

Nordic Strategy for Corporate Social Responsibility

– supporting Nordic businesses for tomorrow

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Det nordiske samarbejde

Nordic co-operation is one of the world's most extensive forms of regional collaboration, involving Denmark, Finland, Iceland, Norway, Sweden, and the Faroe Islands, Greenland, and Åland.

Nordic co-operation has firm traditions in politics, the economy, and culture. It plays an important role in European and international collaboration, and aims at creating a strong Nordic community in a strong Europe.

Nordic co-operation seeks to safeguard Nordic and regional interests and principles in the global community. Common Nordic values help the region solidify its position as one of the world's most innovative and competitive.

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Background

In the period 2011–2013, Nordic business policy co-operation is laid down in the Nordic Co-operation Programme for Innovation and Business Policy 2011–2013. To generate tangible results, the innovation and business programme consists of six lighthouse projects. The joint Nordic Strategy for Corporate Social Responsibility (CSR) is one of these lighthouse projects.

CSR is a multidimensional concept that cuts across many different areas. Other familiar terms are *corporate responsibility (CR)*, *social responsibility (SR)*, *corporate sustainability* and *responsible business conduct*.

CSR addresses the positive and negative impacts businesses may have on people, communities, society, the environment and future generations – and how these impacts in turn affect business itself. This nexus is in essence also the reason why businesses, governments and other actors show interest in CSR as an important element of sustainable economic growth.

Several of the Nordic countries have already developed national strategies or action plans for CSR. On a Nordic level, other initiatives, including under the auspices of the Nordic Council, can be put under the broad label of sustainable growth. Thus, the Nordic Cooperation Programme for Innovation and Business Policy and the prime ministers' task force for green growth include aspects and initiatives that are closely linked to the CSR agenda.

On a European level, the renewed EU strategy 2011–14 for CSR as part of EU's 2020 strategy on smart, sustainable and inclusive growth will serve as an important regional framework. The fact that CSR is gaining momentum is also reflected in the development of international standards and guidelines that will influence the field of CSR in the years to come.

As a framework for strengthened CSR co-operation, the Nordic strategy for CSR is to be seen in this broader context, and is meant to supplement these initiatives.

The Nordic way in a globalised world

This strategy is focused on the global context in which Nordic businesses operate, invest, produce and trade. We face a range of common global challenges in the years to come that may be linked under the umbrella of sustainable growth. These include the need for renewed growth in the wake of economic crisis, increased global competition, climate change, environmental degradation, a constrained labour market, an ageing society, and the adverse impacts these developments may have on people, communities, society, the environment and future generations.

The globalisation of the economy gives rise to new expectations towards businesses. Nordic Council of Ministers acknowledges the importance of international efforts to create an enabling CSR framework and level-playing field in this regard.

To really harvest the benefits, increasing business performance and long term competitiveness, businesses need to take a strategic approach to CSR and proactively address social, ethical and environmental risks and opportunities. The development of CSR should be led by businesses themselves and they should be given the flexibility to develop an approach to CSR that is appropriate to their circumstances. The inclusion of stakeholders is essential, not only to bridge societal expectations with traditional business needs, but because many of today's challenges are complex and more effectively addressed by engaging stakeholders.

While the major, common challenges are not particularly Nordic, the Nordic countries are well positioned to deal with these challenges through joint efforts. Elements of CSR are historically rooted in the Nordic region. The values which CSR are based on are embedded in

the Nordic countries, characterised by traditionally high levels of social and environmental standards. The Nordic countries are also known for supporting a culture of trust and stakeholder dialogue, and ability to combine economic competitiveness with social welfare and environmental considerations/protection. Against this backdrop, the Nordic strategy for CSR aims at promoting and stimulating responsible business conduct to the shared benefit of Nordic businesses and society at large.

It takes vision to lead the way. The Nordic Council of Ministers wishes to lay down its own vision as basis for this strategy – and as inspiration for Nordic businesses. It is the vision of the Nordic Council of Ministers that:

Integration of social, environmental and ethical concerns into business operations and core strategy in dialogue with stakeholders will become mainstream practice.

Respect for applicable legislation is a pre-requisite for meeting expectations towards CSR. However, “to fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical and human rights concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of

- maximising the creation of shared value for their owners/shareholders and for their other stakeholders and society at large
- identifying, preventing and mitigating their possible adverse impacts.

The complexity of that process depends on factors such as the size of the enterprise and the nature of its operations.”

The renewed EU strategy 2011–14 for Corporate Social Responsibility

Objective of the strategy

Based on the vision stated above, the overall objective of the strategy is twofold:

1. **to strengthen the long-term sustainable competitiveness of the Nordic business community**
2. **to strengthen Nordic co-ordination internationally in relation to CSR**

More specifically, the strategy will promote and support effective implementation of internationally agreed standards and guidelines with a particular focus on global value chains, and reporting and communication.

The dialogue on CSR does not end with this strategy. In light of the multidimensional nature of CSR

and the dynamic international context, the Nordic governments find added value in continuing the Nordic dialogue on CSR to identify and explore new developments and aspects, and to consider further recommendations for the Nordic Council of Ministers. The Nordic Council of Ministers supports this continued co-operation and dialogue on a Nordic level.

Areas of priority

Promoting internationally agreed standards and guidelines

In order to promote Nordic businesses' use of international standards and guidelines, the Nordic Council of Ministers will from 2012–2014 prioritise to:

Strengthen Nordic policy cooperation on promoting internationally agreed standards and guidelines, in particular the updated OECD Guidelines for Multinational Enterprises; the UN framework, including the Global Compact and the Guiding Principles on Business and Human Rights; and the ISO 26000 Guidance on Social Responsibility.

For companies operating in a globalised context, internationally agreed standards and guidelines play an increasingly crucial role in addressing social and environmental challenges related to business conduct. The increased number of international standards, guidelines, principles and recommendations is a sign of growing global institutionalisation of stakeholder expectations with regard to responsible business conduct. The Nordic

Council of Ministers recognises that meeting expectations is often a challenging process that must take into consideration different needs, including a level playing field.

The Nordic Council of Ministers acknowledges that the wide number and variety of initiatives both supplement each other and play different roles. The Nordic Council would like to stress the importance of the updated OECD guidelines for mul-

The updated OECD guidelines are recommendations addressed by adhering governments to businesses. They include a range of new recommendations in relation to e.g. human rights, supply chains, due diligence processes. The guidelines also include a unique implementation mechanism, the so-called *National Contact Points (NCP)*. NCPs are responsible for handling disputes, and for encouraging observance of the Guidelines.

The guidelines are aligned with the **new UN Guiding Principles on Business and Human Rights** designed to clarify for companies, states, and other stakeholders how they can take practical steps to address adverse impacts on human rights linked to business activity.

tinational enterprises adopted in May 2011 as well as the UN framework of initiatives, in particular the new UN Guiding Principles on Business and Human Rights adopted in June 2011. Other relevant initiatives include the UN backed Principles for Responsible Investment (PRI), launched in 2006, and the UN Global Compact, launched in 2000, that include ten principles as well

as broader UN goals like the Millennium Development Goals.

Finally the Nordic Council of Ministers would like to highlight the ISO 26000 Guidance for Social Responsibility from 2010. The ISO 26000 guidelines are unique in the sense that they address all stakeholders and organisations alike.

Initiatives

- **Promotion of the OECD Guidelines for Multinational Enterprises:** Particular attention will be given to strengthened cooperation between the Nordic NCPs and development of information material with a view to the effective implementation of the OECD Guidelines for Multinational Enterprises in the Nordic context. Furthermore, a Nordic NCP round table could be organized.
- **Responsible business conduct in the Arctic:** Develop concrete tools and best-practice for responsible business conduct in the Arctic. Recommendations will be based on the OECD guidelines for multinational enterprises. Relevant stakeholders including business, unions, NGOs and governmental organisations will be involved.
- **Promotion of the ISO 26000 Guidance on Social Responsibility:** Raising awareness among local CSR stakeholders and strengthening the existing Nordic ISO network. Possible outcomes could be to support implementation of ISO 26000 in governmental organizations and the promotion of web-based tools for general implementation in the Nordic countries.

Addressing risks and opportunities in global value chains

In order to strengthen Nordic businesses' ability to address social and environmental issues in their global value chains, the Nordic Council of Ministers will from 2012 – 2014 prioritise to:

Support Nordic businesses' efforts to address risks and opportunities in global value chains with special focus on capacity building at business partners, as well as peer learning and bestpractice sharing with business partners and stakeholders.

The Nordic Council acknowledges the complexity of global value chains and welcomes in particular the updated OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights that aim at clarifying what can be expected of businesses in this context, and what

can be done in practice. Both the updated OECD guidelines and the UN framework include an important new recommendation on due diligence processes. Due diligence is about implementing procedures appropriate to the individual business' size and circumstances to identify, prevent, mitigate, and account for how they address adverse impacts both at own premises and at valuechain partners.

A due diligence process can be seen as a risk management tool that enables companies to “know, show and act upon findings” in concerning supply-chain partners.





Dealing with social and environmental performance of business partners also opens up new business opportunities. The Nordic Council of Ministers finds that – in addition to the due diligence process – there is a need to create an enabling environment by sharing best practices about CSR with business partners, raising awareness, building capacity and encouraging business partners to integrate CSR aspects into their business strategy and operational activities.

Initiatives

- **Nordic Ethical Trading Framework:** To meet the challenges of Nordic businesses in upholding human and labour rights and good environmental standards in their supply chains, building on the Danish and Norwegian Ethical Trading Initiatives' knowledge and experience, a Nordic Ethical Trading Framework for sharing of knowledge and information among multi-stakeholder initiatives in the Nordic countries will be facilitated, and coordinated joint efforts will be initiated to strengthen Nordic companies skills and competency in implementing responsible business conduct.
- **CSR as a tool for sustainable mining in Nordic Countries:** A joint Nordic research that aims to assess and compare the experiences of CSR policies and practices of mining companies operating in Finland, Sweden, Norway, and Greenland. The project will produce results that help understand the role of CSR policies in the mining field in the Nordic countries (Finland, Sweden and Norway). The study will provide a valuable comparison on the regulatory contexts and analyze the connection between legal and policy frameworks, economic development and social and environmental responsibility. The research results will feed into the initiative CSR in Arctic (as described above).

Strengthening reporting and communication

In order to strengthen Nordic businesses' CSR communication and reporting, the Nordic Council of Ministers will from 2012–2014 consider to:

Support Nordic businesses' efforts to address stakeholder expectations with regard to reporting and communication of sustainability issues through continued dialogue and co-operation. Possible initiatives depend on future priorities within the Council of Nordic Ministers.

Both on a national, regional and international level, reporting and communication as means to increase transparency and accountability in relation to key sustainability areas, is gaining increased attention. While CSR reporting, or ESG reporting (environmental, social and governance reporting) may be defined more narrowly as

relating to businesses' annual reports or sustainability reports, CSR communication may be defined more broadly as covering all kinds of communication efforts, including product marketing and consumer issues.

The Nordic Council of Ministers recognises that stakeholders demand different kinds of information for different purposes. Different needs and expectations make reporting and communication a challenging exercise. Communication and reporting, however, can also provide an opportunity to market products and strengthen reputation.

Some of the Nordic countries have introduced mandatory or strongly recommended CSR reporting requirements. The EU is increasing its focus on this aspect as well. Internationally, it is seen as important not least in the wake of the financial crisis which has created a need for rebuilding trust in business. More generally, the debate is

also about how CSR can contribute to counteract so-called greenwashing i.e. promoting a misleading perception of business policies, products and services as being socially responsible or environmentally friendly.

The Nordic Council of Ministers acknowledges the importance of internationally agreed standards and guidelines like e.g. the Global Reporting Initiative (GRI) and the need to align efforts within this field.

The Global Reporting Initiative sets out performance indicators that organisations can use to measure and report their economic, environmental, and social performance. GRI is working with stakeholders to create a new reporting standard G4, which intends e.g. to harmonize the guidelines with OECD Guidelines for Multinational Enterprises, UN Global Compact and the aspect of integrated reporting.





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