

REBUILDING AND REVITALISING AUSTRALIA THROUGH CSR AND SOCIAL GOOD

Increasing Corporate Social Responsibility (CSR) investment and forging social sector partnerships in a post-COVID-19 recessionary world isn't just the right thing to do, but the smart thing to do, writes Hailey Cavill-Jaspers, DoGoodologist and advisor on Corporate Social Responsibility and Social Good.

Two months ago, I gave a presentation to a roomful of in-house lawyers on how business can be a force for social good—in other words—Corporate Social Responsibility (CSR). My greatest concern? Keeping my audience awake after their delicious lunch. Within a few short days, the world was brutally upended by an invisible enemy. Suddenly, things that concerned us just weeks ago now seem frivolous.

No doubt you're working overtime to help your organisation survive during isolation or perhaps you're one of the rare few who are capitalising on the opportunities it's created. CSR and Social Good may not be a priority. However, we've been given a unique opportunity to rewrite the social contract between business and society; to reshape your company to emerge better attuned to the needs of society. Conversations about CSR are the catalyst for discussing how business and society will collaborate moving forward.

If I were a lawyer, I'd be excited at writing that type of ground-breaking contract.

This crisis has demonstrated that we're not invincible; our economy and society are fragile and we're all intrinsically connected. Increasing investment in CSR and Social Good must be high on the agenda—even though that may seem counter-intuitive with budgets tightening.

Are you working around the clock, reinterpreting contracts with compassion and decency, to ensure your suppliers survive the crisis? Do you continue to support your customers' needs even though it means pivoting the business? Are you retaining rather than retrenching employees—supporting them to work remotely, keeping their family safe and looking out for their mental wellbeing? If yes, then you're already practising CSR.

The evolution of CSR

As we enter a challenging time of economic contraction, the pressure on the For-Purpose sector—those charities and non-profits serving our most vulnerable Australians—is going to be immense. Issues such as domestic violence, mental illness, unemployment and homelessness will skyrocket. This is not the time for companies and brands to just look inward, focussing purely upon how to survive and adapt. Consumers worldwide, including Australia, have been calling for companies and brands to play a central role in solving social problems. Now is the time to step up and answer that call and be a force for good, not just because it's the right thing to do, but because it's good for business.

There are many reasons why you, as in-house legal counsel, are perfectly positioned to be a catalyst for CSR and Social Good conversations within your organisation. First, let's explore where CSR came from and how it has evolved.

The 'Greed is Good' Eighties

During the eighties—the era of Gordon Gekko (Wall Street), the 'yuppie' and punk rock—I was a PR consultant in London. Scandals were rare and, when they occurred, it was possible to control the narrative. Communication was one-way—from TV, radio and newspapers to consumers. Companies and brands with big budgets controlled the message.

Consumers had a high level of trust in institutions—they were respected and any expectation of wrong-doing was low. Technological advancements were about to become a revolution as the first Apple Mac said 'hello' to the world, just as the World Wide Web was gestating.

The term CSR did not exist. Some companies donated to charities; this was 'philanthropy'. But things were about to change. A woman—selling body lotions from a little shop near my home, offering refills and campaigning against animal testing—intrigued me. Anita Roddick rewrote the rulebook for the beauty industry and showed her peers in all industry sectors that a company could be both profitable and purposeful. Reading her books, my intrigue turned to admiration and I realised she was on to something. I wasn't the only one—she transformed her 'little shop' into a billion-dollar global business, The Body Shop, tapping into the conscious consumer that wanted great products that were free from harm.

The Nineties—the 'Triple Bottom Line'

For me personally, the nineties began backpacking through Africa, India and Nepal, after becoming disillusioned with my superficial life. I met mountain gorillas in Zaire, hiked to Everest base camp and battled malaria and robbers in Nairobi. After a year of adventures, I landed in India to discover the most extreme poverty, but also incredible joy. An epiphany at Mother Theresa's mission saw me return to London with a strong desire to contribute to society, although I had no idea what that might look like.

The concept of a social contract between business and society was beginning to take hold—that companies exist because of public consent and, therefore, have an obligation to contribute to society's needs. The Triple Bottom Line (TBL) acknowledges that, in addition to *Profit*, there are *People* and *Planet* bottom lines that are equally important.

Unfortunately, aside from The Body Shop, I could not find many companies that were embracing this beyond scattergun philanthropy, so I moved into the non-profit sector, transforming transactional relationships with companies such as Tesco into mutually beneficial partnerships. My future career as a corporate matchmaker began to emerge.

The Light-bulb Noughties

In 2004, a documentary called 'The Corporation' was released. Not only did this highlight questionable business practices that were harmful to People and Planet, but it also brought to my attention a new type of leader in Ray Anderson, Founder and CEO of Interface, a carpet manufacturer. Ray spoke honestly of the negative impact Interface was having on the environment. In a most striking interview, he said,

“

The way I've been running Interface is the way of the plunderer—plundering something that's not mine, something that belongs to every creature on Earth. The day must come when this is illegal, when plundering is not allowed, when people like me will end up in jail.”

Ray convened a formidable task force to shape an environmental vision and strategy—to become carbon neutral by 2020—that would become his legacy and one of the most admired and studied case study on CSR.

While environmental laws have evolved to protect the environment, we are still not adapting fast enough, given the compelling evidence for climate change.

Interface

In 1994, inspired by customers, Interface set out to eliminate all negative impacts on the environment. Under founder Ray Anderson's leadership, they set a goal to be carbon neutral by 2020, named Mission Zero®.

A brilliant storyteller, Ray described the journey towards full sustainability like ascending a mountain higher than Everest—difficult, but with careful and attentive planning, possible. His task force created a framework for the climb: Seven Fronts on Mount Sustainability.

Fast-forward to the Summit Goal, 2020. Manufacturing plants in Holland and Northern Ireland are using 90% less carbon and 95% less water. Zero waste is going to landfill and the Netherlands plant has met all its zero targets. All gas is biogas, produced from green waste and purchased from a local fish processing company.

The switch to 100% biogas eliminated all energy-related emissions at the plant, which stood at 8,900 tonnes of CO₂ a year, just six years prior. In 2012, just 33% of their energy consumption came from renewable sources—now it's 95%.

Interface's journey towards Mission Zero® has been applauded by customers and suppliers, it's shielded the company from energy price volatility and saved millions of dollars in wasted water and energy, inspiring change throughout the broader business community.

It took a brave mindset, determined commitment, development of new technology and constant pushing of boundaries to achieve this radical transformation.

Most of all, it took courageous leadership.



Twenty-twenties decade – the tipping point for CSR

Over the past decade, CSR has come of age. It is now considered an essential, holistic strategy encompassing human rights, labour practices, diversity, equality, transparency, privacy, renewable energy, environmental protection and restoration, operating and marketplace practices, governance, safety, risk, legal compliance, community development, staff volunteering and charity partnerships. Gone are the days of ‘ticking the box’ CSR, paying lip-service and when recycling, a bit of philanthropy and some pro bono volunteering would keep the activists at bay.

Those activists are now your customers, your employees, your stakeholders and your shareholders.

CSR is now a multifaceted and sophisticated strategy. What makes it more complex is the never-ending jargon—TBL, CCI, CR, CSV, Sustainability². I prefer simplicity. CSR is minimising your company’s negative impact on society and the planet. Social Good is pro-actively maximising your company’s positive impact on society and the planet.

CSR is the strategy, Sustainability is the goal.

It would be natural, under the current circumstances, to not prioritise something that, only a decade ago, was considered a discretionary, feel-good option. However, this decade is different. Australians believe that business is the only sector with the resources and mindset to solve the many social problems we face—social problems that are only going to increase in the months ahead. Recently, 78% of Australians said that CEOs should take the lead on change rather than waiting for government assistance, a significant increase since 2018³.

We’ve reached a tipping point and corporate Australia must step up. There is a great risk in not doing so. Ignoring CSR makes your company extremely vulnerable to the next challenge—the court of public opinion. Hyper-sensitive consumers will remember how you behaved through this crisis—they’ll never forget how you made them feel.

We have a rare, short window of opportunity to create a new, more resilient, equal and thriving society. A vision such as this will engage and galvanise your investors, employees and customers. This is the type of company that people will want to work for, trade with and invest in. Companies that live and breathe Purpose will be the ones that thrive.

Companies that watch indifferently from the sidelines, trying to return to the previous ‘normal’ will be regarded as irrelevant, out of touch and, ultimately, obsolete.

Here are five key reasons to increase investment in CSR and Social Good:

1 Win back trust, enhance reputation

“Trust in multilateralism and official institutions is crumbling ... the world needs your leadership.”

Larry Fink, Chairman and CEO of BlackRock

When a billionaire with \$6.5 trillion in assets under management talks about trust and CSR in his annual letter to CEOs for three years straight, you know it’s serious. Trust is the glue of all relationships and the single most important factor that drives corporate reputation.

Consumers do not trust corporations. The last decade saw a global uprising against corporate greed, inequality and environmental plundering, resulting in the lowest ever trust levels in business at the start of 2020. Australia is no different and it’s the millennial generation—your current employees and customers—that feel the most let down.

Corporate scandals have eroded trust in the sector—privacy breaches, tax avoidance, animal abuse, exploding devices, the banking Royal Commission, slave labour practices, environmental disasters, #dieselgate, misleading advertising and wage routes, to name just a few.

The annual Edelman Trust Barometer 2020⁴ revealed that a lack of fairness was a fundamental reason for mistrust, with only 24% of Australians perceiving business as ‘serving the interests of everyone equally and fairly’.

The 2020 Ipsos study of most trusted professions rated business leaders at a dismal 17% trusted, with politicians and bankers below this. In a striking new trend, ‘ordinary men and women’ scored 42%. I’ll politely skip how the legal profession fared (it’s not favourable).

2 Enjoy customer patronage and loyalty

“Business must assume moral leadership. It should be about responsibility, about public good, not private greed.”

Dame Anita Roddick

Frustrated and outspoken customers are demanding change and they’re using their voices, skills and wallets to be heard. They’ve had a gutful of scandals and fearing for their future and believe that not enough is being done to address climate change and society’s problems.

The time of the vigilante consumer is here and they’re supported by an army of apps, websites, blogs, podcasts and TV shows exposing unethical behaviour, marketing tricks and corporate hypocrisy.

There is overwhelming global evidence⁵ that embracing—and practising—CSR and Social Good impacts consumer purchasing behaviour—everything from buying a product, advocating on behalf of that product, paying a premium for it and recommending it.

Now that’s the type of customer you want.

It also works in reverse—1 in 5 Australians have actively boycotted companies and brands in the past year, due to bad behaviour⁶. Boycott doesn’t mean clicktivism either⁷—the most common boycotting action was ‘refusing to buy from a company or brand’. ‘Bad behaviour’ includes a multitude of sins—animal cruelty, unethical behaviour, inaction on climate change and avoiding paying tax and managing workers’ rights, to name a few.

3 Attract and retain the best talent

“Customers will never love a company until the employees love it first.”

Simon Sinek

Millennials account for 50% of the workforce. They're innovative, thrive on technology and will work hard for money—but they will work even harder for a Purpose. Out of touch leaders that complain that millennials are difficult, distracted or disloyal simply don't understand the millennial mindset.

The disconnect between what millennials want and what companies are delivering is vast. A total of 67% of Australian millennials rate 'positive work environment' over money when choosing an employer⁸.

Companies that have people clamouring to work for them have a values-based culture and demonstrate a strong, visible commitment to CSR and Social Good—companies such as IAG, Westpac, Lendlease, Atlassian and SEEK.

Just consider the investment your company makes in replacing and retraining employees—how much could you save if you could keep staff? Build a great CSR program and engage employees and they'll be happy, motivated, productive and loyal. Even better, they'll tell everyone.

4 Resonate with consumers through uplifting stories

“A business is simply an idea to make other people's lives better.”

Richard Branson

For many Australians, isolation has caused them to reflect on what's important in life. The chatter on social media is about the opportunity this crisis presents—to create a different society, one where everyone thrives. People who have never experienced unemployment or homelessness, insecurity and anxiety—will experience it. The small army of socially conscious changemakers will become a vast movement. Social issues are high on the agenda and companies that are not interested in the conversation will be left behind.

Consumers want to see action and they are crying out for positive stories that give them hope. CSR and Social Good stories do both. It's a great way to differentiate a company or brand, especially through social media, as Social Good stories cut through all the noise and reach into the heart of the consumer, aligning with their values.

As a former PR consultant, I know that when times are tough, advertising is often reduced. But you must keep communicating. Perhaps it's time to shift from trying to sell products and services and instead sell an inspiring idea, one of co-operation and of business and society coming together to rebuild Australia.

5 Improved performance and cost savings

For public companies, there is growing evidence that CSR and Social Good translate into improved economic performance, plus have a positive impact on a company's market value and stock price. A total of 75% of professional investors evaluate a company's CSR before investing⁹ and the same amount checks sustainability management to mitigate risk in an increasingly disrupted market.

Sustainable investment now dominates the stock market, with almost \$60 trillion managed by more than 1,300 investment firms who have signed onto the UN Principles for Responsible Investment. Respected analysts from Bloomberg and Goldman Sachs agree that sustainability leaders outperform companies that are slow to embrace CSR. Investors are more drawn to stocks associated with strong, corporate citizenship, and reduced exposure to climate risks and public backlash.

Early reports are showing that in the current market meltdown, sustainable funds are faring better¹⁰. McKinsey are predicting that there will be a spotlight on governance, with investors scrutinising dividends, share buyback and executive pay after the immediate crisis is over.

CSR can also reduce costs. In 2019, General Mills reported a \$4.8M saving while reducing its carbon footprint by 6,000 metric tonnes by implementing over 60 energy reduction projects. A study¹¹ of 152 companies implementing sustainability strategies found that 27% benefited from \$5M in sales of recycled products.

GE established a brand in 2004 to solve social and environmental challenges. During the 2008 global economic crisis, their 'Ecomagination' brand was GE's only source of growth.

People, Planet and Profit

The emergence of the TBL conveyed a fundamental belief that companies should be responsible for more than just delivering Profits to shareholders; they also have a responsibility to care for People and Planet. I don't know how the world will look when isolation lifts, but there is one thing of which I'm certain.

Australians have been reflecting on what's important to them and it's their friends, family and colleagues (People). Restrictions have given them a renewed sense of appreciation for our spectacular environment and nature (Planet). Companies that revert to 'business as usual' will be seen as out of touch and irrelevant.

Shift your focus to People and Planet and consumers, investors, suppliers and employees will support you through this recession. Then, Profit will look after itself.

Cotton On

A brilliant example of a company that has CSR and Social Good in its DNA is Australian private company Cotton On, winner of an ACC award for CSR in 2018¹².

In 1988, 18-year-old Nigel Austin started selling denim jackets from his car at a Geelong market. Today, his company has over 1,400 stores across 19 countries, encompassing seven well-known brands.

The culture of Cotton On embraces an unwavering pursuit to meet customer demand, which includes providing ethical and sustainably-sourced fashion.

Cotton On's CSR commitment is woven into every aspect of its business. The Better Cotton Initiative supports cotton farmers, stewarding improved global standards throughout the supply chain, from farm gate to retail store. Cotton On's goal is 100% sustainable cotton by 2021.

The Cotton On Foundation started in 2007 and has raised over \$100M, empowering youth globally through quality education with projects in Uganda, South Africa, Thailand and Australia. The statistics are impressive—13 schools built, 17 million meals served to students, plus 95 water tanks installed, providing 4 million litres of clean water. There have also been 25,000 vaccinations provided and 16,000 kids received quality education.

Local non-profits are also supported, including Carrie Bickmore's Beanies for Brain Cancer in Australia and the Mental Health Foundation in New Zealand.

In 2019, Cotton On partnered with CARE Australia to deliver the *Empowering Women Workers in Bangladesh* program. The partnership, an industry first, advances female workers in the supply chain by developing their life and leadership skills.

The Cotton On in-house legal team guides the business on everything relating to compliance, charity permits and registrations, vendor agreements, ethical sourcing, tax concessions and gender equity, as well as providing pro bono legal advice to the Cotton On Foundation.

One of the most significant documents written by the legal team is the '14 Rules to Trade' agreement, which requires all suppliers to adhere to rules around environmental management, child and forced labour, discrimination, safety, minimum wage, use of raw materials and factory audits.

It's clear that Nigel established a very successful formula in embedding CSR and Social Good into the fabric of his business since day one and it's proved to be exceptionally good for business.

Retail has been severely impacted by the crisis, but I predict that it's companies like Cotton On—with their entrepreneurial spirit, ability to fast-pivot and an undeniable commitment to Planet and People—who will continue to enjoy ongoing customer loyalty. ^a



Footnotes

1. Young urban professionals
2. Triple Bottom Line, Corporate Community Investment, Corporate Responsibility, Creating Shared Value, Sustainability
3. Edelman Trust Barometer 2020
4. Edelman Trust Barometer, February 2020
5. Numerous studies cited in Talking the Walk 2019
6. Talking the Walk, July 2019
7. Showing support for a cause on the internet – social media likes or petitions
8. Talking the Walk 2019
9. Responsible Investment Association Trend Report 2016
10. UBS
11. Pure strategies, 2015
12. In the interests of transparency, I must declare that I've not worked with Cotton On—they generously allowed me to showcase their CSR work at the conference and in this article.

Hailey Cavill-Jaspers



As fearless leader of Cavill + Co, Hailey has advised blue-chip companies and brands on CSR and Social Good for over 20 years. She's built over 50 cause partnerships for clients including Disney Australia, Vodafone Foundation, Mondelez Australia and SEEK. Hailey also teaches non-profits how to partner with corporates through her online training program, BePartnerReady.com™

Hailey's 2019 e-book 'Talking the Walk®2' is available free to all readers until 30 June <https://www.cavill.com.au/product/talking-the-walk2-ebook/> and type in TTWACC upon purchase.