



Social responsibility in Denmark – past achievements and future challenges

by Victor Kjær, Deputy General Director
Danish Commerce And Companies Agency

Government Representatives Conference,
Copenhagen, 14 May 2010



1. Introduction to SR in Denmark



About us

Danish Commerce and Companies Agency (DCCA) – part of the Danish Ministry of Economic and Business Affairs

Centre for Social Responsibility responsible for promoting social responsibility by information, facilitation and training

The Social Responsibility Council makes recommendations and advises





From CSR to SR

- Before 2008 social responsibility was seen as something which concerned private businesses only
- The Danish Government's Action Plan from 2008 broadened this perception to also include responsible investment and social responsibility for the public sector
- In 2009 the Government set up a Council for Social responsibility representing both business, government and civil society



SR in the Kingdom of Denmark

- 6 out of 10 Danish companies are facing requirements about CSR from customers
- Almost 7 out of 10 Danish companies work with CSR – in some way
- 6 out of 10 Danish consumers have bought sustainable products during the last week
- 75 % of Danish companies see CSR as a more important part of their business today, than five years ago





SR and the financial crisis

Danish Association of Managers and Executives:

- 80 % have no plans of cutting CSR activities
- 19 % will strengthen CSR efforts

Study from PA Consulting Denmark:

- 9 out of 10 large companies are not going to cut CSR activities
- 65 % think that CSR is of great importance to future growth of their company





2. Growing up: Learning strategic SR



Working towards a strategic view of Social Responsibility

- In the 1990's the main driver for SR was requirements from different authorities for business to contribute to solve social and environmental challenges
- Beginning of 2000 a survey demonstrated that 6 out of 10 Danish companies faced requirements from business customers about CSR
- SR was a market-place reality and a competitive challenge for Danish business



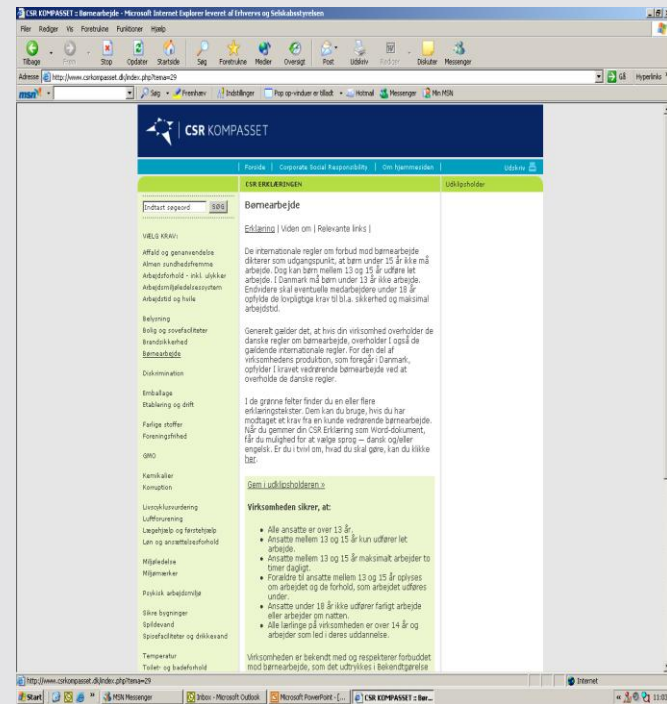
The CSR Compass – Supply Chain Management

With the CSR Compass companies can find help on:

- How to handle CSR demands from customers and
- How to make a Code of Conduct and implement the standards in the supply chain

The tool has over 60.000 visits a year and the number is increasing

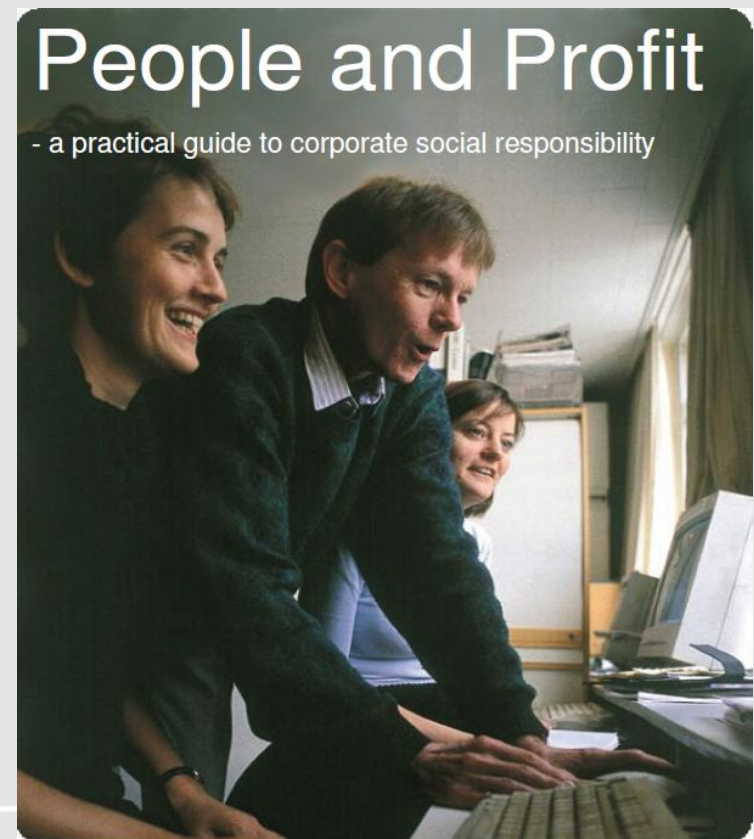
Developed in co-operation with the Institute for Human Rights and the Confederation of Danish Industry





People & Profit – SR for SME

- 12.650 SME leaders and employees trained in SR
- Development of training capacity and tools
- Mapping of SR activities in Danish SME's
- Increased research in and knowledge of SR
- Strengthened media attention in SR





Spin-off from People & Profit: the concept of strategic SR

- Mapping of SR activities in People & Profit showed a large diversity of activities
- Ashridge report estimated the range of possible categories of SR activities to exceed 100
- Gallup survey showed great variance of activities in Danish SME's





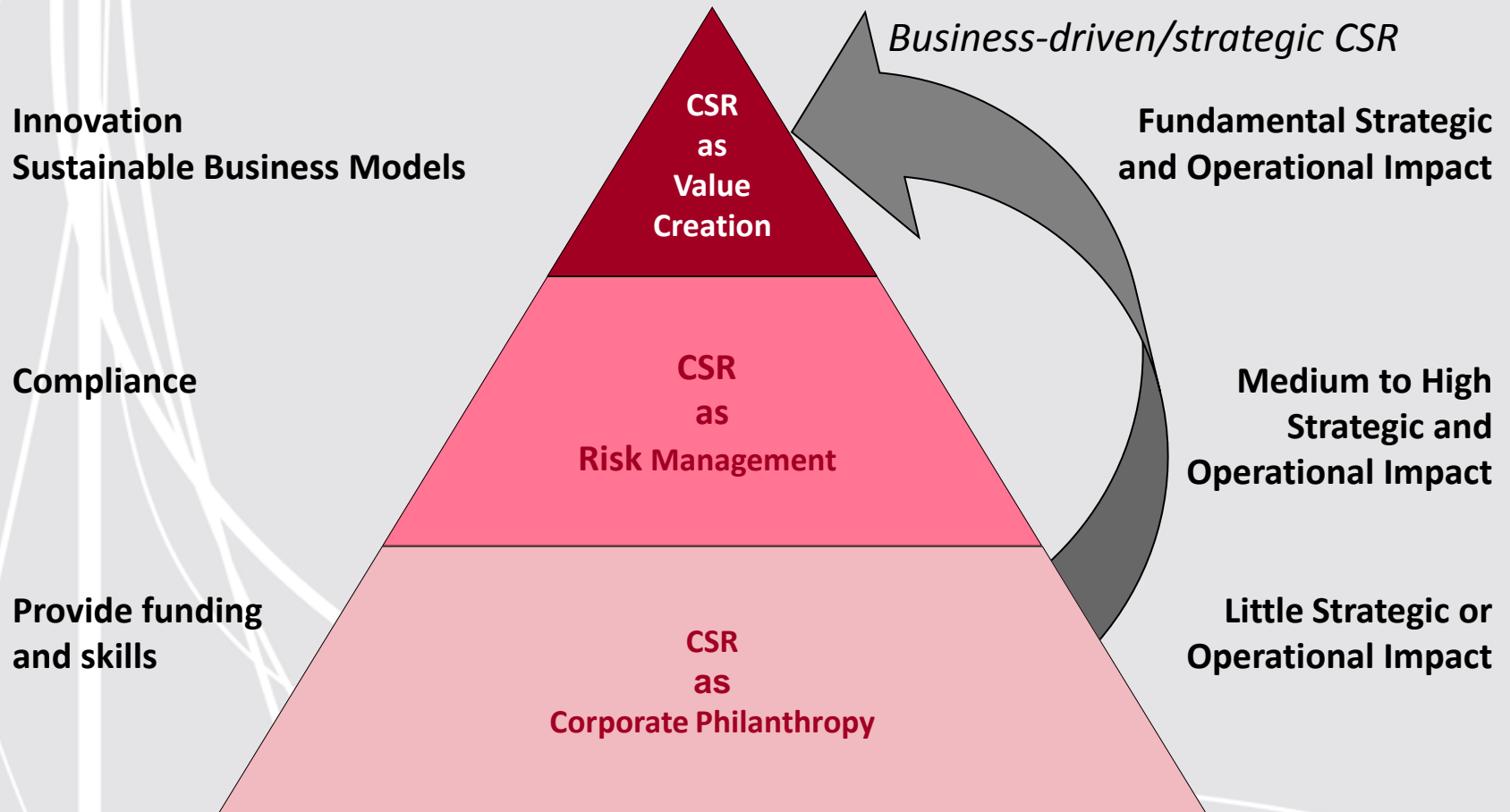
Strategic SR: greatest value for business and society

- Michael Porter, Harvard: "Strategic CSR means that CSR becomes a natural part of the business strategy when combining responsibility with the core business"
- Danish SME study by Harvard: competitive benefits especially from innovation, but also workforce development, environment and social investments





Three stages of CSR



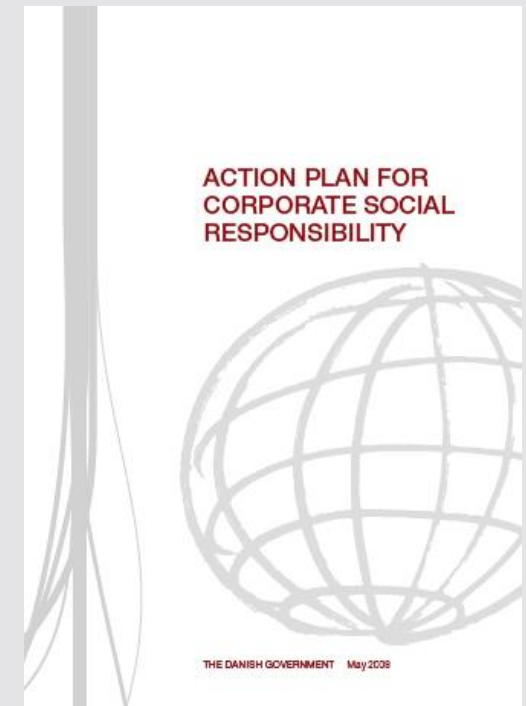


3. Maturity: SR becomes established policy



The Government's Action Plan for CSR

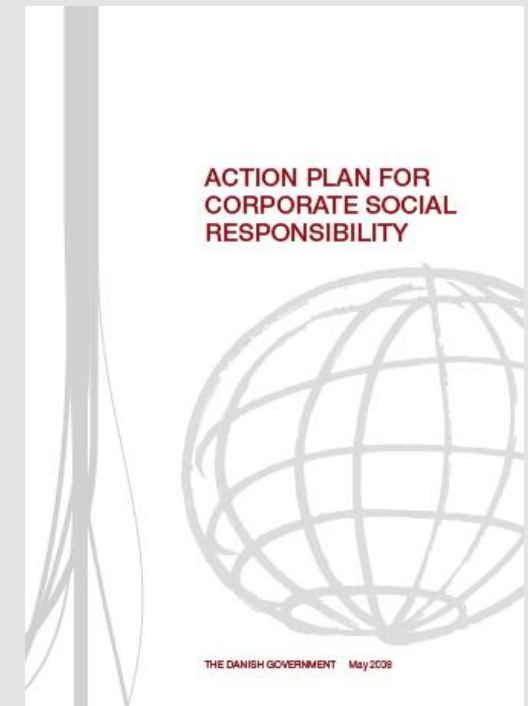
- May 2008
- Denmark and Danish businesses should be associated internationally with responsible growth
- Danish businesses should benefit more from their leading position within CSR
 - ➔ meet global challenges, while at the same time increasing Danish competitiveness and growth





Pillar 1: Business-driven CSR

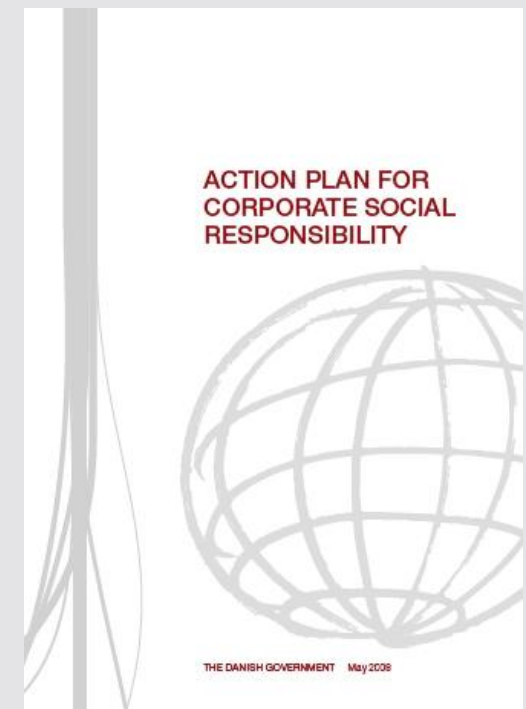
- Promote business-driven CSR in order for companies to integrate CSR in business strategy
- Strengthen reporting on SR for large companies and investors
- Offer Danish companies knowledge and tools for working with business-driven CSR in practice





Pillar 2: An international approach

- Danish business can benefit from SR to strengthen its global business case
- This requires a globally accepted point of reference for SR
- The Danish Government chose UN GC and PRI as that point of reference
- The number of Danish members of GC and PRI have tripled since 2008





International pillars: UN GC/PRI, ISO 26 000 and GRI

- UN GC/PRI are globally recognized principles for SR at the strategic level
- ISO 26 000 is a guidance standard recognized by all stakeholders for implementing a SR strategy
- GRI is a widely recognized scheme for how to report on the results of implementing a SR strategy





4. Major policy initiatives of the Action Plan



Initiatives: SR voluntary, reporting mandatory

- Either you must report on how you do SR or report that you do not
- Listed companies, large companies, state owned companies, institutional investors, banks and insurance undertakings
- Always reference in the annual financial report, but flexibility with regard to detailed information
- Reports to UN GC/PRI can replace national report

Lov om ændring af årsregnskabsloven
(Redegørelse for samfundsansvar i større virksomheder)

VI MARGRETHE DEN ANDEN, af Guds Nåde Danmarks Dronning, gør vitterligt:

Folketinget har vedtaget og Vi ved Vort samtykke stadfæstet følgende lov:

§ 1

I årsregnskabsloven, jf. lovbekendtgørelse nr. 647 af 15. juni 2006, som ændret ved § 5 i lov nr. 108 af 7. februar 2007, § 63 i lov nr. 468 af 17. juni 2008 og lov nr. 516 af 17. juni 2008, foretages følgende ændringer:

1. Efter § 99 indsættes:
»§ 99 a. Store virksomheder skal supplere ledelsesberetningen med en redegørelse for samfundsansvar, jf. stk. 2-7. Ved virksomheders samfundsansvar forstås, at virksomheder frivilligt integrerer hensyn til blandt andet menneskerettigheder, sociale forhold, miljø- og klimamæssige forhold samt bekæmpelse af korruption i deres forretningsstrategi og forretningsaktiviteter. Har virksomheden ikke politikker for samfundsansvar, skal dette oplyses i ledelsesberetningen.

Sik. 2. Redegørelsen skal indeholde oplysning om:

- 1) Virksomhedens politikker for samfundsansvar, herunder eventuelle standarder, retningslinjer eller principper for samfundsansvar, som virksomheden anvender.
- 2) Hvordan virksomheden omsætter sine politikker for samfundsansvar til handling, herunder eventuelle systemer eller procedurer herfor.
- 3) Virksomhedens vurdering af, hvad der er opnået som

Erlervvs- og Selskabsstyrelsen fastsætter regler om offentliggørelse af redegørelsen for samfundsansvar på virksomhedens hjemmeside, herunder regler om virksomhedens opdatering af oplysningerne på hjemmesiden og revisors pligter i forbindelse med de oplysninger, som offentliggøres på hjemmesiden, jf. stk. 3, nr. 2.

Sik. 3. For virksomheder, som udarbejder koncernregnskab, er det tilstrækkeligt, at oplysningerne efter stk. 1 og 2 gives for koncernen som helhed.

Sik. 6. En dattervirksomhed, som indgår i en koncern, kan undlade at medtage oplysningerne i sin egen ledelsesberetning, hvis

- 1) modervirksomheden opfylder oplysningskravene efter stk. 1 og 2 for den samlede koncern eller
- 2) modervirksomheden har udarbejdet en fremskridtsrapport i forbindelse med tilslutning til FN's Global Compact eller FN's Principper for ansvarlige investeringer.

Sik. 7. En virksomhed, som har udarbejdet en fremskridtsrapport i forbindelse med tilslutning til FN's Global Compact eller FN's Principper for ansvarlige investeringer, kan undlade at give de oplysninger, som er anført i stk. 1 og 2. Virksomheden skal oplyse i ledelsesberetningen, at den anvender denne undtagelse, og angive, hvor rapporten er offentlig tilgængelig.«



What is the report to address?

1. The company's policies for SR, including standards, guidelines or principles used
2. Systems and procedures for implementing the SR policies
3. Assessment of results achieved in the last year and challenges foreseen for the next year





Initiatives: Climate Compass

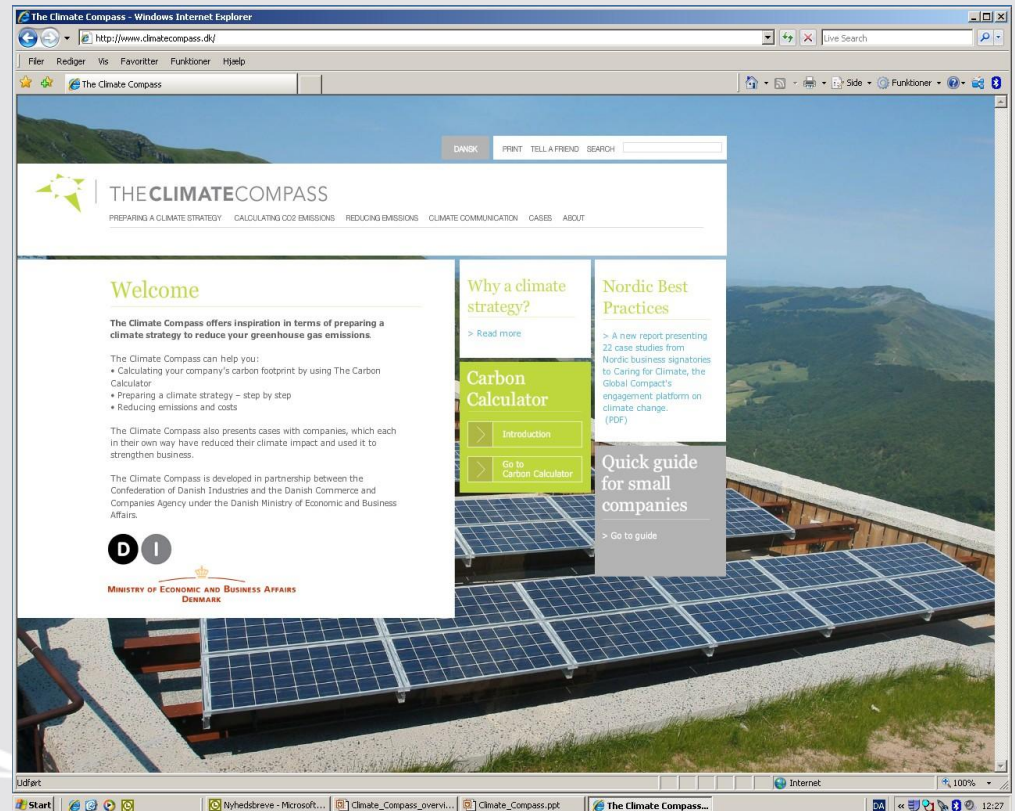
1. Guidance:

- 7-step guide to a climate strategy.
- Inspiration: Advice on reductions and a collection of cases.

2. Carbon Footprint Calculator:

- Calculate your carbon footprint.
- Based on the "Green House Gas Protocol".

www.climatecompass.dk





Ideas Compass – Corporate Social Innovation

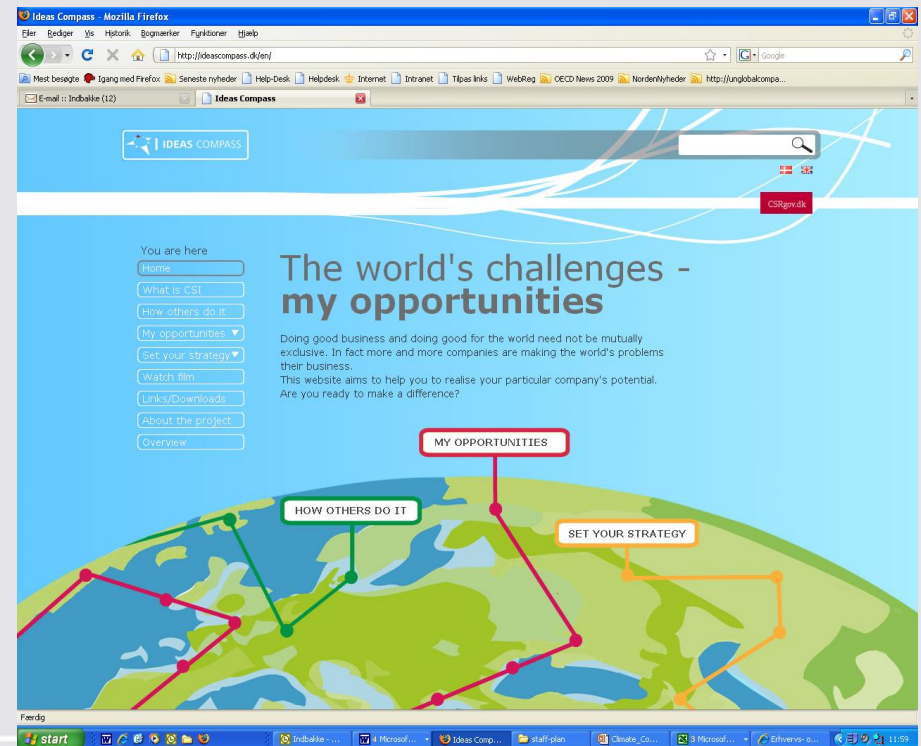
www.ideascompass.dk

• **Shows** how to combine CSR and innovation in a profitable and sustainable way

• **Inspires** businesses to create sustainable innovations

• **Guides** businesses on how to form a strategy for CSI.

• **Illustrates** 42 cases





5. Turning old age into rebirth



Future challenges: 2010 survey

- 77% of businesses work with SR but 65% do not have a strategy
- 48% have no knowledge of the effects of their SR work
- 64% do not experience any economic benefit of SR
- 55% do not communicate their work on SR
- Less than 25% include human rights in their SR work
- Not more than 10% engage in anti-corruption
- Only 6% use multistakeholder-dialogue in their SR work



Identification of areas for improvement

- Need for strategy or policies for SR
- Increase knowledge of internal and external effects of SR
- More awareness of the business case for SR
- Improve communication and transparency on SR
- More engagement in human rights and anti-corruption
- Strengthen multistakeholder involvement



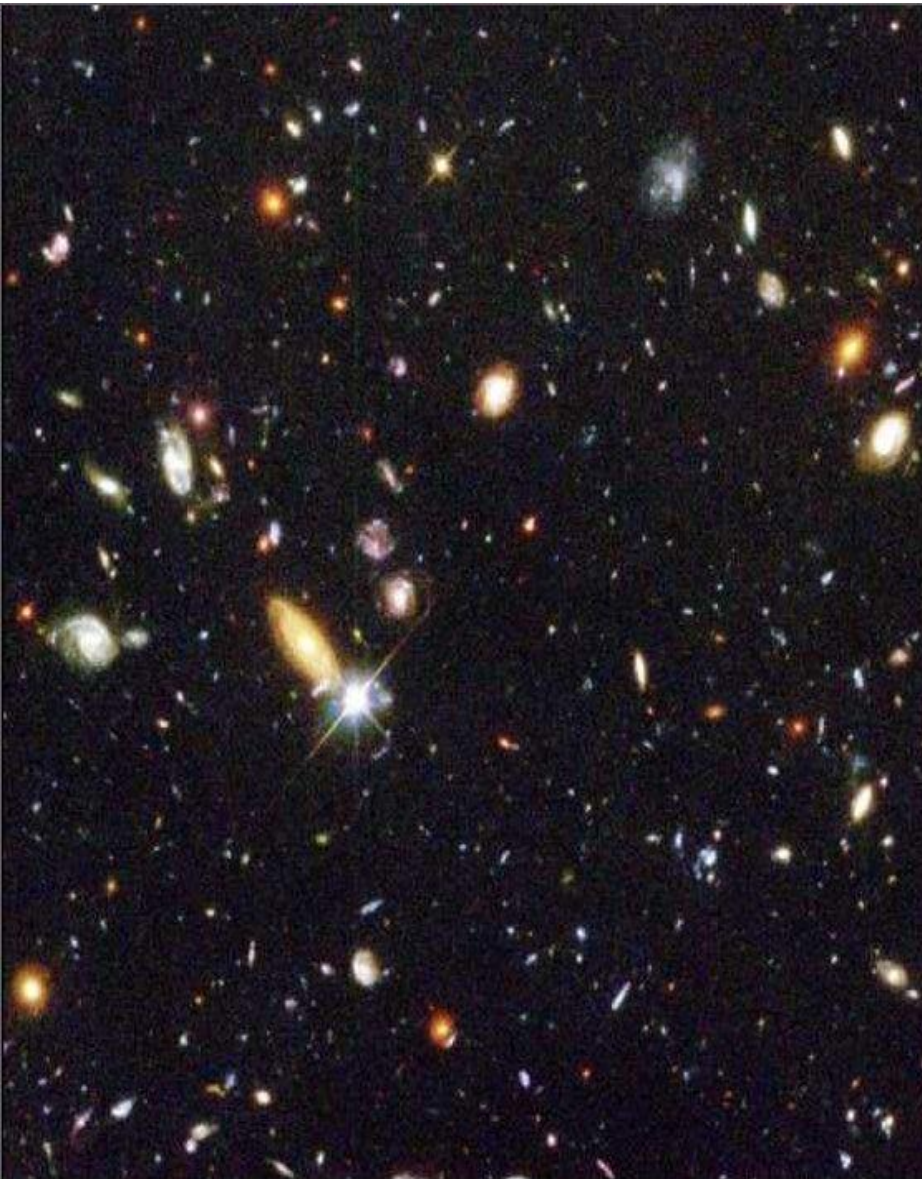
Recent international developments

- John Ruggie's recommendations on human rights and business
- 2015 Millennium Development Goals
- Responsible Supply Chain Management
- New SR strategy in the European Union
- Increased attention on reporting on SR
- ISO 26 000 and relation to other international cooperation



What will happen next?

- The Danish Council for Social Responsibility is currently working on its recommendations for what is needed from 2011 and onwards
- The Danish Government is expected to consider those recommendations and publish its new Action Plan before the end of 2010





The big question and the real challenge

- We can take pictures from the beginning of the universe showing thousands of galaxies with billion of stars!
- Will we also in the future be able to look from space on a unique planet with billion of humans living dignified, fulfilling lives in a rich and nourishing environment?
- This is what social responsibility is ultimately about.....
- That is why social responsibility must also be government policy



Thank you

Info and tools:

<http://www.csrgov.dk>

Blog on CSR:

<http://blog.csrgov.dk>

CONTACT:

Government Centre for CSR: csrgov@eogs.dk

Victor Kjær:

vkj@eogs.dk