

Conference on CSR in Europe - Latin America and the Caribbean



THE BEST OF TWO WORLDS



PROCEEDINGS

The conference is a joint initiative between the Danish Government and the Inter-American Development Bank - supported by UN Global Compact and the European Commission

December 13, 2006 - Pestana Bahia Hotel, Salvador, Bahia, Brazil

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Foreword

This is a summary of the presentations and discussions arising from the first Conference on CSR in Europe – Latin America and the Caribbean: “The Best of Two Worlds”, which took place in Salvador, Brazil on December 13, 2006.

The conference was a joint initiative between the Danish Government and the Inter-American Development Bank, with support from the European Commission and the UN Global Compact. The initiative was launched by the Danish Prime Minister, Anders Fogh Rasmussen, at the IVth EU-LAC Summit in May 2006, and followed up on the commitment to jointly strengthen corporate social responsibility in the Vienna Declaration.

The Conference on CSR in Europe - Latin America and the Caribbean: “The Best of Two Worlds” gathered a large number of business leaders, practitioners, government officials, NGOs, academics, and civil society representatives from both regions. The main goal of the conference was to strengthen the exchange of CSR experiences in the countries of Europe, Latin America and the Caribbean in order to explore what companies can learn from each other in the CSR field. Through case presentations the conference highlighted bi-regional experiences and approaches to CSR. Focus was on: 1) global versus local CSR strategies; 2) how to overcome cultural differences; 3) CSR alliances among different types of organisations in Europe and Latin America and the Caribbean; and 4) perspectives for further cooperation and exchange of experiences between the two regions.

We hope that the publication of these proceedings will help further the process of sharing information and practices on public policies, business, academic research and NGO actions between companies and their stakeholders in Europe, Latin America and the Caribbean.



Opening Session: The Best of Two Worlds

The opening addresses were delivered by Rita Cauli, European Commission Delegation in Brasilia, Brazil; Arlindo Villaschi, Alternate Executive Director for Brazil and Suriname, Inter-American Development Bank; and Ole Blöndal, Director General of the Danish Commerce and Companies Agency. The speakers were introduced by Antonio Vives, Manager a.i., Sustainable Development Department, Inter-American Development Bank.

Rita Cauli, European Commission Delegation in Brazil, began her presentation by expressing the European Commission's full and enthusiastic support for the conference. She emphasised that the initiative followed up on the commitment to jointly strengthen corporate social responsibility in the Vienna Declaration, which was adopted by the Heads of State and Government from Europe, Latin America and the Caribbean at the IVth EU-LAC Summit in May 2006. Ms. Cauli also drew attention to the thematic link between the present conference and the first EU-LAC Social Cohesion Forum, which took place in Brussels in March 2006. The Social Cohesion Forum demonstrated that CSR is a flexible mechanism that could promote social cohesion by addressing, inter alia, the problems of poverty and inequality in our societies. According to Ms. Cauli, CSR should be voluntary. It is a means for companies to go beyond legal requirements. But, in order to be effective, an analysis by the EU Commissions shows that CSR has to entail dialogues with all stakeholders, including non-business organisations.

Arlindo Villaschi, Alternate Executive Director for Brazil and Suriname, Inter-American Development Bank, expressed his gratitude to Denmark, the EU Commission, the UN Global Compact and the Sustainability Department of the IDB for organising the conference. Mr. Villaschi pointed out that globalisation affects all countries and that its challenges require new alliances. Governments cannot and must not act alone. Mr. Villaschi called for a stronger focus on the link between CSR and competitiveness, including the complex task of developing national competitiveness strategies based on CSR. There is also a need to more focus on how companies could be inspired to act. Finally, Mr. Villaschi warned against the tendency to reinvent the wheel. It is important that companies and other stakeholders learn from each other. Mr. Villaschi felt the present conference was a valuable forum for learning from outstanding experiences and for the meeting of two worlds.

Ole Blöndal, Director General, the Danish Commerce and Companies Agency, thanked the Inter-American Development Bank for the fruitful cooperation in organising the conference and the European Commission and the UN Global Compact for supporting the event. Mr. Blöndal explained that the purposes of the conference included: 1) strengthening the exchange of experiences on CSR in European and Latin American countries; 2) identifying best practices; and 3) exploring what companies from both regions can learn from each other in the CSR field. The ambition is to establish a process for regular sharing of information on CSR between the two regions.



Mr. Blöndal further explained that while the Danish government welcomes CSR activities by the private sector as a means to foster a better environment, local prosperity and social cohesion, the government actually goes one step further by promoting a strategic understanding of CSR by encouraging activities that foster better business opportunities for companies. This varies from company to company since each has its own particular set of competences, social and environment challenges, and competitive environments. Companies should therefore focus on CSR activities that could support their core business and address their actual environmental and social challenges.

The Danish government has launched a number of initiatives to support companies working with CSR. The initiatives have all been guided by three important principles:

First, it must be easy. In 2005, the Danish government launched a web-based tool called the CSR Compass, which provides Danish companies with an accessible tool to document CSR aspects relating to their value chain.

Second, it must be profitable. The Danish government is currently running a programme called People and Profit offering CSR training to 12.000 managers and employees in Danish SMEs. The aim of the project is to improve the competitiveness and profitability of Danish companies by helping them to adopt a strategic approach to CSR.

Third, there must be public-private partnerships to promote CSR. The Danish international development agency – Danida – has launched a Public Private Partnership Programme promoting sustainable partnerships within the framework of the UN Global Compact. The programme provides financial support to CSR frontrunners.

Session I: CSR Strategy – Developing Global Strategies

The first panel undertook to analyse whether there are any differences in the European and the Latin American and Caribbean approach to Corporate Social Responsibility. CSR is usually defined as companies' integration of social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. However, what is voluntary in one country can be regulated in another, and there are a myriad of other differences that make working on CSR challenging from a global perspective. In this session, keynote speakers from European, Latin American and Caribbean companies shared their experiences and perspectives on global CSR strategies, and the challenges and opportunities of implementing them locally.

Participants included: Miguel Martí, Chief Communications Officer, Grupo Nueva; Victor Barbosa, President of Novozymes Latin America and Claus Frier, Sustainability Development Center, Novozymes; Carlos Faccina, Corporate Affairs, Nestlé, Brazil; and Lynn Holowesko, Caribbean Council Member for The World Conservation Union (IUCN), Former Bahamian Senator and Ambassador for the Environment, and Past President of the Bahamas National Trust, Bahamas. The session was moderated by Tobias Webb, Editor, Ethical Corporation Magazine, and Director, Ethical Corporation Institute, UK.



Tobias Webb, Director, Ethical Corporation, introduced the session by arguing that European companies in general have little knowledge about CSR in Latin America and the Caribbean (LAC). However, there are good reasons for taking a greater interest in CSR innovation in LAC. In some ways, Latin American companies are ahead of their European counterparts. While there are vibrant debates about CSR in both Latin America and Europe, as witnessed by the EU Multi-Stakeholder Forum and the IDB's Inter-American Conferences on CSR, there is a need for more fora like the present conference where companies and their stakeholders from both regions could exchange experiences. Mr. Webb suggested that perhaps a similar forum could be organised in Europe at a later stage. In particular the new EU members from Eastern Europe could learn a lot from the countries of Latin America and the Caribbean in relation to CSR. Finally, Mr. Webb called on European organisations to enhance their collaboration with their Latin American colleagues, including businesses and NGOs.

Miguel Martí, Chief Communications Officer, GrupoNueva, claimed that the essential message to the business community today is that obtaining a social license to operate is necessary, but it is no longer enough. Also, while operating responsibly is a necessary precondition for obtaining such a license, it is not sufficient. Companies should also contribute to solving more general problems in society. It was further pointed out that since the scale of these societal challenges is enormous, companies have to be organised in the right way in order to handle them. According to Mr. Martí, this process involves four steps.

First, businesses have to understand the major demands and problems arising from society, including issues such as corruption, migration, environmental degradation and climate change. In this context, companies must learn to dialogue and work with different segments of society, including NGOs and governments. In short, businesses should establish a much wider network in society.

Second, companies have to identify business opportunities arising from CSR in the form of new products or new markets. These opportunities must be incorporated into the companies' business strategies. Mr. Martí pointed to Toyota as an example of a company where the link between CSR and new business opportunities has been successfully explored. At a very early stage, Toyota understood that climate change is a global challenge and the company therefore developed clean cars with high fuel efficiency.

Third, according to Mr. Martí, CSR should be integrated into the core business activities of companies in order to be successful. The case of a company developing a new type of irrigation systems allowing small farmers to harvest more than once a year was cited as a good example. Finally, businesses should seek to mitigate and advance their socio-economic impact on the societies in which they operate.

Claus Frier from the sustainability development centre of Novozymes explained that for his company the question was not why or if, but how to engage in CSR. For Novozymes, CSR made business sense. Mr. Frier went on to explain that considering the CSR potentials of Novozymes' technology and products, it is the company's ambition to use its sustainability platform to create business growth. This again requires that CSR can be integrated into the core business activities of the company. This, however, is not easy. Even in Novozymes, CSR had not been fully integrated until recently. Mr. Frier further pointed out that if you claim that you are a responsible company, you have to prove it. Novozymes is able to document this through, inter alia, life-cycle analyses of its products. In relation to CSR, Novozymes' management system is based on the belief that gradual changes and improvement is the way forward – evolution and not revolution.

According to Mr. Frier, companies need both global and local strategies. Local strategies are important because they allow companies to take up local challenges. Thus, every year, the Novozymes site in Brazil – among other sites – develops a local social responsibility strategy target, which reflects

local conditions. For that reason, it is important to have a flexible and consistent overall system to cope with differences.



Victor Barbosa, president of Novozymes in Latin America, added that local and regional targets, strategies and actions should reflect corporate commitments and strategies at the global and systemic level. Mr. Barbosa explained that the main problem when operating in Latin America is the cultural history of CSR, which links the concept to charity. Action and implementation is crucial. Novozymes approaches implementation through three steps: 1) stakeholder mapping; 2) the development of CSR strategies based on stakeholder analyses; and 3) the development of concrete action plans.

Mr. Barbosa outlined Novozymes' experiences in Brazil where the company has decided to focus its CSR initiatives on diversity, education and biomass projects. As to diversity, Novozymes had worked to reinforce the company's diversity culture (recruiting, compensation, senior management support, communication, events, training and education), progressively increasing the number of women in production (regional cultural issue), and promoting the inclusion of physically challenged individuals (social issue). In relation to education, Novozymes work both internally – by enhancing the competencies of its employees – as well as externally – by supporting NGO projects in the field of education. Finally, the biomass project is a joint undertaking with local farmers aimed at promoting economic, environmental and social development.

Carlos Faccina, corporate affairs, Nestlé, Brazil, stressed the urgent need to put an end to the fundamental misunderstanding that business and social responsibility are different things. In order to change that view, CSR strategies have to be incorporated into the long-term mindset of business leaders. In the view of Mr. Faccina, sustainable business cannot be developed when so many people – 30 million in the case of Brazil alone – are excluded from the global market. In its CSR programmes, Nestlé has opted to address the main problem or risk areas of society because these are the areas where the world most needs an integrated approach. Nestlé has a long-term sustainability concept where people are trained for life. This long-term perspective is essential. As an example of an integrated programme, Nestlé's nutrition programme was outlined. This involves the training of children and their mothers in food safety as well as food production. The former helps to improve health standards while the latter raises the income of families.

Lynn P. Holowesko, IUCN Council Member for the Caribbean, began her presentation by asking whether the Caribbean context for CSR is unique. Unlike Europe and Latin America, where many companies are anonymous, each company operating in the Caribbean Islands is known to the people living there. In this island scenario, a big company cannot hide or operate in isolation from the community. It is highly visible, employs a proportionately large percentage of the workforce, is known to everyone, and is expected to know and be part of the community.

Ms. Holowesko further explained that the most common denominator among the islands is tourism. Caribbean nationals often operate small hotels and are generally conservative with their resources. Today, however, mega-resorts have descended on the island scene. According to Ms. Holowesko, these resorts are a mixed blessing. On the one hand, they bring jobs and prosperity to the people. On the other hand, their demands for resources, such as water, electricity, and fisheries, are excessive. Often the demands of the mega-resorts are much higher than can be accommodated. Moreover, it is not uncommon for Island nations to offer incentives to developers in the form of waivers on taxes, import duties, and even relaxation of standards and regulations. For example, cruise ship companies might strike deals with governments to come in to port on the condition that they could off-load rubbish and garbage – and this in societies that can hardly deal with their own waste-problems. As a final problem, Ms. Holowesko pointed out that influential international NGOs – who could be expected to champion local causes – too often carry out their own objectives in the Islands rather than making an effort to address local concerns.

On the positive side, social and environmental needs had received increased public attention in recent years, which has put pressure on local governments to act. Moreover, there are outstanding examples of corporations demonstrating commitment to the communities where their developments are located – in particular from developers who have made their homes in the Islands where their money is invested. In these cases, companies often set social and environmental standards at a higher level than is demanded and involve themselves in numerous community projects.

Ms. Holowesko stressed that publicised examples of CSR can not only inspire local communities but also provide incentives to other businesses to act. In the Islands, the cases of the Royal Bank of Canada, Kerzner International, VMG Bahamas Ltd., Colina Insurance, and Lycord Cay Foundation were given as positive examples. In particular, Kerzner Marine Foundation, which combines corporate know-how and business relationships with efforts to preserve the marine environment, is an example of an innovative corporate CSR initiative, which NGOs or individual donors will never be able to match. Ms. Holowesko ended her presentation by arguing that the glass is more full than empty and that it is indeed possible that we are approaching a situation where corporations are beginning to make great contributions to the world.



Questions from the Audience

The topic of the session stimulated great interest among the audience and there were more questions than time would allow to be addressed. One of the predominant questions to the speakers were whether they did things differently depending on whether they operated in Europe or in Latin America and the Caribbean. Mr. Frier from Novozymes clarified that his company has one global CSR strategy. Local differences are handled by target setting. In relation to diversity, for example, the company focuses on women in Latin America while it focuses on immigrants in Denmark. Mr. Barbosa, also from Novozymes, questioned the need to do things differently. In his view, there is no need to reinvent the wheel. The two regions can learn a lot from each other. Mr. Faccina emphasised that income levels are very different in the two regions. While this fact needs to be taken into consideration when devising CSR initiatives at the concrete level, many initiatives can easily be replicated across the two regions.

Moderator's conclusions and recommendations:

The session, which aimed to discuss the differences in approaches to CSR between Europe and Latin America, featured companies and speakers from both regions.

Claus Frier of Novozymes, a Danish industrial enzymes company with operations in Denmark and Brazil, among other places, began by discussing the challenges of implementing CSR. Despite Novozymes working on the issue for many years, he felt it has not been integrated until recently. There is a need to move from being re-active to being pro-active on CSR issues, he said. For Novozymes, product life cycle analysis is key to thinking, "evolution not revolution" is the mantra, said Frier. Local Sustainable Development are very very important for regional challenges in Latin America, he pointed out, to cope with regional differences. Victor Barbosa, President of Novozymes Brazil agreed with Frier. He spoke of "progressive development" of responsible business in NovoZymes. The company is top ranked in the Dow Jones Sustainability Indexes in its sector and is known as a "great place to work" in Brazil in official rankings. Barbosa talked of CSR as "charity in an opportunistic way", noting that "it must be part of our daily lives" a reference to the need to integrate CSR into all aspects of a company. He highlighted the value of culture in encouraging CSR in a company, particularly over time.

Carlos Faccina of Nestle Brazil told the conference that "sustainability is not an option" for EU and Latin American companies operating in both regions. Adding shared value is the Nestle approach, and Faccina used practical examples to highlight his words. He spoke of the need for EU and Latin American companies to move towards a "continuous reaction" model of integrating CSR and the importance of good consumer research.

Lynn Holowesko of the Bahamas, a former Ambassador, expressed her concerns about the impacts of tourism in the Caribbean region and how cruise ships can have a damaging impact if not managed well. Politicians have been slow to grasp CSR she said, and initiatives with NGOs and others must be further encouraged by "more demanding citizens".

Miguel Marti of Chilean firm Grupo Nueva spoke of the need for EU and Latin American companies to build on the work of the WBCSD. His company is concerned that business work on CSR often does not contribute to tackling the “big challenges” in society. Fighting poverty, the challenges of globalisation should be areas of greater concern, he said.

Companies should take steps to realise the opportunities in front of them in both the EU and Latin America, noted Marti. These include better understanding societal trends, engaging the public, working with NGOs and building better relationships with IGOs and Governments. “Richer and greater networks are needed” he said. Companies in both regions should seek to identify opportunities presented by new markets, go beyond philanthropy and develop new products for these markets. Then such ideas must be brought to the core of strategy. He cited Toyota as an example of the company leading a market and receiving great pay back as a result.

The moderator, Tobias Webb of Ethical Corporation, summed up the session by saying that the key themes of collaboration, marketing research and understanding, engagement, dialogue and capacity building are similar in the both the EU and Latin America.

Recommendations arising from the session included:

- Local, tailored approaches are the key to better CSR in both regions.
- Global values followed by local strategies and tactics must be the way forward for both EU and Latin American companies.
- There is a need for increased dialogue and knowledge exchange between European and Latin American companies and their stakeholders on how to develop local CSR strategies based on global values.



Session II: CSR Practice – Overcoming Cultural Differences

The participants in this session outlined experiences and lessons learned on overcoming cultural differences when implementing CSR activities. The presentations focused on management approaches to CSR and the communication and implementation of cross-border CSR strategies. Those taking part on the panel were Arturo Franco, Corporate Communications and Public Affairs, CEMEX, Mexico; Rosario Bazán, Danper Trujillo SAC, Peru; Antonio Corral, Director of area, IKEI, Spain; and Antonio Vives, Manager a.i., Sustainable Development Department, Inter-American Development Bank. The session was moderated by Adrian Hodges, Managing Director, Corporate Relations and Partnership Development, Prince of Wales International Business Leaders Forum (IBLF).



Arturo Franco, CEMEX, began his presentation by introducing his company, CEMEX, which was one of the world's leading cement producers with over 50,000 employees and operations in 50 countries. Mr. Franco explained that CEMEX's CSR strategy is based on four pillars or concentric circles: 1) a positive workplace; 2) efficient and clean operations; 3) community involvement; and 4) sustainable development aimed at society in general.

Mr. Franco went on to compare the CSR context in Europe and Latin America and the Caribbean (LAC). In LAC, consumers are generally uninformed; NGOs are not acting, as they should; and governments generally unprepared to play a facilitating role. Despite this environment, which is hardly conducive to sustainable business practices, CEMEX has found ways to work with different stakeholders to implement CSR activities. For example, CEMEX has developed an extensive cooperation with local suppliers in Costa Rica. Operating in Europe, on the other hand, had been a culture shock for CEMEX. Unlike in LAC, consumers in Europe are more aware and NGOs are extremely active. Concretely, the community protests against a new project in Oxford had been a rough experience for the company. This experience prompted CEMEX to change its strategy to fit the local context. In Spain, the company had implemented a land restoration project where quarries were turned into vineyards or other forms of agricultural production.

Comparing the two regions at the more abstract level, Mr. Franco observed that CSR in LAC is community and poverty-related with a philanthropic drive. In Europe, on the other hand, CSR was focused on stakeholders and sustainable development based on strategic and competitive opportunity. Moreover, in Latin America CSR initiatives are unevenly distributed while the European Union seeks to standardize and harmonize CSR activities across countries. Looking at consumer attitudes, the two regions are also quite different. According to Mr. Franco while social and environmental concerns play role in the purchasing decisions of 70% of the consumers in Europe, the same is only the case for 50% of the consumers in LAC. CSR priorities are also different in the two regions. In Latin America, the key priority is social investment while human rights, labour rights, and the environment dominated the CSR agenda in Europe. Also NGO activity and the percentage of companies using codes of conduct are significantly higher in Europe than in LAC. Finally, looking at the role of public policy, Mr. Franco pointed to increasing government involvement in Latin America and the Caribbean, such as the provision of tax incentives to corporate donations, as implemented in Chile, Mexico and Brazil. In Europe, CSR is part of the "European social model" and relates to the EU's sustainable development agenda, as outlined in the Lisbon Strategy.

Rosario Bazán, Danper Trujillo SAC, explained that the most important social problems in Peru are poverty, infant mortality, illiteracy and the lack of food, water and sanitary facilities. These problems impact all societal actors, including private companies. For Danper, which produces fruit and vegetables, quality standards and CSR has been a competitive advantage. According to Ms. Bazán, CSR implies sustainable profitability, optimisation of utilities, and a holistic view of economic and social aspects. It was underlined that, for Danper, CSR is an integral strategy addressing the needs of workers, their families and the surrounding community and environment. Ms. Bazán emphasised that CSR should not entail activities or lead to expectations, which go against the interests of companies. Rather, CSR should be a positive investment in society.

Antonio Corral, Director of Social Studies, IKEI Research & Consultancy (Spain), underlined the need to combine CSR experiences across the two continents. Although the conference had produced a number of very interesting presentations, Mr. Corral regretted that most cases had been presented by large corporations. There is an urgent need to focus on the CSR role of Small and Medium-sized Enterprises (SMEs), which constitute 99% of the market in both Europe and Latin America. Mr. Corral went on to compare the European and Latin American understanding and vision of CSR.

According to Mr. Corral, European companies and their stakeholders are in relative agreement on the definition of CSR. The key elements in this definition, as illustrated by the European Commission's definition of CSR, are: 1) the need to integrate social and environmental concerns in day-to-day business operations; 2) the voluntary nature of CSR; and 3) the focus on corporate stakeholder management. In Latin America, on the other hand, there is no common or agreed-upon definition of CSR. That being said, it



is possible to extract certain general features in the region's understanding of CSR from the specialised literature. Such analysis shows that in Latin America, the CSR concept often makes more emphasis on complying with the law – something considered implicit in the European definition. Also, in the Latin American context, there is a more explicit focus on social investment than in Europe. Finally, compared to Europe, the issue of business ethics and transparency plays a more prominent role in the Latin American understanding of CSR because of the region's problems with corruption.

Mr. Corral pointed out that the role and potential of SMEs in the CSR movement has not hitherto been adequately understood or addressed. To start with, SMEs are more embedded in local communities than larger corporations because the former cannot easily leave their geographical location. This means that SMEs feel local commitments more strongly than larger companies. As such, SMEs play an important role in relation to social cohesion and well-being. On the other hand, SMEs often lack access to financial and human resources, which limit their potential to implement CSR activities.

Mr. Corral went on to report the results of two surveys regarding the CSR activities of SMEs in Europe and Latin America. While the results of the two surveys could not be directly compared – because they were neither based on the same methodology nor carried out in the same year (2002 and 2005) – the data nevertheless showed some interesting findings. First, the majority of SMEs at both sides of the Atlantic reported low or non-existent levels of external CSR activities. Interestingly, the percentage of SMEs, which had implemented CSR activities, was higher in Latin America than in Europe (even though the main difference lies on low intensity activities). While this can be explained in part by the existence of the European welfare states and the resulting lesser need for social investments by the private sector, it is nonetheless a surprising finding. As to the nature of the CSR activities undertaken by companies, the surveys showed that SMEs in Latin America were more focused on disfavoured groups support, education promotion and other public activities, while the European SMEs concentrated in more 'commercial' areas such as sport sponsorship. Looking at motivations, ethical and religious reasons figured prominently in both regions. In Latin America, however, the primary motive for SMEs to engage in CSR was the need to maintain good relations with the community. Finally, SMEs in Latin America found that the main barrier to the implementation of CSR was lack of financial resources. By contrast, European SMEs pointed to the lack of time as the main barrier.

Mr. Corral ended his presentation by concluding that SMEs are key to the continued growth of the CSR movement in both Europe and Latin America. It is not enough that only large companies implement CSR activities. However, for SMEs to engage fully with CSR, it would be necessary to promote programmes and initiatives especially tailored to their needs and challenges.

Antonio Vives, Manager a.i., Sustainable Development Department, Inter-American Development Bank, began his presentation by mapping out the structural differences between the contexts of CSR in the two regions. Important differences between Europe and Latin America and the Caribbean (LAC) are, inter alia, mature vs. emerging economies; pressure for good governance vs. toleration of inefficiency and corruption; active stakeholders vs. undeveloped stakeholders; globalisation vs. isolation; a credible private sector vs. mistrust of institutions; CSR promotion at the European level vs. incipient CSR institutions; reasonably efficient public services vs. government failure in service provision; and, finally, businesses being close to governments vs. business operating within governments.

Outlining the role of CSR in the two regions, Mr. Vives argued that the notion of sustainable business is well established in Europe – particularly in the North. CSR is also close to the economic and social culture in Europe and the region has strong stakeholders. In LAC, by contrast, the CSR movement is incipient and not mainstreamed into corporate activities. In addition, stakeholders are either weak or non-existent.

Examining the role of SMEs, companies in Latin America and the Caribbean have more external CSR activities than in Europe. Moreover, companies in LAC are more inclined to support education and other public activities as well as supporting disadvantaged groups than in Europe. SMEs display about the same focus on health, culture and the environment in the two regions. In LAC, however, SMEs act more through philanthropy and the volunteerism of employees and managers and less through sponsorship.

Mr. Vives alluded to a number of important questions regarding the role of CSR in Latin America and the Caribbean:

- Is there a role for CSR at the country or regional level in LAC or does CSR only have a role at the individual business level?
There is an important difference between these two approaches and it is not clear which will prevail in the region.
- Must CSR be tailored to each country?
According to Mr. Vives many companies agreed, but few acted accordingly.
- Must CSR be sector-specific? Government failure in each sector will condition company action.
- Is the “assistentialist” approach in LAC the result of the region’s philanthropic tradition or is it a necessity?
In the view of Mr. Vives, many of the cases presented during the conference had been closer to philanthropy than strategic CSR. However, building a soccer field is not necessarily philanthropy when it helps reduce the incidence of violence and provides community cohesion. Nor is providing water to workers philanthropy since this may help worker productivity..
- Should CSR be an instrument to enhance the credibility of the private sector in a, sometimes, hostile environment?



- Should CSR be an instrument of development aimed at covering the deficiencies of the public sector?
- Should CSR be an instrument of social cohesion and political stability?

Returning to the comparison between Europe and Latin America and the Caribbean, Mr. Vives pointed out that companies in LAC show a better appreciation for improvements in the quality of life (e.g. health, education, and infrastructure), labour stability, social inclusion, and managerial and employee volunteerism. These are extremely important qualities, which should not be overlooked or dismissed. On the other hand, companies in LAC care relatively less for the environment, corporate governance, and sustainability reporting than their European peers.

Inserting a word of caution, Mr. Vives emphasised the need to distinguish between responsibility and “assistentialism.” It was important that companies do not create new dependencies in the communities and societies where they operate. It is better to teach people how to fish than to offer people the fish for free. It is also important to avoid the impression of government capture by private corporations. Companies should not act as a substitute for the state and should only supplement the state with great care. In some cases, however, it would be legitimate to assume extended responsibilities in order to address government failure. Concluding his presentation, Mr. Vives stressed that CSR must be adapted to local conditions. It is not possible to import the “European model” to LAC. While the higher standards should prevail, company’s behaviour should not necessarily be the same in the country of origin as in developing countries.

Moderator’s conclusions and recommendations:

A number of common elements arise from the presentations of the various panellists in this session on cultural differences between Europe and Latin America and the Caribbean in relation to CSR. The session clearly demonstrated that differences in the approach to CSR were rooted in different political and social contexts, themselves a function of amongst other factors, geography and history. Comparing the two regions, the panellists were in agreement that the approach to CSR in Latin America and the Caribbean was generally community and poverty-related with a philanthropic drive. In Europe, on the other hand, CSR was increasingly approached from a stakeholder perspective and the importance of developing sustainable business solution based on strategic and competitive opportunity.

These differences in the approach to CSR could largely be explained by structural differences between the two regions, including issues such as strong vs. weak stakeholders; mature vs. emerging economies; good governance vs. corruption; and efficient public services vs. government failure in service provision.

Finally, the panellists discussed the role of SMEs. According to one panellist, SMEs were key to the continued growth of the CSR movement in both Europe and Latin America because they constituted 99% of the market in both regions.

Recommendations arising from the session included:

- There is a need to strengthen the dialogue on the role and potential of SMEs in the CSR movement. This is a common challenge for both Europe and Latin America. Programmes and initiatives especially tailored to the needs and challenges of SMEs should be developed.
- Many panellists in the conference emphasised the importance of tailoring CSR to the local conditions in each country. While many companies seem to agree with this statement few act accordingly. We therefore need to increase our understanding about the specific barriers to adapting global strategies to local condition in both Europe and Latin America.
- There is a need to nuance the debate about the link between CSR and corporate philanthropy in Latin America. While some observers have argued that philanthropy is incompatible with CSR, others argue that philanthropy is a necessity and constitute an integral part of responsible business practices in Latin America. It would appear that this debate has hitherto been too one-dimensional while the role and function of corporate philanthropy in Latin America is in fact very complicated.
- Dilemmas often occur for international businesses when they are faced with different social or ethical standards and norms in different countries – for example around labour practices or the role of women in the work place or community. Which standard is the 'right one' to follow? Good relationships with a range of stakeholders from different cultures is helpful to provide a sounding-board before a judgement can be made.



Session III: EU – Latin America and the Caribbean Alliances

Speakers in this session shared their experiences on alliances among different types of organisations in Europe and Latin America and the Caribbean formed to promote and implement responsible business practices on both sides of the Atlantic. Positive results and challenges that these alliances faced were also discussed. Furthermore, business organisations and academics across Latin America and Europe presented their views upon the CSR field today, and what perspectives they saw for further cooperation and knowledge exchange between the two regions.

Taking part in this panel was Hugo Vergara, Forum Empresa; David Halley, Head of International Development at Business in the Community, London,

UK; Roberto Gutiérrez, Coordinator, Social Enterprise Knowledge Network (SEKN); and Mette Morsing, Representative of European Academy of Business in Society (EABIS), Associate Professor, Copenhagen Business School, Denmark. The session was moderated by Jodie Thorpe, Senior Advisor and Head of the Emerging Economies Programme, SustainAbility Ltd., UK.

Jodie Thorpe, Senior Advisor, SustainAbility Ltd, introduced the session by reflecting on the difficulties of many organisations to find appropriate partners – in particular in other parts of the world. In addition to this comes the challenge of developing common strategies while leaving enough room for differences. Finally, organisations are confronted with the difficult task of managing relationships. Ms. Thorpe hoped the speakers would be able to share their experiences on how to address these complex problems and challenges.

Hugo Vergara, Forum Empresa, began by introducing his organisation. Forum Empresa is a network of businesses throughout Latin America with a common strategic plan focused on corporate social responsibility. At the same time, the network cooperates with other local and international business networks in the CSR field, such as the UN Global Compact and the World Business Council for Sustainable Development. Although some of these networks have very different agendas, Forum Empresa aims at bringing them together to promote the exchange of experiences.

Mr. Vergara went on to describe what – in his view – should be main objectives of CSR in Latin America. The dominant theme in the region is poverty, and CSR activities should therefore aim to address this problem. Another set of important objectives should be to promote multistakeholder dialogues and institutionalise a climate of negotiation. Mr. Vergara asked how this vision could be applied in the local context of Latin America? In his view, it requires more focus on strengthening the capacity of organisations working with CSR in the region.

David Halley, Business in the Community (BITC), outlined the basic rationale for CSR by declaring that if we do not have a healthy back street, we will not have a healthy high street. BITC is a movement of more than 800 companies committed to CSR. Each member has accepted the following commitments of membership: 1) to integrate CSR in all business activities; 2) to reach out to the most disadvantaged members of society; and 3) to spread the message to other companies. BITC-members focus their activities within the key areas of the marketplace, the workplace, the environment and the community. In particular, the network stresses the importance of capacity building. Put differently, the key rationale is to help businesses understand how they can play a positive role through CSR. BITC is also a partner in key international and regional CSR networks, such as CSR Europe, and had participated in numerous partnerships projects on CSR. In this context, Mr. Halley highlighted the project “Engage in Europe”, which involves 16 companies and aims at helping employees getting more engaged in their local communities, including in critical social issues. Mr. Halley also shared a number of “minor” difficulties encountered by BITC in its partnerships with other networks throughout the world. Some

of the key challenges are a perception of Anglo-Saxon neo-imperialism; cultural differences; philanthropy vs. CSR; headquarters vs. regional offices; and suspicions of corporate motives. However, despite these minor difficulties, BITC had encountered a number of success stories. Moreover, the influence of multinationals had helped spread the message.

Mr. Halley ended his presentation by reflecting on the way forward. For BITC, the ultimate criterion of success is the ability to say to any multinational that BITC could help it find a local partner anywhere in the world. Another future focus area is the development of networks within networks, such as Forum Empresa, CSR Europe, and the Asian CSR Forum. Opportunities for capacity building should also be seized. Finally, key issues that need to be addressed are: employability, diversity, job creation and education. According to Mr. Halley, two of the key future challenge would be to bridge cultural differences and to translate the CSR policies of global multinationals into practical local programmes.

Roberto Gutiérrez introduced the Social Enterprise Knowledge Network (SEKN) – a network of ten leading universities from the Americas and Europe with the aim of making knowledge about CSR-related issues available to business and the public at large. The inherent credibility of academics makes it possible to change outlooks and behaviour by disseminating knowledge. This again promotes superior social enterprise management, which ultimately leads to greater social value.

SEKN's mission is to advance the frontiers of knowledge and practice in social enterprise through rigorous collaborative research, shared learning, excellence in participant-centered teaching, and strengthening institutions of management education to better serve their communities. The network aims to capture economies of scale and scope through collaboration, lateral learning, and complementary competencies.

Apart from doing collective research since 2001, the international network makes it possible to pool resources and test concepts in different contexts and realities. Moreover, it is possible to profit from the fact that resources and mindsets differ among the participating universities. In the ten countries where SEKN operates, it has created bridges between academia and the corporate world, and between academia and the third sector. In the 100 cases studied thus far, SEKN has not only written analytical documents about them; the members have also written 56 teaching cases – and used them in 59 different graduate and undergraduate courses and 37 executive education programs delivered throughout the network. All cases are available through the Harvard Business School publishers.

SEKN has proved to be more than the sum of its individual parts. And the future holds potential for further collaboration: SEKN will continue to do collaborative research, will replicate the seminar on cross-sector alliances in eight Latin American countries, and will create other executive education programs on CSR and effective management of social enterprises. One option for SEKN's future is to increase the number of European universities. This would increase the breath of its academic relations, maybe to new countries, but would demand an effective and efficient coordination at the network level. The advantages are several: SEKN would benefit from different research expertise; it could expand the cases being studied



to new regions, and pool resources for the tasks at hand. The challenges are also multiple. For example, besides Spain and Portugal, a university from any other country would require a new language. A second option is to continue SEKN's efforts to consolidate its work with national networks of universities. Especially in Latin America, SEKN universities are becoming stronger institutions that play an increasingly more important role in social transformations. While the best paths are still uncertain, it is clear that broadening the collaboration between universities in the Americas and Europe hold significant potential for mutual enrichment.

Mette Morsing, Representative of European Academy of Business in Society, outlined EABIS' mission and goals which are to: 1) promote the debate on the role of business in the society; 2) analyse and challenge how businesses, academics and others interact and communicate on business in society issues; 3) Inform policy-making on business in society issues; and 4) promote inter-disciplinarity. EABIS was launched at INSEAD in 2002 and now has 71 members across 19 countries. Ms. Morsing clarified that EABIS does not itself carry out research, but supports the research of others. In addition, EABIS seeks to influence and dialogue with the European Commission on CSR issues.

Ms. Morsing then discussed the challenge of defining CSR. The problem is that the notion of CSR is very difficult to pin down to a precise definition that all stakeholders can agree upon. EABIS, for its part, advocates a change from CSR to CR (corporate responsibility). The purpose of this change in terminology is to stimulate a more integrated approach to corporate responsibility.

The main stakeholders in EABIS' network are business schools and universities, industry and enterprise, the European Union, shareholders and financial markets, civil society organisations, national governments and regulatory bodies, and consumers. The European policy context was the Lisbon Strategy (2000-2010). CSR is now recognised by the EU as a voluntary contribution to implement the Lisbon strategy with a focus on business.

Ms. Morsing went on to discuss the differences of opinion with regard to the potentials of CSR. She described the right-wing view taken by the Economist according to which CSR does more harm than good, as well as the left-wing view taken by Friends of the Earth (FoE) according to which CSR is pure window-dressing.

Outlining the potentials of EABIS, Ms. Morsing described the development of the network as a sequence of three phases, which gradually led to increased maturity. The first phase had been idealistic in nature. This phase could be characterised by the statement: "the more CSR the better." The second phase had been pragmatic and characterised by "the search for the business case." The third, and final, phase is more challenging in the sense that it implies "listening to critical voices", including voices critical of the very notion of CSR.

Providing a business school perspective on EABIS, the network can be characterised by a strong European networking opportunity, an emphasis

on the EU Commission, support for national and international research on CSR, support for networks and publications within the network, working towards academic CSR accreditations, and finally providing institutional legitimacy. Ms. Morsing also provided examples of CSR projects undertaken by the Copenhagen Business School. In this context, the project on CSR in SMEs with the Danish Commerce and Companies Agency was highlighted.

Ms. Morsing ended her presentation by outlining future challenges for EABIS. These include the challenge of keeping the momentum. Thus, it is quite demanding to sustain and renew academic and corporate interest in membership as well as securing continued attention from the European Commission. Another challenge is working towards true multi-stakeholder networks where more "voices" are heard, including NGOs, local authorities, governments and consumers. A different set of challenges is the need to promote more co-research and co-teaching among participating business schools and universities. In relation to teaching, the need to include more practitioners is a specific sub-challenge. A final challenge is the need to step-up the collaboration with other European and – in particular – non-European networks in the CSR field. In the view of Ms. Morsing, the present conference was a good example of going beyond the traditional US/UK perspective on CSR and beginning to look at the rest of the world. At the very least, the conference had demonstrated the need to meet again.

Moderator's conclusions and recommendations:

The session showed clearly that networks and alliances between organisations in Europe and Latin America have enormous potential to bring mutual benefits in understanding and addressing the challenge of CSR. Alliances help achieve scale, scope and geographical reach that a single entity would find near impossible on its own. They are a means by which to pool human and other resources – including the sharing of practical experiences in understanding how CSR plays out in different political, social and cultural contexts. They frequently require collaboration between individuals and organisations with different mindsets and world views, which can greatly enhance learning, although is not without its challenges, as misunderstandings can be born of differing underlying assumptions and perceptions of the world. One of the greatest gaps relates to divergent understandings of terms and concepts related to CSR. Even the definition of CSR itself is widely debated, and many alternative terms have been offered to try to signal more clearly what an individual or organisation understands by the concept.

Another challenge raised by the panellists relates to the historical relationship between Europe and Latin America, and how that might influence the nature and conduct of networks. On the one hand is the risk of international groups acting on Latin American issues in isolation from the needs or priorities of local organisations. On the other hand, though, is the notion that Europe has a responsibility to work in collaboration with Latin American organisations to further CSR, given the former colonial economic ties between the two continents. Indeed, where European multinational companies are operating in Latin America today, networks may have an important role in bridging cultural differences and helping translate global best practice to specific local contexts – and vice versa.

Finally several panellists raised very practical challenges arising from alliances and networks including how to develop accountability mechanisms,



how to secure ongoing funding and how to keep the momentum of the network going in the medium-term?

Recommendations arising from the session included:

- Be open to opportunities to develop different forms of networks and alliances. There may be potential to develop networks within networks or create alliances between networks.
- Many existing networks involve a single stakeholder group (NGO, academic or business). There is a need to create more multi-stakeholder networks or multi-stakeholder alliances between single stakeholder networks. As well as the practical achievements that multi-stakeholder alliances may bring, they can also help institutionalise a climate of negotiation and mutual understanding.
- While the session emphasized the potential benefits of networks and alliances, successful alliances do require an investment in time and resources, and it is important to evaluate whether or not a network is the right tool to meet a particular need.
- At a practical level, there is a need for capacity building around CSR in Latin America (both within Latin American and European organizations), as well as capacity building in the areas of dialogue, negotiation and partnership creation.
- Another practical recommendation was to develop tools to help organizations identify prospective network partners, as currently lack of information is an impediment.
- Very specifically, in relation to EU-Latin American cooperation on CSR, there is an opportunity for greater collaboration and knowledge exchange on the topics of 'CSR for development' and 'development of social capital'.

Session IV: EU – LAC – The Way Forward

The aim of the closing panel was to summarize the key points of the conference. In addition, speakers offered their perspectives on how to strengthen the platform for the exchange of experiences between Europe and Latin America and the Caribbean with the ultimate aim of making companies, policy makers, academics, and civil society organisations more aware of developments in the CSR-field on the other side of the Atlantic.

The following speakers formed the panel: Manuel Escudero, Head of Networks, UN Global Compact; Sue Bird, Policy Coordinator- Local Employment Development and Corporate Social Responsibility, DG Employment, Social Affairs and Equal Opportunities, European Commission; Mads Øv-lisen, Member of the Global Compact Board, Adjunct Professor and Chair of LEGO, former CEO and Chair of Novo Nordisk; and Antonio Vives, Manager a.i., Sustainable Development Department, Inter-American Development Bank. The panel was moderated by Carsten Ingerslev, Chief of Division, Danish Companies and Companies Agency.



Manuel Escudero, UN Global Compact, began by reflecting on the commonalities of the CSR movement in Europe and Latin America and the Caribbean (LAC). According to Mr. Escudero, values are almost identical in the two regions. The ten Global Compact principles are an example of something that all companies and stakeholders can agree on. Moreover, the language of CSR in the two regions is generally the same. Mr. Escudero underlined that this does not mean that differences do not exist, but only that these differences are not fundamental in nature. Another commonality when comparing the two regions is the fact that the CSR movement is on the rise in both Europe and LAC. Today, there are more than 2000 UNGC members in Europe and more than 1000 in LAC.

Turning to the differences between the two regions, Mr. Escudero emphasised that this is not in relation to the values, but rather the context of CSR. The “license to operate” is a key concept in the CSR debate in both regions, but much more difficult to obtain and handle in Latin America and the Caribbean than in Europe. In LAC, companies are not only expected to respect and implement the ten UNGC principles, but also to make a positive contribution to society. In the view of Mr. Escudero, one reason for this is the inequality and relative weakness of the middle classes in LAC. In Europe, on the other hand, the middle classes play a mitigating role. Another reason is the failure of many LAC governments to provide adequate public services. This lack of services prompt people to expect more of the private sector. Mr. Escudero observed that the most important CSR themes in LAC are corruption, environmental degradation and human rights issues.

Another important difference between Europe and LAC is the role of the public sector in relation to CSR. In Europe, governments and the EU Commission exercised soft power to promote CSR. In Latin America and the Caribbean, on the other hand, most countries have yet to develop relations between governments and business in relation to CSR. Mr. Escudero gave the example of recent accusations against companies for interfering in the writing of the constitution in a particular Latin American country. When establishing relations between governments and business, it is important that both parties respect the basic foundations of democratic societies. In this context, efforts should

be made to further analyse the relationship between the firm and the state. The basic question is how to find the right balance. While companies should take responsibility for social and environmental issues, they should never be a substitute for the state. Mr. Escudero ended his presentation by stressing the value of bi-regional cooperation on CSR. Hopefully, he said, we are at a turning point and the beginning of a non-stop movement.

Sue Bird, European Commission, explained the background to CSR in the European Union. The process had begun with the publication of the EU Commission's White Paper on growth and employment in 1993 and culminated with the publication of a Green Paper in 2001 and a Communication on CSR in 2002. Most recently, the Commission had issued a new Communication on CSR in 2006 entitled "Implementing the partnership for growth and jobs: making Europe a pole of excellence on corporate social responsibility." Ms. Bird then described the European philosophy of CSR. This is anchored in the Lisbon strategy, which is aimed at generating economic growth, more and better jobs, and long-term prosperity. The Lisbon strategy in particular stresses the need for competitiveness as well as social and environmental sustainability. CSR is recognised as companies' voluntary integration of social and environmental concerns in business operations. Finally, the Lisbon strategy emphasises that the social and environmental aspects should apply to all stakeholders. Ms. Bird added that CSR can also be used to bring about a more cohesive society.

Ms. Bird described the fields of influence for the European institutions. These include, *inter alia*, the promotion of social inclusion; innovation in solving societal problems, as evidenced in recent projects on security and crime prevention; tackling pollution and resources use; the image of business in society; and CSR at the local level. At the international level, European institutions could promote human rights, environmental protection and core labour standards as well as advance the Millennium Development Goals.

Examining the nature of the European Commission's concrete CSR activities, Ms. Bird pointed to awareness-raising and best practice exchange; support for multi-stakeholder initiatives; cooperation with member states; and consumer information and transparency. The Commission also supports research and education and facilitates the engagement of SMEs in CSR. Finally, at the international level, the Commission seeks to promote the exchange of experiences with other parts of the world. The present EU-LAC conference being a point in case.

The centrepiece of the Commission's work on promoting CSR and sustainable development had been the European Multi-Stakeholder Forum, which was launched in October 2002. The Forum is chaired by the Commission and brings together European representative organisations of employers, business networks, trade unions and NGOs, to promote joint initiatives in for example, innovation, convergence, and transparency in CSR practices and tools. On December 6th, 2006, the Commission hosted a review meeting of the Forum. Unfortunately, the European NGOs had decided to boycott the event because they felt that the European Commission is not doing enough in relation to CSR and has put too much emphasis on the voluntary nature of CSR. Finally, Ms. Bird drew attention to work of the

High-Level Group of Member State Representatives on CSR, which serves to exchange information on Member State initiatives on CSR, and the existence of the European Alliance for CSR, which is a political umbrella for CSR by companies and other stakeholders.

Finally, Ms. Bird shared her reflections on common future challenges for EU and Latin America on CSR. These included new technologies, climate change, energy use, security issues, and the continued existence of intra-regional economic disparities. Areas of possible future joint work between EU and LAC include defining a common approach to the proliferation of international initiatives on CSR. Also, the development of common reporting mechanisms could be explored. Reaching a common understanding of key concepts and core values, such as decent work, would also be extremely useful. Finally, joint efforts should be made to create effective and inclusive stakeholder dialogues within and across the two continents.

Mads Øvlisen from UN Global Compact and LEGO, stressed that his presentation was based on his own experiences as a businessman and CSR practitioner rather than as a LEGO representative or UN Global Compact board member. Mr. Øvlisen further emphasised that despite all the differences between Europe and Latin America and the Caribbean, which had been identified in the presentations during the day, there are still some “CSR Basics” which have universal application.

The first principle in the list of CSR basics is the need for sincere and determined top-executive commitment to CSR. Mr. Øvlisen argued that in relation to CSR many of the crucial issues are personal, moral and inherently controversial. As a top-executive, you cannot rely on guidelines to steer the right course. You have to discuss the issues with yourself.

The second principle is active employee ownership. Only the employees know where the problems are and how solutions could be found. In this context, Mr. Øvlisen also warned against mistaking CSR with corporate philanthropy. In his view, CSR – properly understood – is how you make your profit and not how you spend your profit.

The third principle is the importance of internal and external dialogues on CSR. External dialogues are important because no company can define its own CSR agenda and act on its own. NGOs and other stakeholders have to be involved in a dialogue with the company. Speaking as a corporate executive, there is no doubt that NGOs at times can be a nuisance, but it is important to recognise that they can also be a tremendous resource. Internal dialogues are important to create a culture of critical thinking in relation to the company’s behaviour. It is very important that employees feel comfortable saying “could we not rather.”

The fourth principle is the need for corporate transparency. If you are serious about CSR as a company, you have to be open and honest about what you do.

Trustworthiness is another important principle. As many surveys had demonstrated, nobody trusts business anymore. In the view of Mr. Øvlisen, the reason for this lack of trust is not recent corporate scandals, such as Enron. Rather, the reason is that companies today are operating in areas they know very little about. Globalisation, outsourcing and offshoring have fundamen-



tally transformed the character of business operations. The problem is that most companies continue to do business as they do in their own backyards. Such a strategy is fundamentally flawed. Moreover, it is extremely risky in today's world where it is impossible to hide from the spotlights of global media.

The fifth principle is the importance of establishing real partnerships between business and other stakeholders. In relation to governments, Mr. Øvlisen stressed that businesses do not need regulators, they need facilitators. Mr. Øvlisen ended his presentation by reminding the audience that the most fundamental challenge of today is the problem of human dignity. As long as 3 billion people live below the poverty line, there is no human dignity.

Antonio Vives, Inter-American Development Bank, began by commenting on the role of SMEs in relation to CSR. It is clear that the SMEs are doing a lot of relevant things. However, it is important not to impose on the SMEs the model of how large companies approach sustainability issues. Neither should models from abroad be imposed on local companies. Turning to the need for proper rules and regulations, Mr. Vives rejected the alleged dichotomy of regulation vs. voluntary approaches to CSR. It should be evident that a mixture is needed. Some issues can be solved by voluntary means while others cannot. In fact, the worst would be a situation where we have the rules and the regulations, but not the means to enforce them.

In Latin America and the Caribbean, the key challenge in the coming years will be to create a demand or market for CSR, among other things through educating the consumers on sustainability issues. Also the region's media should be educated in CSR, enabling them to act as watchdogs to check that companies are not behaving irresponsibly. Addressing these problems will also strengthen the business case for CSR. Finally, Mr. Vives argued that the business community needs to be more consistent in its approach to CSR. Responsibility cannot be circumstantial where companies act at random.

Questions from the audience

The closing generated numerous questions from the audience. Mr. Escudero and Mr. Øvlisen were asked how the UN Global Compact ensured that its members complied with the ten principles. Mr. Øvlisen explained that the UNGC does not, as such, have the capacity to enforce or monitor the behaviour of individual companies. Mr. Escudero added that the UNGC has adopted a series of integrity measures, which, for example, makes it possible to take individual companies off the list of members if they do not provide the mandatory reports on progress in time. To date, 25 companies have been de-listed. Also, the UNGC has established a complaints and mediation mechanism. At the same time, it is important to stress that the UNGC is a learning network designed to help those companies that would like to make a difference through compliance with the ten principles but lack the knowledge or skills to do so. In the end, the UNGC will never be able to reach those companies that have decided not to comply. Ms. Bird from the European Commission was asked about the EC's position on political lobbying in relation to CSR. In her response, Ms. Bird stressed the importance of an inclusive stakeholder dialogue. The door must be open to what various political lobby groups have to say.



Moderator's conclusions and recommendations:

The closing session showed that Europe and Latin America have many things in common, including a strong and growing commitment to corporate social responsibility. Companies and stakeholders in the two regions generally subscribe to the same values and employ the same language when working with CSR. The two regions also face many common challenges, including climate change, energy security, intra-regional disparities and economic and social changes arising from the process of globalisation. The key differences between the two regions, as one panellist pointed out, have therefore less to do with how CSR is understood and more to do with the local context in which CSR is implemented. Apart from these observations, three key issues arise from the presentations of the panellists in this session:

First, the session clearly demonstrated that finding the right balance between the responsibilities of states, on the one hand, and private companies, on the other, remains one of the key normative challenges for the CSR movement in both Europe and Latin America. Particularly in LAC where communities tend to expect more from the private sector, as a result of inadequate public services, than in Europe. The risk is that companies become a substitute for the state or interfere in democratic processes. Within this context, the panel also discussed whether CSR should be regulated or remain voluntary. Opinions ranged from dismissing the dichotomy altogether while arguing for a mixture of the two approaches to the position that companies need facilitators, not regulators.

Second, the panellists all stressed the need for effective and inclusive stakeholder dialogues within and across the two continents. At the same time, it was clear that implementing such dialogues successfully into practice is extremely difficult and beset with pitfalls. The EU Commission's recent experiences with its Multi-Stakeholder Forum were illustrative in this regard. Similarly at the company level where dialogues with external stakeholder often are considered troublesome among managers, but nonetheless important and useful.

Finally, the panel stressed the need to stimulate demand or create a market for CSR, particularly in Latin America and the Caribbean. Clearly horizontal diffusion remains a key challenge for the CSR movement. Particularly in Latin America and the Caribbean, which lack some of the drivers in the form of educated consumers and strong civil society organisations that are present in Europe.

Recommendations arising from the session included:

- European and Latin American companies and other stakeholders should continue the debate about finding the right balance between the responsibilities of the public sector, on the one hand, and private companies, on the other.
- Another practical recommendation would be to strengthen the exchange of experiences with regard to the specific methodologies of stakeholder dialogues. What are the lessons learned from successful dialogues between companies and their stakeholders within and across the two regions?
- Finally, given the shared commitment to CSR and the growing economic interdependence, there seems to be an opportunity to increase collaboration among companies, decision makers and other stakeholder across the two regions in promoting a market for CSR.

ANNEX: AGENDA

Wednesday, December 13, 2006. Pestana Bahia Hotel, Salvador, Bahia, Brazil

8:00-8:30 **Registration**

8:30-9:00 **Welcome address**

Arlindo Villaschi

Alternate Executive Director for Brazil and Suriname,
Inter-American Development Bank

Ole Blöndal

Director General, The Danish Ministry of Economic and Business Affairs

Rita Cauli

European Commission Delegation in Brasilia, Brazil

9:00-10:30 **Session I: CSR Strategy – Developing global strategies**

Miguel Martí

Chief Communications Officer, GrupoNueva

Victor Barbosa

President of Novozymes Latin America

Claus Frier

Sustainability Development Center, Novozymes

Carlos Faccina

Corporate Affairs, Nestlé, Brazil

Lynn Holowesko

Caribbean Council Member for The World Conservation Union (IUCN),
Former Bahamian Senator and Ambassador for the Environment,
Past President of the Bahamas National Trust, Bahamas

Moderator

Tobias Webb

Editor, Ethical Corporation Magazine and Director, Ethical Corporation
Institute, United Kingdom

10:30-11:00 **Break**

11:00-12.30 **Session II: CSR Practice – Overcoming cultural differences**

Arturo Franco

Corporate Communications and Public Affairs, CEMEX, Mexico

Rosario Bazán

General Manager, Danper Trujillo SAC, Peru

Antonio Corral

Director of Area, IKEI, Spain

Antonio Vives

Manager a.i., Sustainable Development Department, Inter-American Development Bank

Moderator**Adrian Hodges**

Managing Director, Corporate Relations and Partnership Development, Prince of Wales International Business Leaders Forum (IBLF), United Kingdom

12:30-14:00**Lunch****14:00-15:45****Session III: Europe - Latin America and the Caribbean Alliances****Hugo Vergara**

Forum Empresa

David Halley

Head of International Development at Business in the Community, London, U.K.

Roberto Gutiérrez

Coordinator, Social Enterprise Knowledge Network (SEKN)

Mette Morsing

Associate Professor, Center for Corporate Values and Responsibility, Copenhagen Business School, Representative of EABIS

Moderator**Jodie Thorp**

SustainAbility Ltd.

15:45-16:15**Break****16:15-17:45****Session IV: EU-LAC relations – The Road Ahead****Manuel Escudero**

Head of Networks, UN Global Compact

Sue Bird

Policy Coordinator- Local Employment Development and Corporate Social Responsibility, Commission's DG Employment, Social Affairs and Equal Opportunities, European Commission

Mads Øvlisen

Adjunct Professor and Chair for LEGO, former CEO and Chair Novo Nordisk

Antonio Vives

Manager a.i., Sustainable Development Department, Inter-American Development Bank

Moderator**Carsten Ingerslev**

Chief of Division, the Danish Commerce and Companies Agency

Organizers



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