders everywhere. Australia has its share of corporations that have been recognised on the world stage, including in the banking and mining sectors. While these would acknowledge that they're still not perfect, they'd be the first to admit that it was public criticism that started them on their CSR journey. The quality of the debate in Australia is world class – as witnessed by the JPC and CAMAC enquiries. These are excellent places to build from, and develop the momentum. What concerns me sometimes is the sort of complacent 'she'll be right' tone that assumes markets will solve all our problems. They haven't and won't. Australia could have been a world leader in dry-land farming, water treatment, renewable energy and many other technologies, but lost its leadership through lack of vision and confidence. We need to think beyond the big farm and the big mine.

BCI: Corporate social responsibility still has its detractors – what do you say to them?

[Quotable Quotes]

“The new political mood on climate change has put the world's biggest mining group, BHP Billiton, in an unaccustomed position. It's used to unions attacking its profits, now they're attacking its emissions.”

**Mark Colvin, radio host
(PM, ABC Radio,
February 7, 2007)**

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Paul Hohnen: If you think that business is doing enough to help with the world's problems, or that business can't help with issues like poverty alleviation, climate change, robust local communities, and improved health, then you won't be interested in CSR. But if you're among the growing ranks that see these and other challenges to humankind as opportunities, not just to improve the wider society and show that business can make a difference, but also to drive innovation, develop new business lines and help ensure that there is a healthy society in which to do business, then you'll take a second look at what CSR is all about. To my mind, CSR – or whatever you want to call it – is wholly about ensuring an organic connection between 21st century markets, ethics and society.

Paul Hohnen was in Australia to represent the Global Reporting Initiative to the International Organisation for Standardisation Working Group on Social Responsibility between January 29 and February 2 and to address the Australian Centre for Corporate Social Responsibility Turning Point conference on February 5. He spoke to BCI before leaving Europe for the two events.

FURTHER INFORMATION:

Australian Centre for Corporate Social Responsibility

www.accsr.com.au

Global Reporting Initiative

www.globalreporting.org

Paul Hohnen's Sustainable Strategies

www.hohnen.net

International Organisation for Standardisation

www.iso.org ■

[International News]

Chambers Ireland CSR Awards

IBM and Pfizer were among the companies recognised in the 2006 Chambers Ireland President's Awards for Corporate Social Responsibility.

IBM won the Irish chamber of commerce's overall Outstanding Achievement in CSR award for "deploying initiatives in Ireland that aim to impact positively on all of its stakeholders."

A Chambers Ireland statement said judges were "particularly impressed with IBM's commitment to education and its efforts to create a more open and hospitable environment for its culturally diverse workforce."

IBM has worked with the Irish Department of Education to establish an online communications system for parents to discuss their children's learning with teachers.

Pfizer won the Best New and Innovative Project award for a public health awareness program that helps families tackle childhood obesity.