2015 Corporate Responsibility
Barometer for Belgium

On the road towards a
sustainable economy
in Belgium

A message from the **Minister of Sustainable Development**

As Minister of Sustainable Development, I am pleased that our Belgian companies are making it a top priority to behave responsible. This new edition of the CR barometer shows that our companies have made a lot of progress in just about every field.
CR is clearly no longer in its infancy, gradually becoming interwoven within the strategy and the core of our Belgian businesses.

About ten years ago, the federal government, together with the regional authorities, developed the first policy on corporate responsibility. With the publication of a frame of reference and a preliminary action plan, the federal government took its first tentative steps in supporting and facilitating enterprises to be responsible, while also promoting the quality of these initiatives. This was done in the belief that the government is an important societal partner for companies, a partner who can both seek and provide answers to both big and small challenges in our society. Whether those challenges lie in the field of economics, the social domain or the environment, it is only through cooperation between all societal partners that we will succeed in coping with the challenges that lie ahead.

I am therefore pleased with the results of this barometer. Businesses are looking for answers through dialogue with their stakeholders, and are taking responsibility. The government would like to continue to support and encourage this, and we continue to be open to cooperation with businesses and all other stakeholders.

The results are promising. When we look at the importance of respecting and promoting human rights, we see that more and more companies are taking action on this issue. The government is currently (in consultation with the stakeholders) creating a National Action Plan on Business and Human Rights, which is being carried out at the request of the United Nations. This monitor shows that we will find genuine partners in our Belgian companies. Partners who want to help foster and promote a respect for human rights, and this is simply one example. I am convinced that businesses, other societal actors and the government can be partners on the issues of climate change, biodiversity loss, health, poverty and more.

Corporate responsibility is not a marginal practice; rather it is increasingly becoming embedded and part of corporate entrepreneurship. However, this does not mean that we should rest on our laurels. There is still much work to be done in terms of integrating sustainable development into the supply chain. Consumer consciousness remains a major challenge in terms of awareness in choosing products that are produced in responsible ways. For me, sustainable development is therefore also a verb, and it is only by continuing to develop new initiatives, create partnerships and to make ethics a core value of production and consumption, that we can face the future with confidence. A future that lies in our hands, and is possible to create.

I want to thank all companies and their stakeholders for taking and shaping their corporate responsibility. I invite the reader to take note of the compelling results of the CR barometer, and to engage in dialogue with government, businesses, trade unions, NGOs, consumers and others, in order to work together on building a sustainable future. ◄

Marie Christine Marghem
Federal minister of Energy, Environment and Sustainable Development

A message from the **Deans**

Rudy Martens,
Dean, Faculty of Applied Economic Sciences, University of Antwerp

Paul Matthyssens,
Dean, Antwerp Management School

Michel De Wolf,
Dean, Louvain School of Management

Frank Vidal,
Dean, Audencia Nantes School of Management

We are very pleased to be the academic partners of this second edition of the Corporate Responsibility (CR) Barometer which firmly shows that Corporate Responsibility is truly becoming embedded into the different domains of business management, operations and strategy.

In the context of the enormous social and environmental challenges that European economies are facing today, companies and academic institution should develop innovation, entrepreneurship, excellence and quality in all aspects of management. Studies such as the one reported here help appreciate the path that is behind as well as ahead of us. We need to identify best practices and potential room for improvement to turn these challenges into opportunities.

Within the world of higher education the notion of responsible management education is also becoming embedded. Universities and business schools such as ourselves increasingly have attention for the way concepts such as sustainability, ethics, sustainable leadership, and corporate responsibility are integrated in the teaching and research components of our activities. It is in our duty to do so; after all we are educating the leaders of tomorrow.

Finally the pleasure of being able to work academically together as well as with business organizations such as The Shift, Belgian Chambers of Commerce and VBO/FEB illustrates the gains that can be made from joining forces when it comes to tackling societal challenges. We hope that this report is one element that helps to point the direction.

BASF Deloitte Elia Chair on Sustainability – Universiteit van Antwerpen and Antwerp Management School, Louvain School of Management, Audencia Nantes School of Management ◀

A message from
The Shift

In June 2015, Business & Society Belgium and KAURI joined forces to create a unique multi-actor network: The Shift. The Shift is the Belgian meeting point for people and organizations willing to realize the transition to a more sustainable society and economy. Our method: connect, commit, change.

The CR Barometer 2015 will help us to realize this ambition. We are grateful to our academic partners, the BASF Deloitte Elia Chair on Sustainability, a joint project between the University of Antwerp and Antwerp Management School, Louvain School of Management and Audencia Nantes for the time and effort they have put into this new edition of the CR barometer. The conclusions are reassuring: CR is becoming more strategic, better embedded and is no longer seen as a mere instrument of compliance. Rather, CR is becoming a driver for innovation.

We are also glad to see that the champions of CR are members of The Shift and its alliance partner, the UNGlobal Compact Network Belgium. Through our connect, commit and change activities we want to help our members work even more closely with their stakeholders, including employees, shareholders, customers, suppliers and civil society. As a unique multi-actor network, we challenge our members to find innovative ways of conducting projects together so as to contribute to the Sustainable Development Goals launched by the United Nations in September 2015.

The challenges we are facing as a society call for joint action. Small and medium sized organizations are important partners for larger organizations. Collaborations are essential if we want to have a greater impact. To tackle the challenges of tomorrow, companies will have to work much more closely with their stakeholders to create Shared Value and innovate to contribute to societal and sustainable development.

The role of the younger generation, which we call Generation 'T' or Generation Transition, is crucial for the choices that will be made for the future. So is the role of the academic community. Studies such as the CR Barometer help companies, civil society and the general public to define the path to a more sustainable future. We will continue to work closely with Generation T, the academic community and all our members in order to commit and change ways of doing business and habits of consumption in a more responsible and sustainable way. We hope to see the results in the next edition of the CR Barometer. ◀

Sabine Denis
Co-Executive Officer

David Leyssens
Co-Executive Officer

Acknowledgments

We would like to thank the following persons and organizations for their active contributions, sharing their thoughts and knowledge with us and allowing access to their networks.

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BASF   Deloitte.   elia
We create chemistry   Powering a world in progress

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Belgian Chambers

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Louvain CSR Network

MVO Vlaanderen

Content

Key takeaways
of the CR barometer

This report is an update of the 2011 Corporate Responsibility (CR) Barometer. The results of this survey are very much in line with the 2011 survey, though we would like to point out the following six highlights:

- In all domains except community involvement, companies have made **major progress** over the past four years.

- The most remarkable change lies in the domain of **human rights**, which is now being addressed by almost 60% of our respondents using comprehensive management systems.

- The **CR manager** is most likely to be found in a strategy department rather than a separate CR department. We consider this a positive evolution indicating that CR is increasingly being looked upon as a strategic issue, thus moving it closer to the core of the company.

- Companies are starting to understand that sustainability is about **business opportunities** rather than just constraints, and about **value creation** rather than just value protection.

- CR is still very much a local concern. Few companies push CR through their **supply chain**, let alone assist their suppliers in implementing CR. This is unfortunate since a large portion of the company's CR impact runs through the supply chain. This holds for environmental issues as well as social and human rights issues.

- **Community support** stays local. Support for humanitarian projects in developing countries remains limited. ◄

Recommendations

- **Deeper professionalization** of CR through further integration in management systems pushes the CR mission of the organization. Room for improvement remains in all domains even for the most developed ones like occupational health.

- A **dedicated CR representative and membership of a CR network** is helpful in developing the CR mission of the company.

- Companies concentrate mainly on excellence in their own operations. This is good, but the largest gains in CR impact of their activities often come from their suppliers and the afterlife of their products. Careful analysis of the life cycle of products and careful consideration of the **supply chain partners** can increase the final CR impact of the company's activities dramatically.

- The interaction with the suppliers around CR issues needs to deepen. This will often ask for local knowledge that can come from deeper **interaction with diverse stakeholders,** including NGO's. ◄

The context of the 2015 **barometer**

Like the 2011 survey, this survey was built in the spirit of ISO26000, the corporate responsibility reference tool. Despite the fact that ISO26000 is non-certifiable, and that only a limited number of companies actually use the standard, it is still a valuable reference point that appears in international reference texts and in certifiable management instruments (e.g. SR10). It is a very robust standard that resulted from a lengthy, multi-stakeholder negotiation process, which bolsters its legitimacy as well as its overarching character.

ISO26000 defines corporate responsibility as the responsibility of an organization (public, private, NGO s) for the impact of its decisions and activities on society, through transparent and ethical behavior that contributes to sustainable development. This includes the health and welfare of society, the expectations of stakeholders and compliance with applicable laws and international norms of behavior. It is felt that all of these concerns should be integrated throughout the organization and practiced in all its relationships. Given this point of departure, the structure of this survey is determined by the seven fields of responsibility identified by ISO26000:

- The Environment
- Labor Practices
- Consumer and customer issues
- Fair operating practices
- Community involvement and development
- Human rights
- Organizational governance

Apart from these seven fields of responsibility, we also take a closer look at what drives companies to invest in CR, how the companies relate to stakeholders, how the companies look upon future sustainability challenges, where the companies situate the CR responsibility inside the organization, what kind of CR standards the companies adhere to and how the membership of a CR organization affects the CR implementation. Before we dive into these themes, however, a few words about the data set and the graphs we use are in order.

CR Labor Practices

	No action	Ad hoc' actions	Action plan	Measure	Objectives
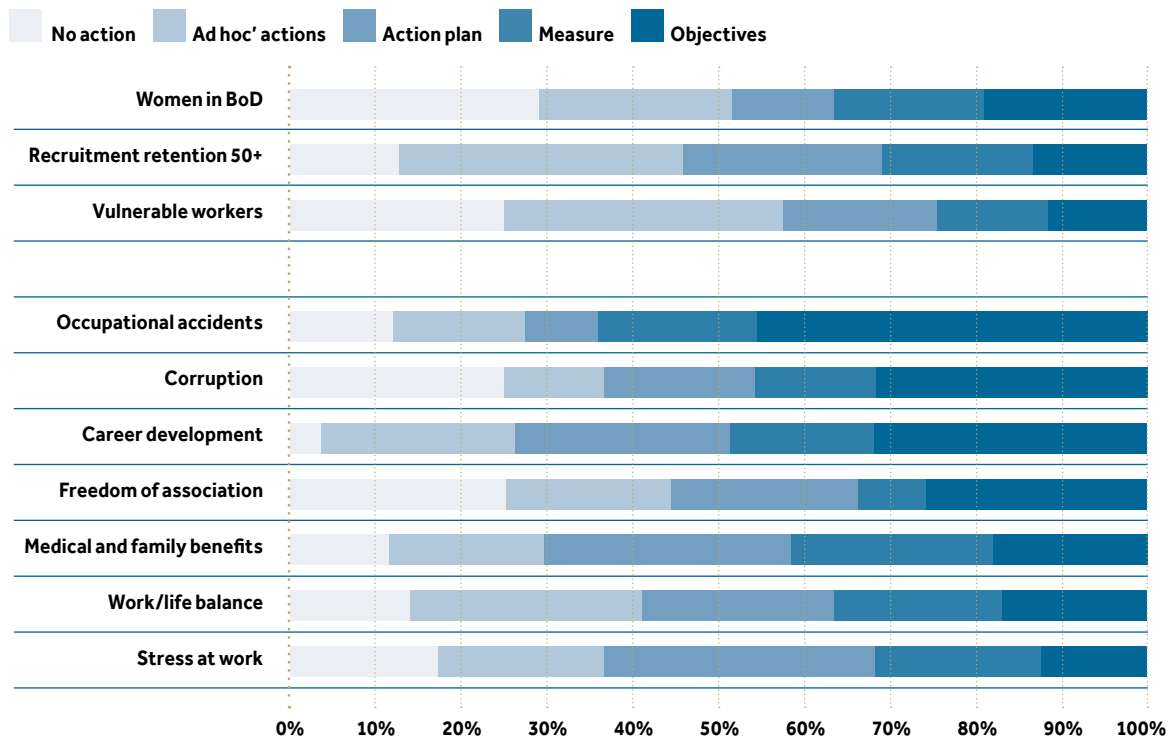
Reading the **graphs**

Throughout the study, graphs such as the one above will be used.

This graph should be read as indicating how deeply a certain topic is embedded into the governance system of the organization. There are five levels of implementation:

- **No action (level 0):** the organization does not undertake specific actions with respect to a certain topic, beyond compliance with the law

- **'Ad hoc' actions (level 1):** the organization has undertaken some 'ad hoc' actions that go beyond legal requirements.

- **Action plan (level 2):** the organization has some ad hoc actions while also developing a written policy code or action plan.

- **Measure (level 3):** the organization has developed a system for measuring and/or following up a particular CR subject

- **Objectives (level 4):** the organization has developed a systematic way of handling the topic under a continuous improvement perspective. It includes objectives, measurement systems, action plans, performance indicators and an audit system.

Graphically, the further to the right and the more intense the blue becomes, the deeper the company has implemented management systems around this theme. For instance, in the graph above, around 47% of all respondents have implemented a comprehensive management system containing objectives, measurement system and action plans revolving around the topic of occupational health. For 'stress at work', this only holds for 13% of the respondents.
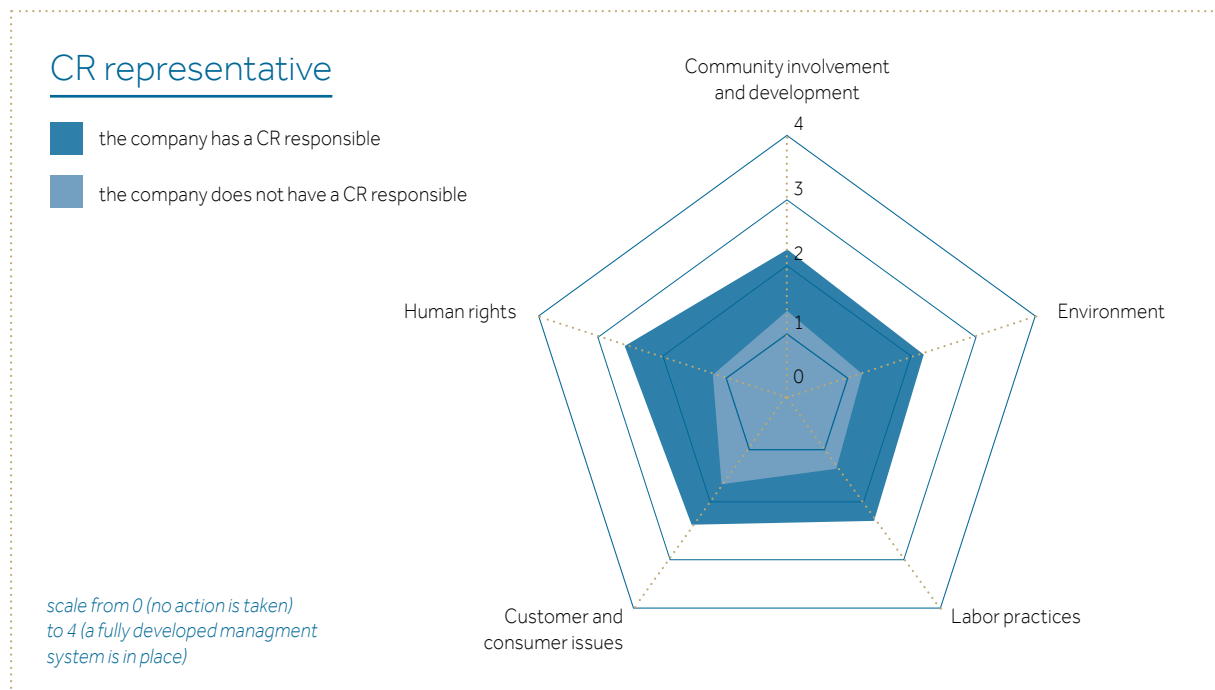
A second type of graph uses the same five levels of implementation ranging from 0 (no action) to 4 (full management system) but looks at average scores for five CR domains: environment, labor practices, community involvement, human rights and consumer issues. For instance in the radar graph below you can read that for each of the five CR domains involved, the average implementation score for companies with a CR responsible person is clearly higher than for those without a CR responsible person. Yet average scores are still far removed from the maximum score of 4.

The **data** set

This report is based on data collected through an online survey executed in October-November 2014. We had over 500 responses coming from all regions, comprising all sizes and sectors in Belgium. Unfortunately, many of them were incomplete, leaving us with the 227 complete answers that provide the basis for this report. The Flemish region provided 65% of the full answers, Brussels 25%, and Wallonia 10%.

While the regional distribution is clearly skewed, this is not the case with respect to sector and size. All major sectors and all sizes are represented, including the very small companies that seldom participate in CR surveys. Unfortunately, we cannot claim this to be a representative sample for Belgium. Many respondents (48%) belong to a CR network, and the sample is too limited and not inclusive enough of small companies to truly be representative of the Belgian economy. Nevertheless, the sample does give us an interesting indication of the way companies implement CR in Belgium, and is very much in line with the previous survey.

CR representative

■ the company has a CR responsible

■ the company does not have a CR responsible

Community involvement
and development

Environment

Labor practices

Customer and
consumer issues

Human rights

*scale from 0 (no action is taken)
to 4 (a fully developed managment
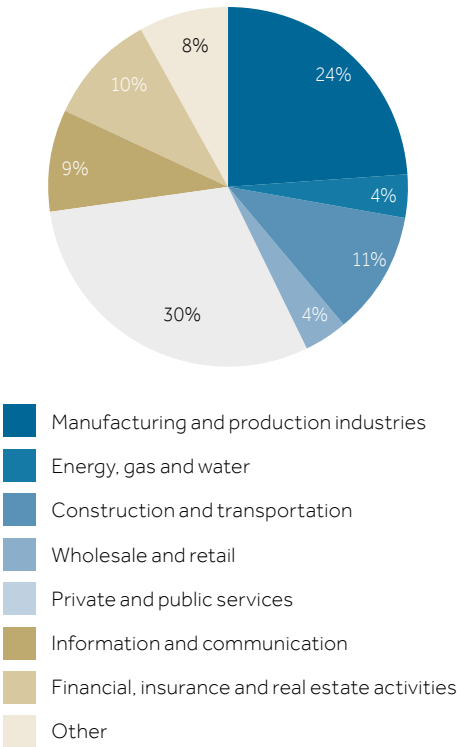system is in place)*

Throughout the report, we will compare the results of this survey with those of the 2011 survey, which presupposes that both datasets are more or less comparable. Although there are clear differences between the datasets (such as more answers and stronger participation from Wallonia in 2011), the sectoral distribution and company size distribution are quite comparable, so we will remain with the presupposition that both studies are comparable.

An important caveat that we should stress from the start is that we do not aim to measure the actual CR performance of the company, which tends to be much more difficult and far more contentious. How should we fairly judge the human rights record of a particular company? If we were to directly ask the company to judge its own human rights performance, it would become more challenging to get truthful, objective statements acceptable to all parties. Instead of this, we use an intermediate factor (the management system) as a proxy for the actual CR performance. We thus presume that when a company has a strong human rights management system in place, it will most likely make progress in the field of human rights. Undoubtedly, this is not always the case. Nevertheless the link has been demonstrated before, for instance with respect to occupational health. When a number of years ago companies started to implement management systems to handle occupational health, the number of factory accidents effectively went down. ◀

Distribution by sector

- Manufacturing and production industries
- Energy, gas and water
- Construction and transportation
- Wholesale and retail
- Private and public services
- Information and communication
- Financial, insurance and real estate activities
- Other

Distribution by company size

- Less than 20 employees
- Between 20 and 249 employees
- Between 250 and 499 employees
- More than 500 employees
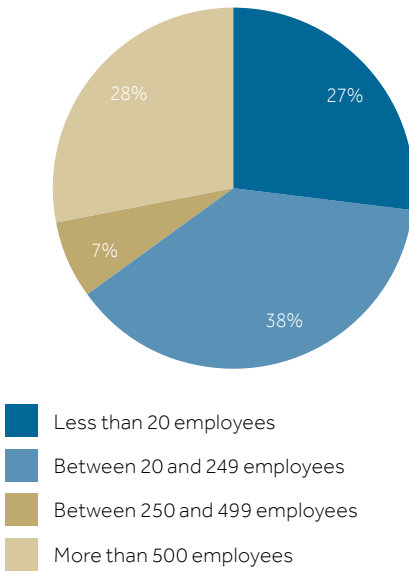
What drives companies to **invest in CR**?

Motivations

The top 5 reasons given by companies when explaining their involvement in a CR strategy tend to be reasons that are firmly positioned in the company's long term vision: they hope to experience a positive impact on their reputation, build a strong relationship with their stakeholders, motivate their employees, innovate their products and services and obtain support to meet regulations.

The first argument remains - as in 2011 - the reputation of the company, followed closely by the establishment of relationships with stakeholders and the motivation of staff members.

Employees remain one of the key stakeholders for companies (as in 2011), since the impact on employee motivation and the attraction of future talents was again mentioned as a major motivation for CR policies. This is very much in line with 'shortage of skilled workers' being identified as one of the top 5 issues for companies over the next 10 years.

At the bottom of the ranking, we find the same five factors as in 2011: competitive advantage, risk mitigation, cost reduction, access to new markets and improved financial results. It seems that companies still struggle to find any clear immediate business advantage to CR practices. In an apparent contradiction to this, they do identify 'innovation of products and services' as an important motivator for the introduction of CR management practices. This, combined with employee motivation and talent retention, should ultimately influence the financial bottom line.

There is still a way to go, but companies are starting to understand that sustainability is about business opportunities rather than just constraints, and about value creation rather than just value protection.

What is the impact of your CR management practices on :

Impact	Score (Scale 0 to 4)
improved reputation	3.4
building relationships with stakeholders	3.3
employee motivation	3.2
contribution to innovation of products/services	3.1
support to in following regulations	3.1
improved ability to attract and retain talent	3.0
contribution to process and organizational innovation	3.0
risk mitigation	2.9
competitive advantage	2.9
cost reduction	2.5
easier access to new markets	2.4
improved in financial results	2.3

Scale 0 (no impact) to 4 (high impact)

Challenges

Among the top five challenges raised by the companies, three are perceived as permanent over time: economic instability, stakeholder dialogue and climate change.

Compared to 2011, we notice that climate change, human health and diseases and workers' rights are considered part of the list of the top 5 challenges today though they were not reported by respondents in 2011. We see that it is economic instability that remains the number 1 priority over time, with economic crisis perhaps being a permanent reality. ◄

TODAY	IN 10 YEARS
Economic instability	Economic instability
Workers' rights	Stakeholder dialogue
Stakeholder dialogue	Climate change
Human health and diseas	Shortage of skilled workers
Climate change	Resource depletion

*Improved reputation is still the number one driver for CR engagement.*

Relation with the **stakeholders**

Companies have their highest rate of interaction with internal stakeholders, investors and customers. Interactions with NGO's, though still quite limited (53% report having no interaction whatsoever), have clearly increased compared to 2011 (when 63% had no interaction).

Adopting a CR approach is primarily a conscious decision of top management. In line with 2011 results the involvement of middle management and staff in CR remains quite low. In a sense, this is puzzling. On the one hand, companies clearly identify 'motivation of employees' as an important reason to develop CR initiatives, yet at the same time, staff or middle management are not really considered a driver of CR. If a company is serious about CR, the message should reach all employees and pressure to implement should not only come from top management.

The power of internal stakeholders

Top Management	
Middle Management	
Staff	

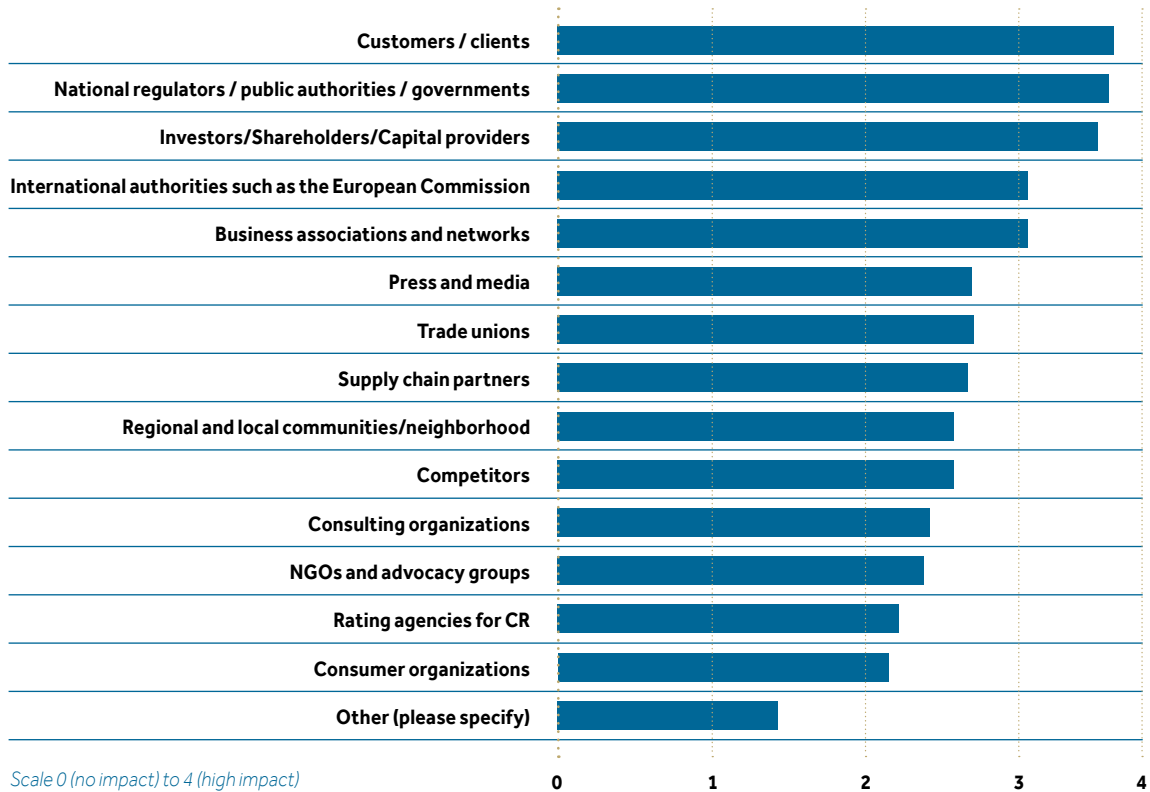*Scale 0 (no impact) to 4 (high impact)*

0   1   2   3   4
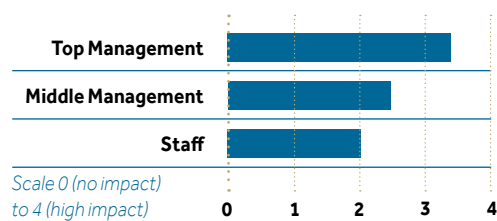
When analyzing the figures pertaining to external stakeholders, the three most influential stakeholders remain the same as in 2011 (given a slight change in ordering): customers, regulators and investors. Seeing that customers and investors come first is reassuring, indicating that the economic pressure to internalize CR is real enough (at least in the perception of companies). This provides somewhat of a guarantee that this initiative is not going to disappear any time soon.

Companies have their highest rate of interaction with internal stakeholders, investors and customers. Interactions with NGO's, though still quite limited (53% report having no interaction whatsoever), have clearly increased compared to 2011 (when 63% had no interaction).

From a CR point of view, extending and deepening relations to stakeholders seems to be the best way forward. However, when it comes to the strongest interaction (partnership), we see a real decrease compared to the 2011 survey. This is noteworthy but not necessarily worrisome, because when we extend the analysis to incorporate the three major levels of interaction (partnership, collaboration and recommendations); there is actually hardly any change. It appears that the nature of the interaction has somewhat loosened compared to 2011, but the overall involvement of stakeholders is quite clear.

Customer, regulatory and shareholder pressure are the main reasons for top management to engage in CR action.

The power of external stakeholders

Stakeholder	Impact

- Customers / clients
- National regulators / public authorities / governments
- Investors/Shareholders/Capital providers
- International authorities such as the European Commission
- Business associations and networks
- Press and media
- Trade unions
- Supply chain partners
- Regional and local communities/neighborhood
- Competitors
- Consulting organizations
- NGOs and advocacy groups
- Rating agencies for CR
- Consumer organizations
- Other (please specify)

Scale 0 (no impact) to 4 (high impact)

0   1   2   3   4

The relationships with the different stakeholders

Legend: No interaction · Information · Consultation · Recommendations · Collaboration · Partnership

- Investors/shareholders/capital providers
- Customers
- Internal stakeholders (workers, employees)
- Governmental bodies
- Trade unions
- Suppliers / subcontractors
- NGOs

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
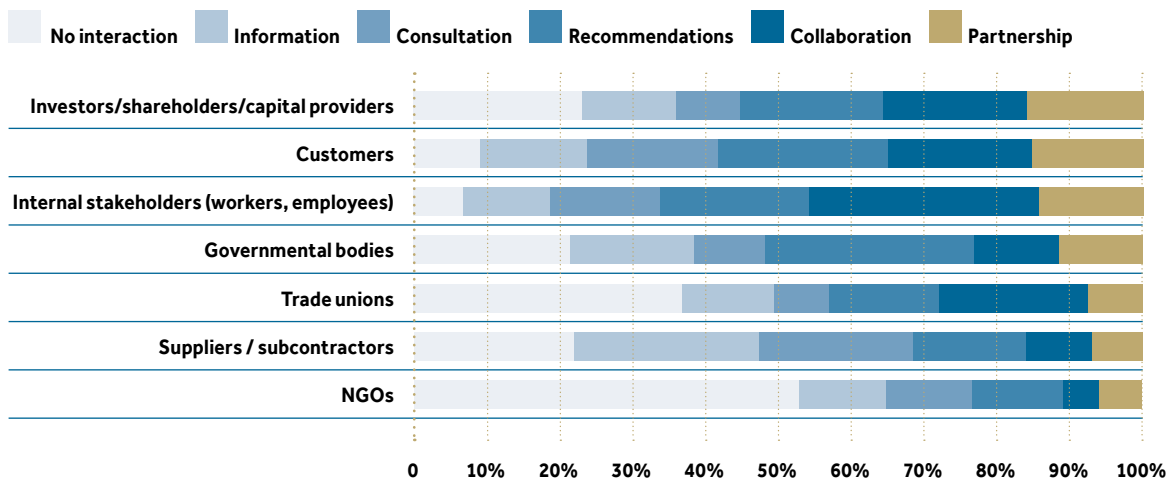
The groups that lose out are trade unions and suppliers, which, for trade unions, seems to reflect a general change in industrial relations. For suppliers, this is more problematic, and not only from a CR point of view. In a globalized economy, the CR impact mainly runs through the supplier network, a message that companies have not yet grasped. They currently seem to lack the necessary interactions to control the total CR impact of their products. We will return to this in the conclusion. ◀

53% have no interaction with NGO's whatsoever.

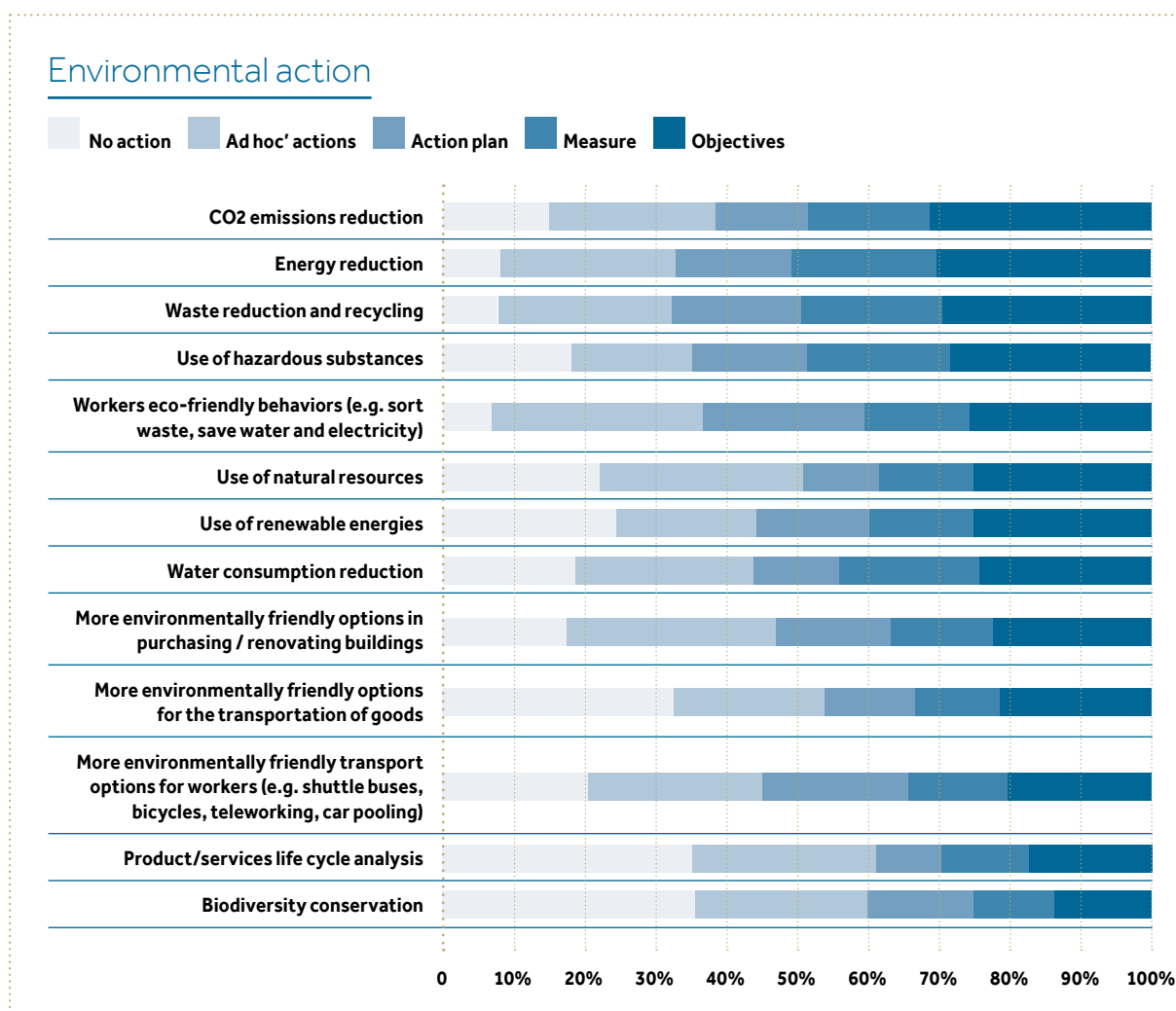# What do companies do in regard to **the Environment**?

Environmental concern has always been a strong driver of CR, and this has not changed. On the contrary, in the four years since our 2011 survey, environmental actions have increased in all domains. The results show more objectives, more measures and more action plans. Over this four year period, our graph shifted to the right (which equals stronger management of the issue) between 10 to 15%, which is quite significant.

Confirming the 2011 survey, large companies (+500 employees) have a higher degree of environmental management formalization, and the industrial sector, in particular, seems to be a champion of environmental actions (with the exception of worker mobility plans).

The least popular domains remain biodiversity and life cycle analysis of products, but even here we see clear improvements. In 2011, more than half of the companies did nothing with respect to both domains. This figure has now decreased to 35%. Resource efficiency, including CO_2 emission reduction, remain the most developed targets, and they are the easiest to translate in management systems and to utilize in the context of established quality standards like the ISO14000 family. Companies do not stop there, though, as they increasingly involve their employees, with only 7% not engaging in educational initiatives to mobilize their employees for environmental actions (from 15% in 2011). More than half of the companies have clear action plans, measures and targets to "green" worker mobility (e.g. shuttle buses, bicycles, teleworking, carpooling etc.), though to what extent all this translates into better eco-results is something we cannot determine based on our data. It would be surprising, one would think, if stronger management systems did not actually result in better outcomes. Environmental concern is currently on the march and not likely to stop anytime soon. ◄

Environmental action

Legend: No action | Ad hoc' actions | Action plan | Measure | Objectives

> 32% have clear objectives and measurement systems with respect to CO_2 reduction.

What do companies do in regard to **labor practices**?

The social domain shows a comparable evolution to the environmental domain. Again, clear improvements are seen with all issues. The graph below, indicating the seriousness with which an issue is addressed at the managerial level, moves to the right from 10% to 15%. Substantial, to say the least.
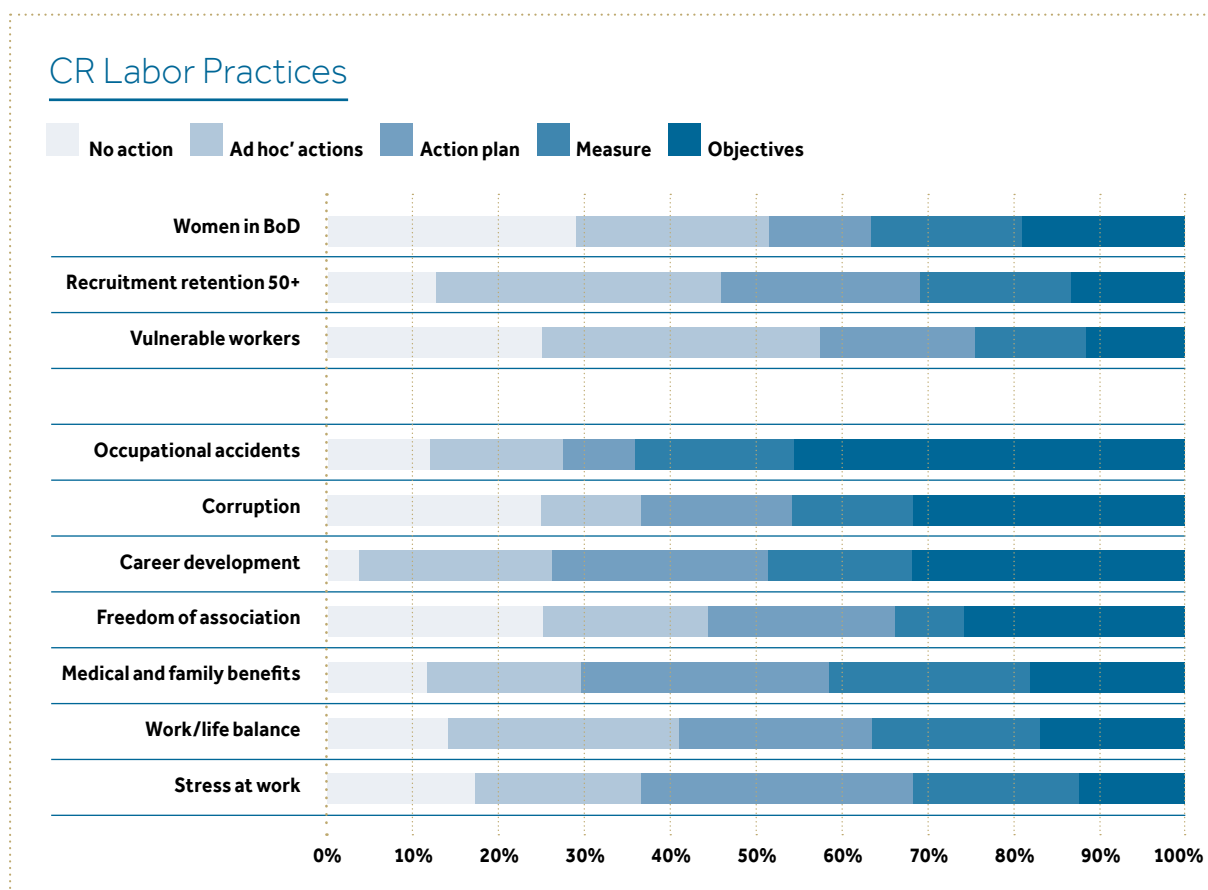
The graph on the opposite page splits into two parts. We relate the first three issues (women in the board of directors, vulnerable workers and employee retention beyond age 50) to diversity in the workplace. The second set of topics is connected to general work related issues. In 2011, diversity issues were the laggards in the set of labor practices, with almost 50% of companies taking no action in that direction. This is clearly changing. While 25% still take no action, 50% have elaborate policies with respect to diversity, such as action plans, measures or clear objectives.

Workers safety is still the number one concern, with almost half of the companies having explicit targets for occupational accidents compared to four years ago (37%). Remarkably enough, 12% of the companies admit not taking any action with respect to occupational accidents. Even in such a well-established area there is still progress possible and necessary.

Physical safety has traditionally been a major concern, but psychological well-being has become at least as important and perhaps harder to address. Issues such as work/life balance, and stress at work, play an important part in this respect, and again, we see progress in both domains compared to 2011. More companies are addressing the issue and more companies have clear targets with respect to both problems, yet interestingly, only 12% have thus far developed a complete management system concerned with stress at work. There is progress, but still a long way to go in this area.

When it comes to integrity related issues, we see that 65% of companies have implemented a code of conduct. If we disregard the smaller companies, we find that almost all larger organizations have a code of conduct, which

CR Labor Practices

Legend: No action | Ad hoc' actions | Action plan | Measure | Objectives

Practice	0%	10%	20%	30%	40%	50%	60%	70%	80%	90%	100%

Women in BoD
Recruitment retention 50+
Vulnerable workers

Occupational accidents
Corruption
Career development
Freedom of association
Medical and family benefits
Work/life balance
Stress at work

translates into fairly robust anti-corruption policies. While many small companies—rightly or wrongly—indicate that this is not a particularly relevant issue for them, a full 33% of the participants have a full blown management system to handle corruption/integrity issues. As in the 2011 study, this relatively high figure could be related to the composition of our sample, which contains a number of financial institutions. ◄

12% have a complete management system concerned with stress at work.

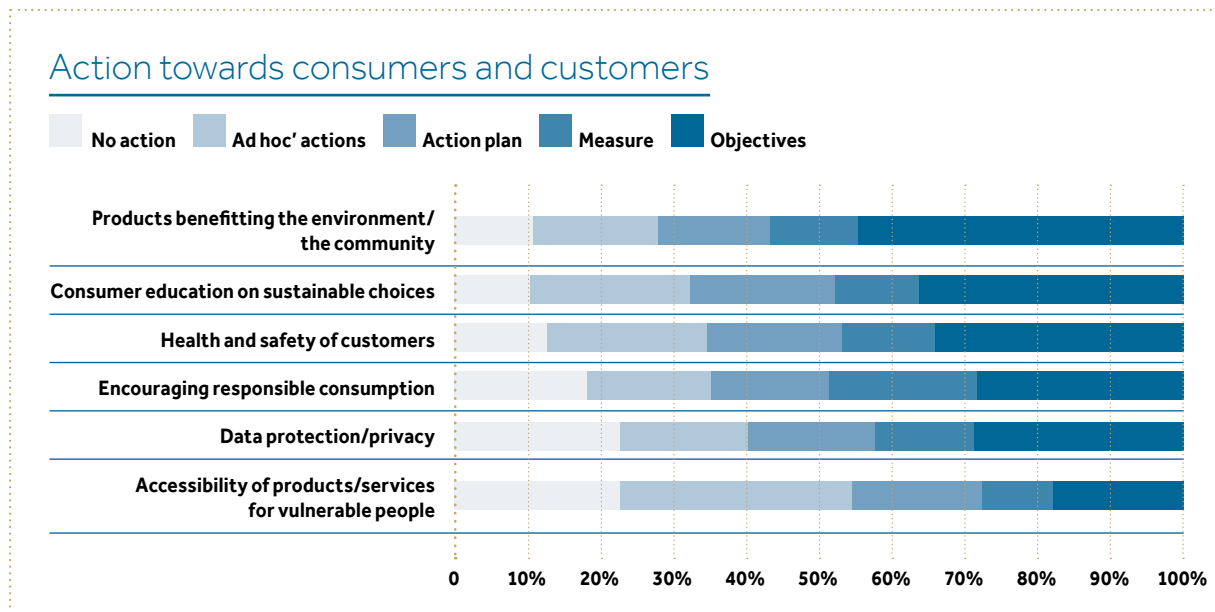# What do companies do in regard to **consumer and customer issues**?

Among the CR actions geared towards consumers, it is the marketing of products or services that are socially or/and environmental beneficial that is seen as the prime concern of our respondents. 45% of them have clearly-defined targets to develop and sell "green" or socially responsible products. We cannot actually confirm this through our data, but we do find hints that show us that sustainability is driving product innovation or, conversely, that the need to innovate pushes companies along the sustainability path.

Along this path, companies try to educate their consumers and take a closer look at health and safety concerns for consumers. For both targets, companies have developed specific objectives and key performance indicators (36% and 34%, respectively).

Very limited action currently exists in regard to the accessibility of products and/or services for vulnerable people, with more than 50% of respondents reporting that they take ad hoc actions or no action at all.

Despite all the initiatives, and despite the fact that companies identify consumers/customers as the most influential stakeholder, progress in the consumer field is limited compared to environment or labor issues. The number of companies taking no action, with respect to the various issues, has shrunk on average 10%, though when it comes to clear objectives, there is hardly any progress. Even if we take a broader look and include action plans and measures, there is only limited progress. When it comes to data privacy the situation is even more troubling as it reverses, which is puzzling given the increased importance of this topic.

Action towards consumers and customers

Legend: No action · Ad hoc' actions · Action plan · Measure · Objectives

Products benefitting the environment/
the community

Consumer education on sustainable choices

Health and safety of customers

Encouraging responsible consumption

Data protection/privacy

Accessibility of products/services
for vulnerable people

0 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

Despite limited progress, companies do take action to address CR issues with consumers:

- 41% of the respondents have a form of environmental labelling guaranteeing that certain CR criteria are complied with.

- 41% of the respondents perform regular customer surveys that include questions relating to social, environmental and ethical issues.

- 42% of respondents have a code of conduct or guidelines for a responsible communication. Such a code can include issues such as diversity, the image of women, and the quality of information.

- 81% of the respondents have a process for collecting and processing customer complaints. ◀

41% of the respondents perform regular customer surveys that include questions relating to social, environmental and ethical issues.

What do companies do in regard to **suppliers**?

In a globalized economy, a considerable portion of a company's CR impact occurs through the supply chain. When a company outsources production, this involves also outsourcing certain environmental and social risks. When these risks are no longer part of your operational business, does this mean that the company can neglect them? This is not self-evident, since we repeatedly see instances where brand integrity is under pressure because of a company's neglect of the link that consumers and authorities make between a company and its suppliers.
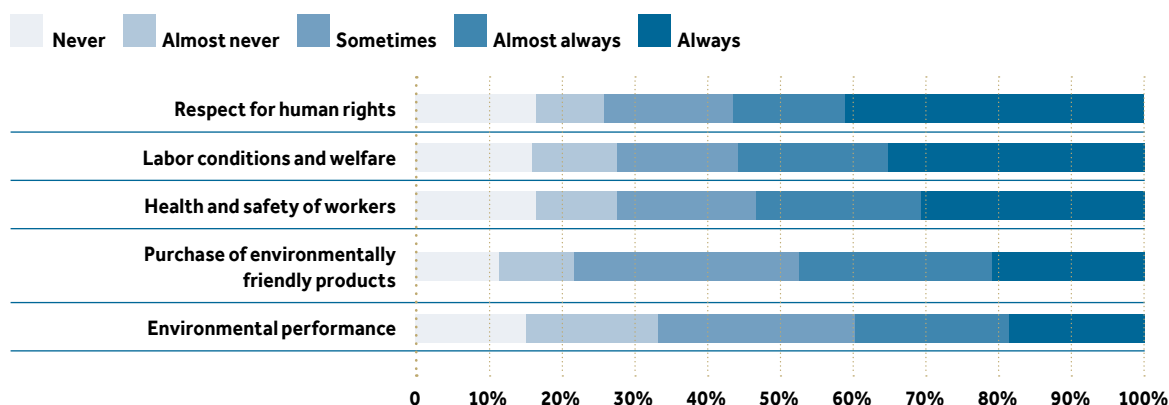
Consistent supply chain management along CR lines is therefore quite crucial. A sizeable and increasing number of companies in our sample have clearly absorbed this message:

- 34% (compared to 29% in 2011) of the respondents have a code of conduct which they follow in their relationship with their suppliers, containing social, environmental and ethical criteria.

- 37% (25% in 2011) introduce clauses containing social, environmental and ethical criteria into their contracts with their suppliers.

- 24% (17% in 2011) have developed an assessment system of social and environmental performance of their suppliers.

- 20% (16% in 2011) visit their suppliers to check their social and environmental performance.
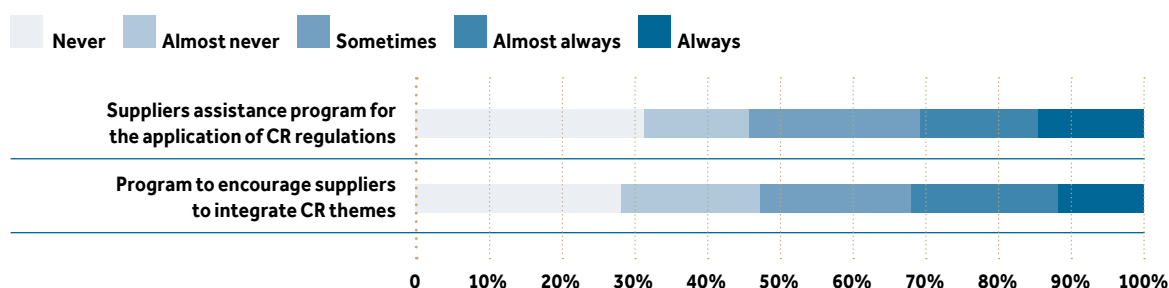
More companies push CR demands upon their suppliers but, although there is some progress, it is still only a minority that takes this step. Naturally, the size and the international nature of the company are crucial variables in this respect, since the bigger you are, and the more international your operations, the higher the chance that CR supplier control systems are in place. Small companies often indicate that the question is irrelevant for them, but that is not self-evident. These days, even very small companies can source internationally and are thus (indirectly) involved in many kinds of social and environmental risks.

When companies evaluate suppliers on CR aspects, they often examine human rights and labor conditions. 41% of them always insist on looking at human rights conditions upon selecting a supplier, 35% always look at labor conditions and 31% always look at health and safety conditions. This represents clear progress over 2011 figures, but nevertheless,

CR actions towards suppliers and/or subcontractors

Never   Almost never   Sometimes   Almost always   Always

Respect for human rights

Labor conditions and welfare

Health and safety of workers

Purchase of environmentally friendly products

Environmental performance

0   10%   20%   30%   40%   50%   60%   70%   80%   90%   100%

CR strategy vis-a-vis suppliers

Never   Almost never   Sometimes   Almost always   Always

Suppliers assistance program for the application of CR regulations

Program to encourage suppliers to integrate CR themes

0   10%   20%   30%   40%   50%   60%   70%   80%   90%   100%

a sizeable 25% seldom, or never, looks at these issues.

Environmental criteria are less systematically addressed in the relationship with suppliers. Less than 20% of respondents always look at the environmental performance of the supplier, or tries to purchase environmentally friendly products from suppliers, which has barely changed compared to 2011. This finding may be due to the diversity of the sectors, as environmental issues might be more relevant for some sectors than for others, while human rights and labor conditions are logically of importance for all sectors.

When a company has a CR strategy, does it encourage its suppliers to take up CR programs, or does it go one step further and actually assist its suppliers to do so? The answer to both questions has not changed since 2011, with a small group of around 12% of all companies always doing both, while the majority of companies are hardly involved. It is clear that, in the field of supply chain management, CR issues still have much room for progress. ◀

37% (25% in 2011) introduce clauses containing social, environmental and ethical criteria into their contracts with their suppliers.

What do companies do in regard to **community involvement and development**?

Community involvement exists in many forms, from support for the local theater or hockey club to elaborate school projects. Within the CR movement, one often makes the distinction between core CR and peripheral CR. Core CR is strategic and delivers shared value for the company and society.

Community projects can be seen as a peripheral form of CR. However, (local) community interaction has always been, and will continue to be, the most common form of CR. From a legitimacy point of view, it can also be considered a very valuable form of CR since it is often more visible to stakeholders than the core CR that exists inside company-specific projects.

Community involvement is often quite informal and has a mainly reactive attitude, meaning that action follows from requests by local people or a company's own employees, with little managerial know-how being involved. This is actually the first and most obvious result in this chapter. Around 65% of our respondents use no managerial approach to community support, though many large companies (around 35%) do appear to have the full system. The managerial approach to community support is growing compared to 2011, when on average 75% of companies had no managerial approach.

Direct financial support, or "in kind" actions, remains the most popular form of community support. Employee volunteer work within the local community is slightly increasing compared to 2011, but 40% of all companies still never take action in this context. 30% assesses the impact of their products on the local community. Ultimately, the weakest score was found in regard to support for humanitarian projects in developing countries. 50% of all participants are never involved in such action, which is about the same as 2011.
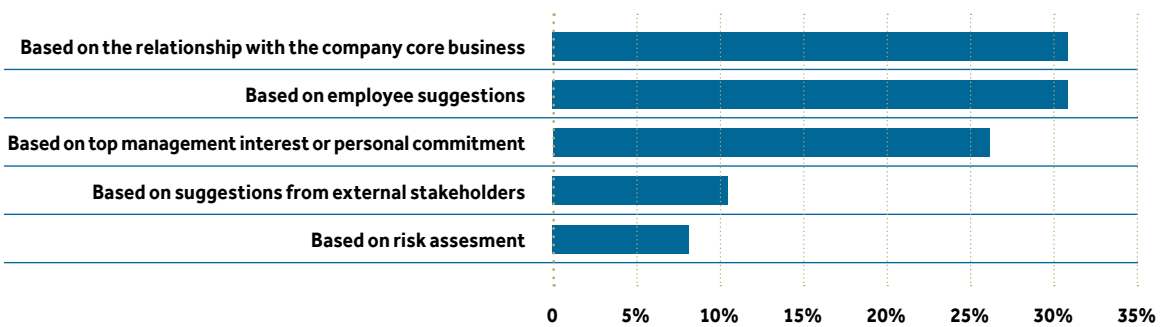
50% of all participants are involved in humanitarian projects in developing countries.

CR action in favor of the community

Legend: No action | Ad hoc' actions | Action plan | Measure | Objectives

Categories (top to bottom):
- Financial support or in kind actions in favor of the community
- Economic development of the local community where your organization operates (e.g. creation of jobs, improvement of the infrastructure)
- Assessing the impact of prodcuts on the local community
- Quality of life in the local community
- Employee volunteering in favor of the local community
- Humanitarian projects in developing countries

X-axis: 0, 10%, 20%, 30%, 40%, 50%, 60%, 70%, 80%, 90%, 100%

How does your comany decide to invest in a community project?

- Based on the relationship with the company core business
- Based on employee suggestions
- Based on top management interest or personal commitment
- Based on suggestions from external stakeholders
- Based on risk assesment

X-axis: 0, 5%, 10%, 15%, 20%, 25%, 30%, 35%

The informal and reactive approach to community support also becomes clear when you ask where exactly the idea to invest in a certain project generally comes from. The core CR idea, that it should be linked to core business initiatives, is only decisive in 31% of the cases, we have found. The remaining avenues are employee suggestions, interest from top management or sugge-stions by external stakeholders. These findings match with what we found in 2011. ◄

31% choose a community project based on the link with their core business.

What do companies do in regard to **human rights**?

One should think about human rights as the basic goods that enable people to have certain capabilities. Political rights such as freedom of speech, the right to vote or equal treatment before the law are rights that allow people to participate in the political structures that run their societies.
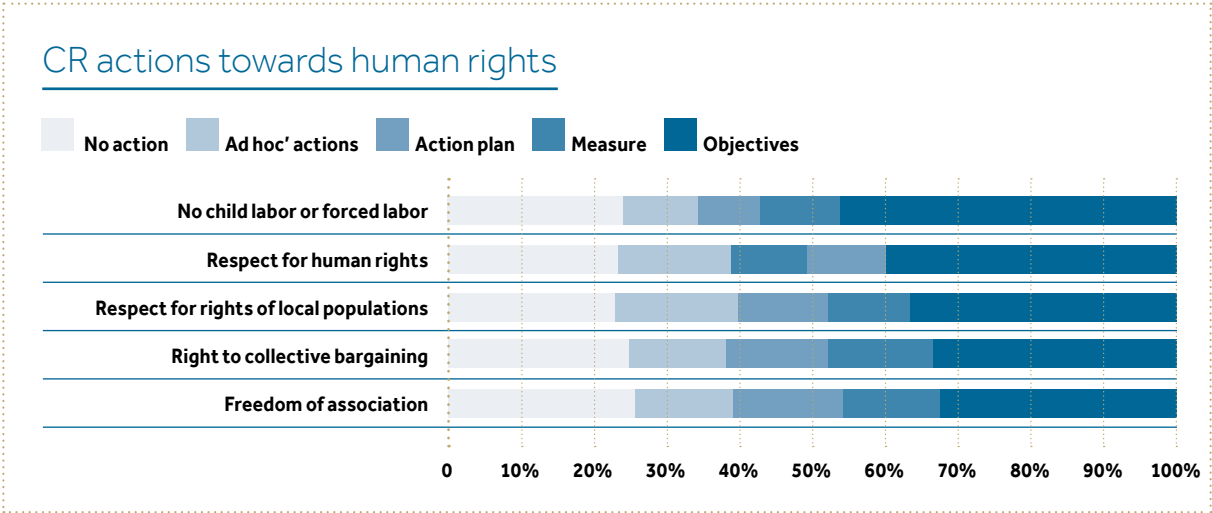
Economic, social and cultural rights like access to food and education, decent health care or the right to speak your own language allow people to develop themselves and live a decent life.

Unfortunately, not all people currently enjoy such rights, and as the economy has globa-lized, companies have become much more closely involved in regions where fundamental human rights issues are not always assured. So how do the respondents react to this?

In 2011, our sample split into two halves: roughly 60% took no action at all with respect to human rights, while around 40% actually had strong control systems in place. Currently we see that this proportion has switched, with 40% doing very little and 60% having control systems. There is progress on almost all fronts:

- 35% of respondents have a code of conduct regarding to human rights (28% in 2011)

- 31% have a complaint system for human rights issues (25% in 2011)

- 17% have an audit system for human rights compliance (9% in 2011)

- 14% offer training on human rights for workers and partners (11% in 2011)

CR actions towards human rights

Legend: No action — Ad hoc' actions — Action plan — Measure — Objectives

Categories (y-axis): No child labor or forced labor · Respect for human rights · Respect for rights of local populations · Right to collective bargaining · Freedom of association

x-axis: 0 · 10% · 20% · 30% · 40% · 50% · 60% · 70% · 80% · 90% · 100%

These absolute figures remain small, since, if 14% offer training, it stands that 86% do nothing. However, we also asked companies whether they were active in Asia, Latin America, Africa or Middle East—the vulnerable regions—and if we look only at this subgroup (27% of our sample), the figures increase dramatically:

- 67% have a code of conduct with respect to human rights
- 57% have a complaint procedure
- 42% have an audit system in place
- 32% offer training on human rights issues

Consciousness about human rights issues is actually growing for the entire group, and at a scale that is comparable to the progress we noticed with respect to environment and labor conditions. The "no action" group in all the issues we asked about has reduced from 40% to 23%, and the group that has action plans, measurement systems and objectives (the full system) has grown by 10% or more on all items. Seeing that the majority of our companies operate locally, this progress is quite remarkable.

Clearly, though much work remains to be done, awareness of human rights issues is entering the management systems of international and locally operated firms. ◀

Of all companies operating in Asia, Africa or Latin America 42% have an audit system with respect to human rights in place.

What do companies do in regard to **organizational governance** ?

CR is a complex and quite diverse concept. It should therefore not come as a surprise that when we try to situate the organizational "location" where the CR manager, or CR department, is established, we find that it varies widely.
In 2011, the most likely place to find it was within the human resources department, while today it is most likely found in a strategy department (14%). It might just as well be situated anywhere: in human resources, quality management, environment or a corporate communication department.

In fact a separate CR department remains rather exceptional (9%). Given the diverse nature of CR, this is not necessarily a negative thing. It is also encouraging to see that CR is moving upward in the organizational structure and is looked upon as a strategic issue. Remarkably, this is even more the case in small companies, where it is often directly connected to the CEO and therefore considered part of the soul of the corporation.

In 2015, 75% of the respondents have one or more employees spending time on CR (66% in 2011) and 54% have a dedicated manager in charge of coordinating CR actions. Just as in 2011, large companies are more likely to have one or more persons dedicated to CR, but even for small companies (less than 20 persons), 55% claim to have one or more employees who regularly allocate time to implementing such management practices, 11% more than in 2011. This is remarkably high but is clearly not representative of the Belgian economy. It mainly shows that the companies that agreed to participate in this survey are generally pro-active in the CR field.

In which department(s) are CR managers located?
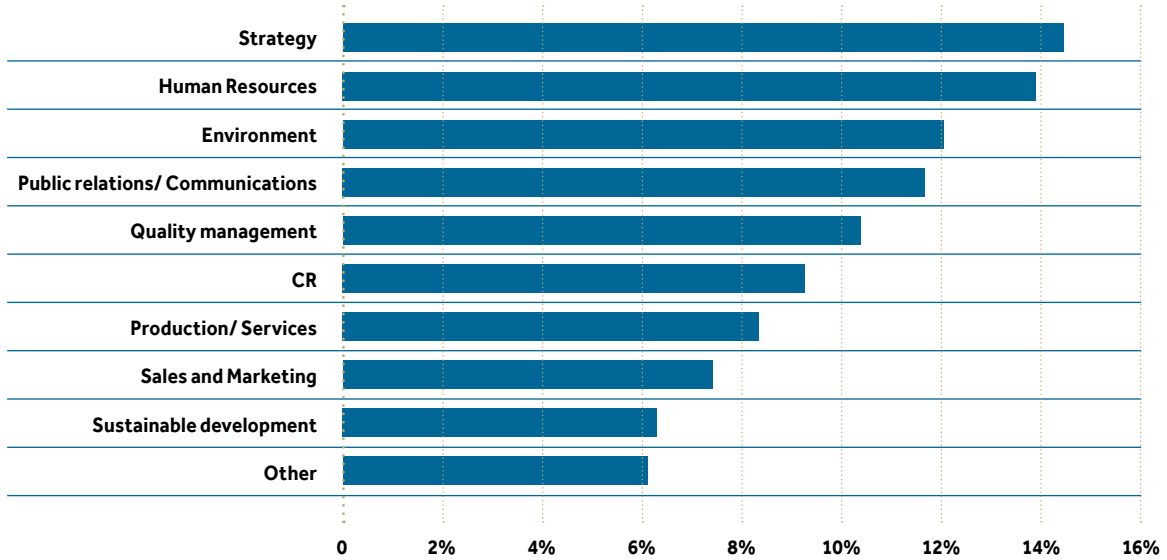
## A **dedicated CR person** makes a difference

Having a person dedicated CR representative does seem to make a difference when it comes to implementing CR management systems. The graph below shows that, for all the different CR domains discussed in this study, companies with a dedicated CR representative outscore those that do not have such a person. In fact, the gap between both groups has clearly widened compared to 2011. It seems quite simple: if a company wants to progress in CR implementation, it has to be something that is truly invested in.
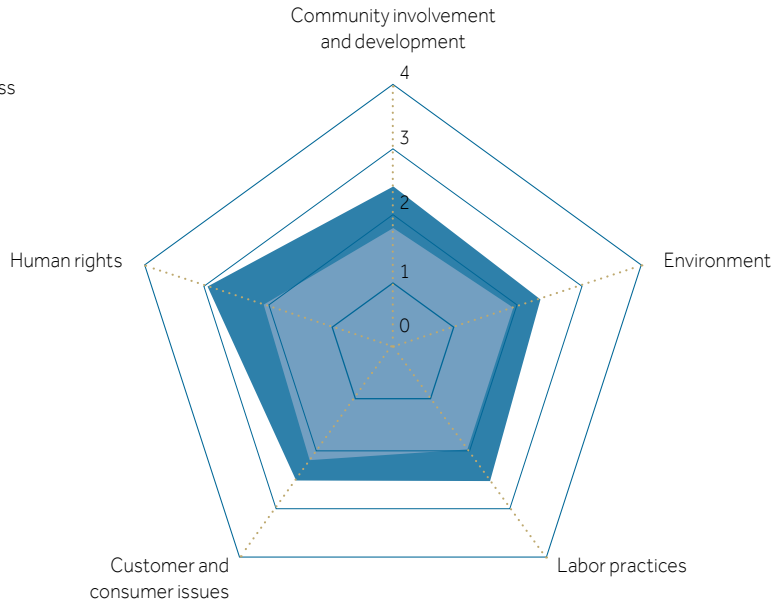
CR representative

■ the company has a CR responsible

■ the company does not have a CR responsible

scale from 0 (no action is taken) to 4 (a fully developed managment system is in place)
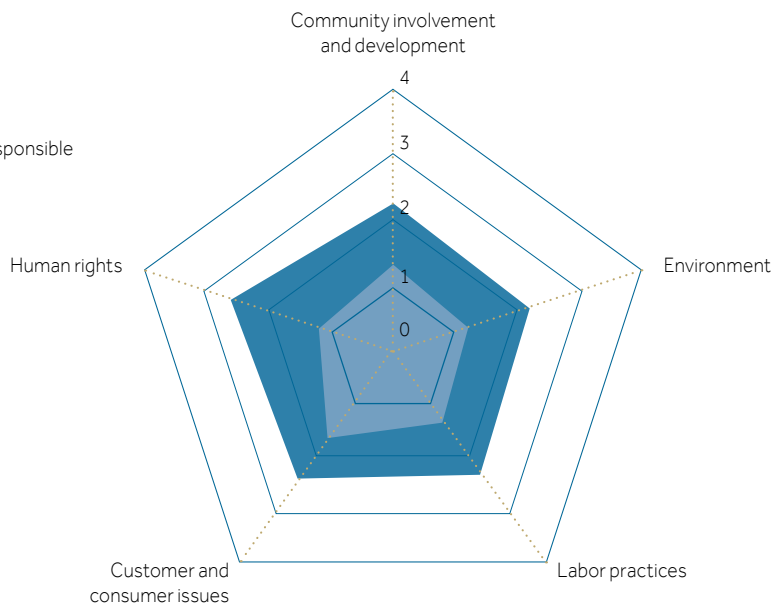
CR network

- the company is a member of Business & Society Belgium
- the company is not a member of Business & Society Belgium

scale from 0 (no action is taken) to 4 (a fully developed managment system is in place)

Community involvement and development

Environment

Labor practices

Customer and consumer issues

Human rights

Network **affiliation**

42% of our respondents belong to at least one CR network (30% in 2011), and 17% actually belong to more than one CR network. This survey was launched before Kauri and Business and Society merged into The Shift. These are by far the most popular networks, but interesting, the respondent overlap between both is quite limited. Only four of the respondents are members of both networks, which implies that both networks have very different members, and further indicates the synergetic nature of the unification of the networks.

Network membership or affiliation

Kauri	21%
Business & Society Belgium	19%
UN Global Compact	11%
Other	7%
CSR Europe	4%
Quadrant CCI	3%
Business leaders initiative on human rights	0%
None	58%

Our results suggest that belonging to CR networks enhances CR involvement, similar to having a dedicated CR representative. For members of The Shift, it holds that they outperform non-members in all domains. If we limit it to the previous Business & Society members, this outperformance is even more notable, but that might have much to do with the larger organizational size of Business & Society members. One should also be careful not to make a causal link between network membership and CR performance, since it could be that self-selection also plays its part in this respect, with the best CR performers seeking membership in a CR network, rather than the membership itself causing the CR performance. It does seem to guarantee that, by being part of this network, a company will be able to meet the best CR performers in Belgium.
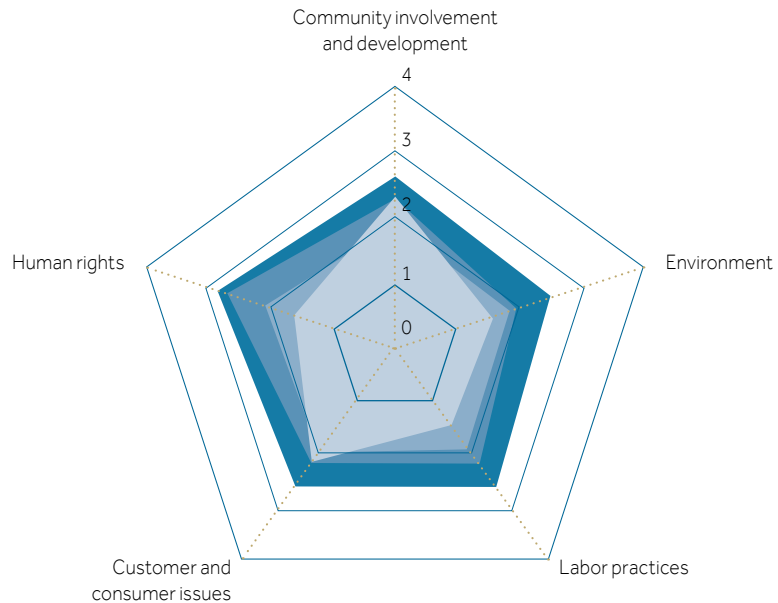
Company size is a critical factor in the **formalization of CR**

Not surprisingly, large companies have the best managerial systems in place. While the difference between large companies and all the other categories is clear, this does not hold to the same degree for all the other groups. It does not seem to make much of a difference in our sample whether you are a medium sized,

CR and company size

- large companies
- intermediate size enterprises
- small and medium enterprises
- very small enterprises

scale from 0 (no action is taken) to 4 (a fully developed managment system is in place)

Community involvement and development

4
3
2
1
0

Human rights

Environment

Customer and consumer issues

Labor practices

small or very small company. Remember that we are discussing companies with less than 20 employees up to 500 employees. For these types of companies, the managerial implementation of CR issues is comparable with each other. The 2011 survey produced exactly the same results: no difference between small and medium size companies and a clear difference with large companies.

Adherence to **quality systems**

It is no coincidence that the ISO organization came up with its own standard of corporate responsibility in 2010. Many authors have argued that you can look upon CR as an integral part of Total Quality Management, and that the existing quality standards cover important parts of the CR construct. The ISO9000 family, for instance, is crucial in client relations, the ISO14000 or EMAS family in environmental issues, the OHSAS 18000 family in health issues etc. All these standards have the tendency to enlarge their scope, and some of them explicitly integrate the CR aspect. This process pushes them closer to a holistic concept like CR.

Accordingly, we asked our respondents whether they use CR-related quality standards and gauged the popularity of certain standards. We came up with two groups of standards: one group directly connected to CR: The OECD guidelines, the GRI guidelines, the ISO26000 standard and the UNGC principles. The other group consists of item-specific standards like ISO9000 or AA1000.
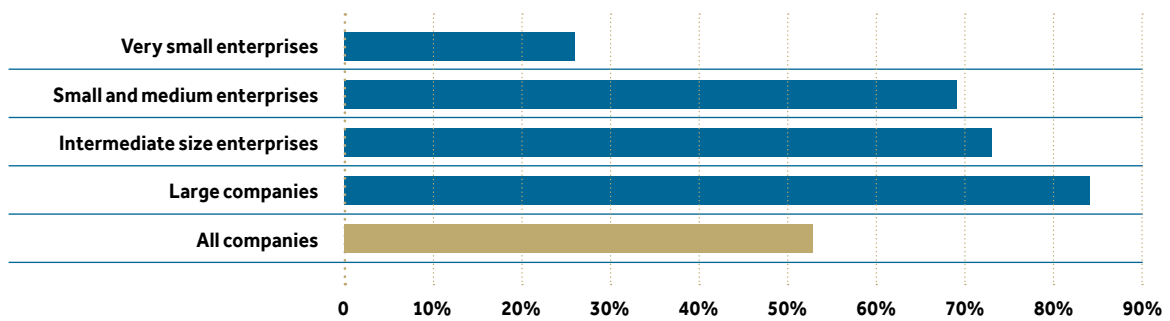
Predictably, large companies use both types of standards extensively, but they are not alone. Only the very small companies tend not to use them.

Among the CR standards, it is the GRI guidelines that are most used, and it is clearly the standard for CR communication. Interestingly, despite not being certifiable, the ISO26000 standard itself is used by 23 companies in our sample.
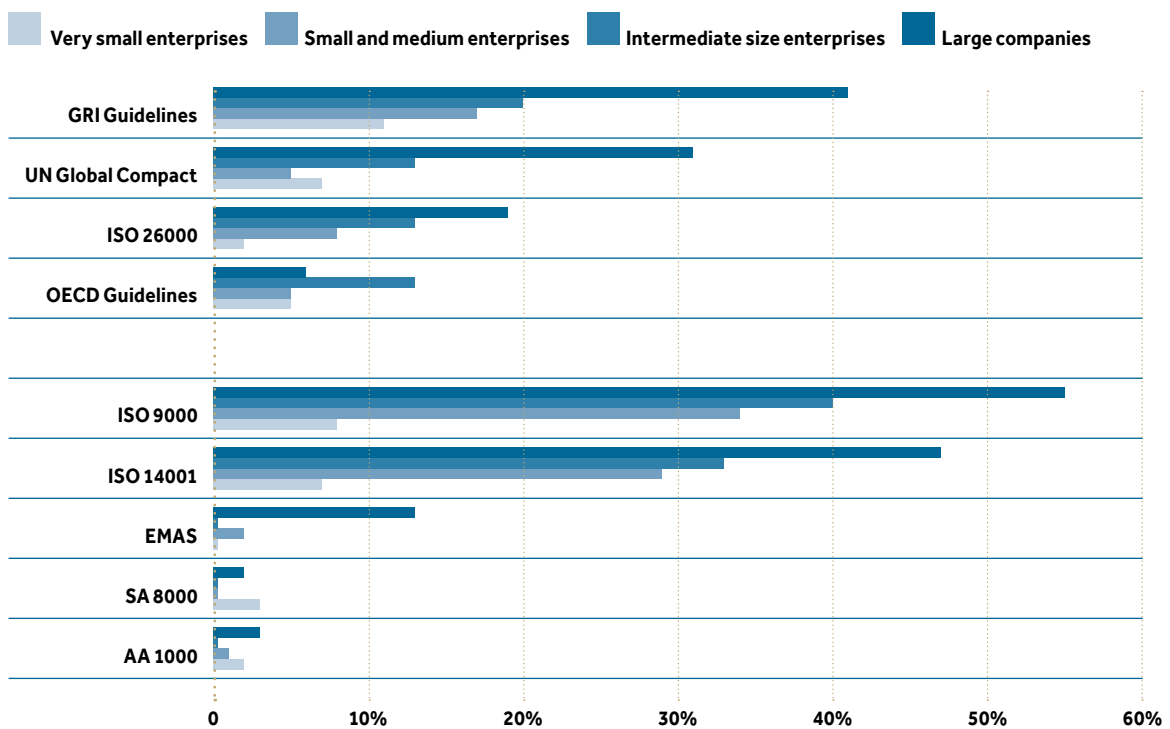
85% of the large companies use quality systems related to CR. However, these systems are rarely perceived from a CR perspective.

Does your organization adopt a CR standard?

Very small enterprises	
Small and medium enterprises	
Intermediate size enterprises	
Large companies	
All companies	

0   10%   20%   30%   40%   50%   60%   70%   80%   90%

CR standards and firm size

■ Very small enterprises   ■ Small and medium enterprises   ■ Intermediate size enterprises   ■ Large companies

GRI Guidelines

UN Global Compact

ISO 26000

OECD Guidelines

ISO 9000

ISO 14001

EMAS

SA 8000

AA 1000

0   10%   20%   30%   40%   50%   60%

Within the more topical standards, the ISO family is highly popular, while social standards like the SA8000 or AA1000 are barely used. We did not dive into the many CR related product labels (bio, FSC wood, Fair trade, Marine Stewardship Council, etc.). This ever-increasing and somewhat opaque forest of labels is another way in which quality standards play their part in integrating CR within the company structures. It is also one of the more popular methods of product differentiation, one that will likely increase in the future. ◄

Conclusion

Reconfirming conclusions from 2011

This survey reinforces a number of conclusions and trends already detected in the previous study:

- CR strategy is getting more professional. More companies are dedicating people to CR and a higher level of managerial sophistication is becoming involved. This also holds for small companies.

- The CR manager is now most likely to be found in the strategy department and not in a separate CR department. We consider this a positive evolution, indicating that CR is increasingly looked upon as a strategic issue, bringing it closer to the core of the company.

- Appointing a dedicated CR representative improves a company's results. This was confirmed for all the different fields of CR.

- Involvement of top management is crucial, and still tends to drive the CR policy of the company.

- Belonging to a CR network is helpful because it brings the company into contact with CR "champions".

- Company size is a crucial factor in the formalization of CR.

- Few companies push CR through their supply chain, let alone assist their suppliers in implementing CR. This is unfortunate since a large portion of the CR impact of a company runs through the supply chain, a finding that holds for environmental issues as well as social and human rights issues.

Limitations of the report

There are a number of limitations to this study that we should recall. The first and most important is that we basically measure how deeply a company has integrated a certain CR concern into its management system, which in itself is naturally no guarantee of positive CR performance. Simply because a company has integrated human rights concerns in its code of conduct, has installed a complaint system and has carried out training regarding human rights issues, does not assure a better human rights record for the company. This same dynamic holds for environmental management systems, though, as anyone familiar with such environmental management systems can attest, the chances are high that the final environmental impact of the company will improve with such a system. We are convinced that the same holds for all the other domains.

The second limitation we should relate is that this study is not representative of the Belgian economy. The self-selective nature of our survey shows itself clearly when it comes to CR network membership: 42% of our respondents belong to a CR network, which is clearly not representative of the Belgian economy. Nevertheless, the majority of our participants are not a member of any CR organization, so in this sense we do not simply reflect the profile of CR network members but rather of companies that have already a certain interest in CR, which is the audience that should be most interested in the results of this study.

Main conclusion

In 2011 we ended our survey with the following line:

"...the trends highlighted in this survey are encouraging. If companies' statements hold true, this positive trend is expected to reinforce in the future. To be confirmed in the next edition of Business & Society Belgian Barometer...."

Now that we have the next edition before us, there is one main conclusion that we can see in the graph below: The positive trend predicted in the previous report did in fact materialize for almost all domains. The most remarkable jump was made in human rights issues now becoming explicit managerial targets, but we actually see that labor, environmental and consumer concerns have also clearly risen. Only community development remains rather informal, not really garnering much managerial attention. Given that there is only a four year time span between both studies, the observed improvements are remarkable, and we can conclude that the transition towards a more sustainable economy is on track. In the radar graph below CR management opens up like a flower, extending further towards the edges thereby becoming part of a full blown management system. We hope that within four years, another step in that direction will manifest itself. ◀

Comparison 2011-2015

■ survey 2015

■ survey 2011

scale from 0 (no action is taken) to 4 (a fully developed managment system is in place)
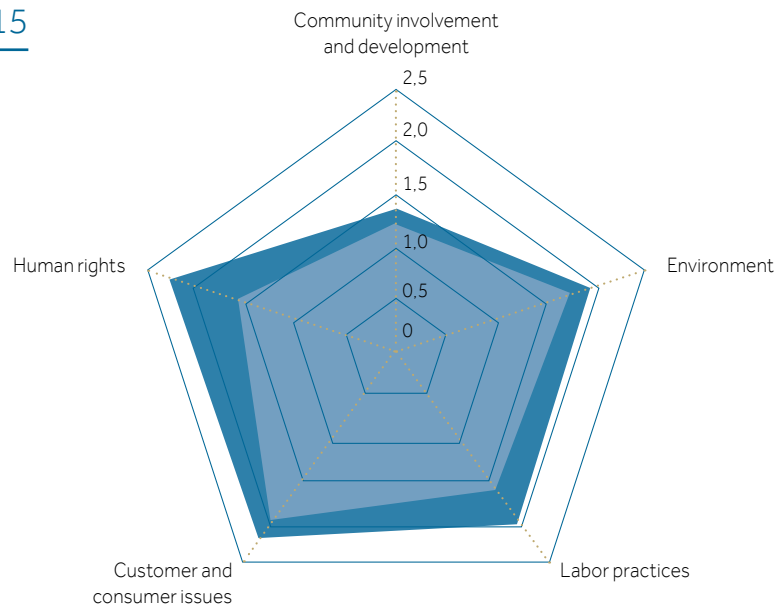
Contributors

Valerie Swaen

The Louvain School of Management (LSM), the management school of the Université catholique de Louvain, graduate each year hundreds of young people, on two campuses (Louvain-la-Neuve and Mons). The LSM is the only Belgian institution to deliver the prestigious "CEMS Master in International Management", ranked among the best in the world.

The different activities of the LSM in terms of education, research and partnerships altogether show the movement of the school toward a more sustainable business school as an organization and as a role model for companies as well as for next generation of leaders.

Celine Louche

Audencia School of Management is a leading international business school in France. It belongs to a select group of business schools in the world that holds all three major international accreditation labels: EQUIS, AMBQ and AACSB. This triple accreditation recognises Audencia's commitment to setting the highest quality standards in management education and research.

Guided by the values of innovation, cooperation, and responsibility, Audencia produces and disseminates knowledge useful to society, designed to develop management education and inspire new business practices.

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Holder of the BASF Deloitte Elia Chair on Sustainability, a joint project between the University of Antwerp and Antwerp Management School. The Chair's partners (BASF, Deloitte, Elia, University of Antwerp and Antwerp Management School) identified a pressing need for an excellence pool with regard to research in the field of Corporate Responsibility. Out of this concern the Chair was born with the clear aim of pulling existing research and initiatives together and to encourage spontaneous connections between business and research scholars in order to add value for future leaders of sustainable organizations.

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This report is also available in Dutch and French on www.antwerpmanagementschool.be/CRbarometer