

Corporate Social Responsibility



**STATE OF PLAY IN THE CONSTRUCTION
INDUSTRY**

CSR Definition



- Encompasses not only what companies do with their profits, but also how they make them.
- It goes beyond philanthropy and compliance and addresses how companies manage their economic, social, and environmental impacts, as well as their relationships in all key spheres of influence:
 - the workplace
 - the marketplace
 - the supply chain
 - the community
 - the public policy realm

What we do matters a great deal



- Construction in Canada is a \$171 billion industry that employs 1.24 million, and consumes 40% of the country's energy and 50% of its primary resources
- Global construction market forecast to grow by over 70% by 2025



Is this true in Canada?



- “The UK construction industry can no longer be characterized by late delivery, cost overruns, commercial friction, late payment, accidents, unfavorable workplaces, a workforce unrepresentative of society or as an industry slow to embrace change.”
- **What do the public and our stakeholders think of the Canadian construction industry today?**
- **Industry-adopted sector-wide CSR measures raises the corporate bar for leaders and pulls along the rest.**

Why doing good is good for business



- Stronger financial performance and profitability through operational efficiency gains
- Improved relations with the investment community and better access to capital
- Enhanced employee relations that yield better results respecting recruitment, motivation, retention, learning and innovation, and productivity
- Stronger relationships with communities and enhanced license to operate
- Improved reputation and branding



CSR = positive return on investment



Companies with high employee engagement had:

19% Increase in operating income and almost 28% growth in earnings per share

Companies with low levels of engagement saw operating income drop more than:

32% And earnings per share decline over 11%

72% Of employed Americans trying to decide between two jobs offering the same location, job description, pay and benefits would choose to work for the company that also supports charitable causes

Employees who are very involved in their company's causes/programs are:

28% More likely to be proud of their company's values AND

36% More likely to feel a strong sense of loyalty than those who are not involved

75%

Of executives say they plan to maintain or increase investment in social reworking, blogs, wiki and other technologies that encourage peer collaboration

56%

Of Millennials, who frequently participate in their company's volunteer activities rate their company culture as positive.

79%

Of companies say donations increased with more choices for workplace giving programs.

90%

Of consumers want companies to tell them the ways they are supporting causes

75%

Agree brands and companies don't disclose enough about their charity/local causes and programs

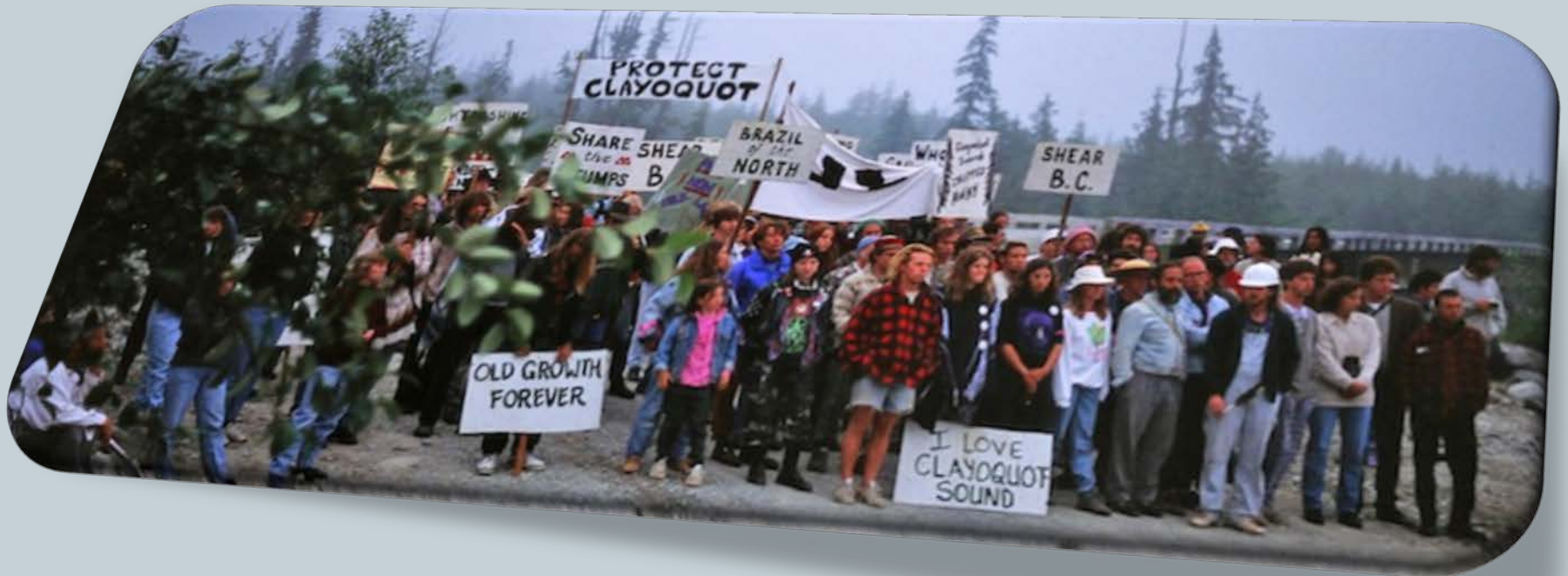
41%

Of Americans say they bought a product because it was associated with a cause or issue in the last year – doubling since 1993

The cost of doing nothing



- Loss of public good-will – can and will bring down projects
- A poorly developed corporate moral compass will be an ever-increasing liability



Many “integrity” brands in construction

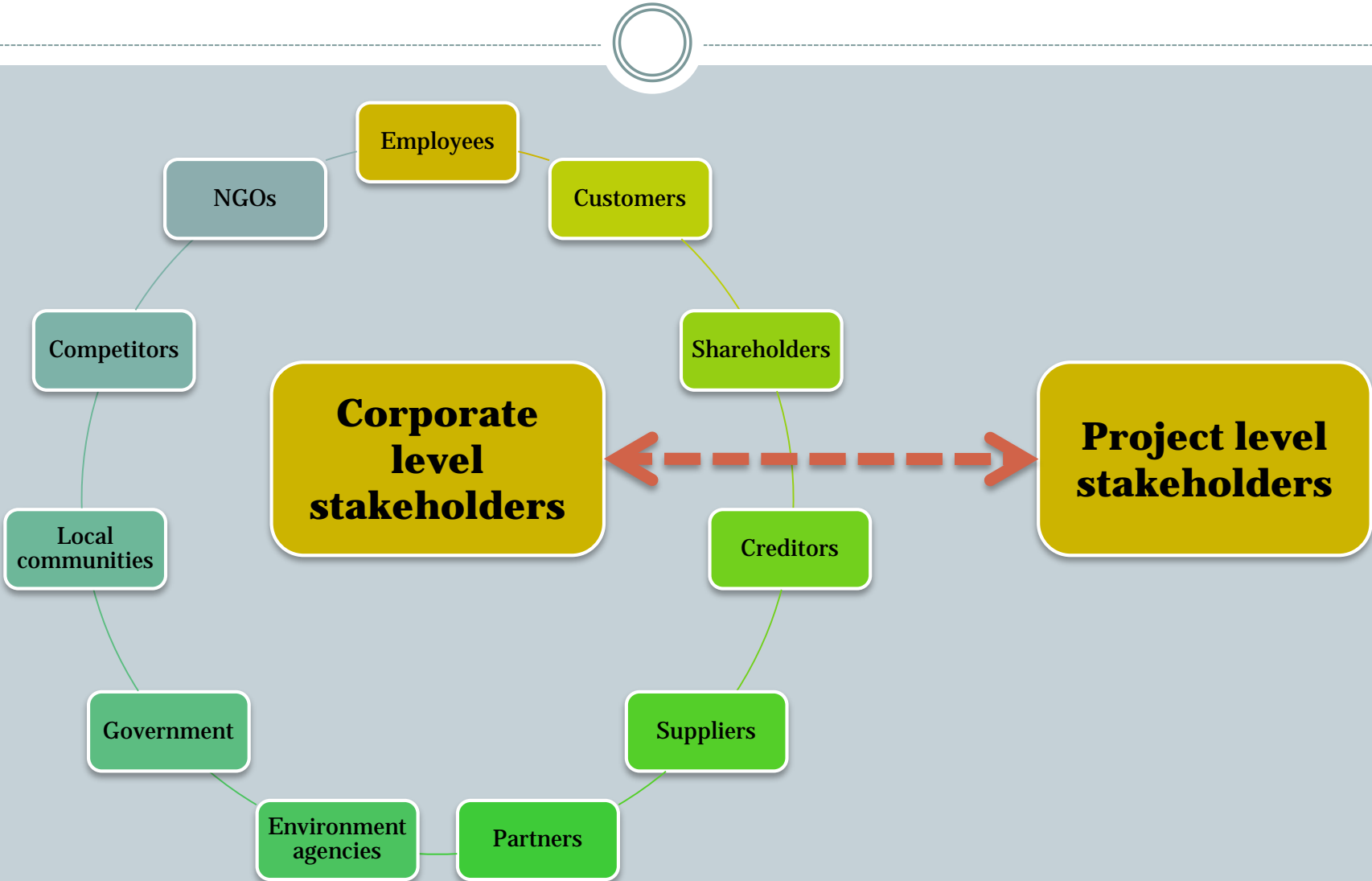


- **30% of Deloitte and CIBC 2013 ranking of best managed Canadian companies are from real estate, design/engineering or construction (16/47 winners):**

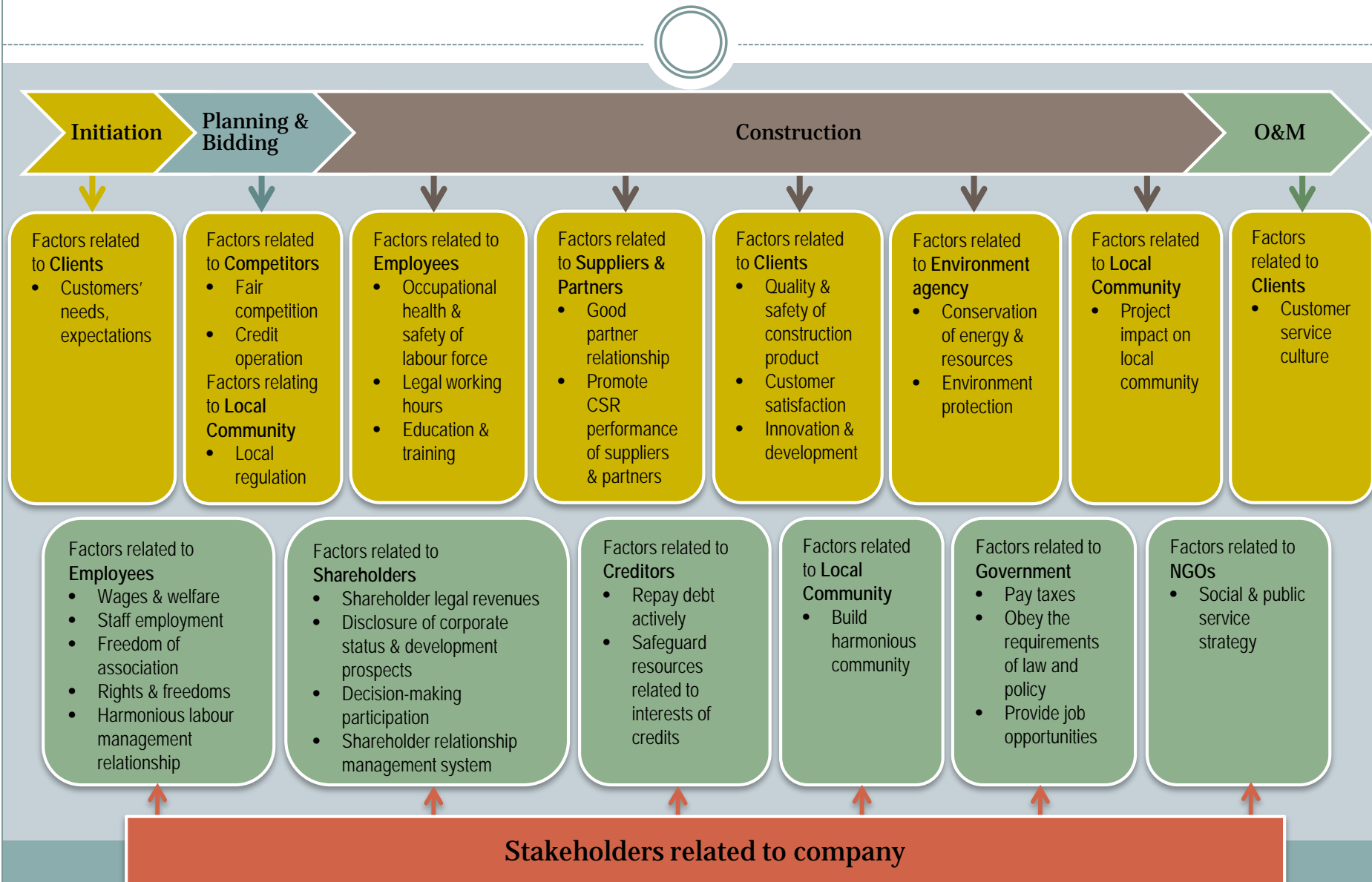
1. Vista Projects
2. AMEC Black & McDonald
3. CCI Inc.
4. Landmark Group of Builders
5. Deslaurier Custom Cabinets Inc.
6. Island West Coast Developments Ltd.
7. Scandinavian Building Services
8. Modu-Loc Fence Rentals
9. J.L. Richards
10. Lemay
11. Sealweld Corporation
12. Skyline International Development
13. Deep Foundations Contractors
14. J.W. Lindsay Enterprises Limited
15. Upside Engineering Ltd.
16. Westcorp Inc.



Who cares about Canada's construction industry?



CSR factors relevant to construction companies



CSR evaluation systems



Compacts & initiatives	Standard systems	Accountability & guidelines	Evaluation indexes
Global Reporting Initiative (GRI)	ISO9001:2000	SA8000	Dow Jones Sustainability Index (DJSI)
The United Nations Global Compact (2000)	ISO14001:1996	AA1000 series of standards	Environmental Performance Index (EPI)
	ISO26000		Ethibel Sustainability Index
	OHSAS18001:1999		FTSE KLD 400 Social Index
	OHSAS18002:2000		

CSR underpins brand evolution: Where is the construction industry's "brand" today?



Brand as symbol of authority

"I look to brand as leader to guide me"

- P&G
- Marlboro



Brand as symbol of control

"I look to brand as leader to define me"

- BMW
- Rolex
- HushPoppies



Brand is symbol of partnership

"Brand is synergistic with me. A tool for my self expression"

- Nike
- Saturn
- Apple



Brand as symbol of values

"My brand fits my values. It will express me and I will express it. A symbiotic relationship"

- Whole Foods
- Lululemon

1950's-60's

1970's-80's

1990's

21st Century

CSR as culture shift



- CSR is more than just a form of investment to differentiate a company and its goods and services
- Better to think of it in terms of change management - rethinking how business should operate from the ground up.
- Either way – CSR leadership comes from the top.



Trends – public trust will be everything



- **Social license is project-specific not company-specific. It must be earned and constantly maintained.**
- **Social connectivity means that corporate mistakes are instantly known by everyone, everywhere and, although they may be forgiven, they will be endlessly discussed and are never forgotten.**
- **A business's Trust Score will be more important than its Credit Score (note the rise of Trust Aggregators such as TrustRank, TrustCloud, etc.)**
- **Demographic trends suggest that competition for skilled workers will increase, pressure to “off-shore” construction jobs with adoption of “Modern Methods of Construction” (pre-assembly, pre-fabrication, etc).**

Role of industry associations



- Stay on top of sustainability trends/ issues, keep members informed
- Encourage members to take up sustainability programs
- Continue to refine business case for sustainability / Assist in getting management buy-in
- Promote accountability of industry to society
- Facilitate stakeholder engagement
- Create common platform for addressing shared interests/ dealing with stakeholders
- Set targets for industry advancement
- Benchmark member performance
- Share best practice examples
- Develop how to guides and tools
- Partner with others (Gov't., NGOs) to provide training and workshops
- Promote peer based learning
- Convene industry discussions on sustainability issues
- Represent industry in standard setting initiative, develop codes of practice
- Address specific sustainability issues as needed (e.g., CSR in the supply chain, ethical consumerism, air, water and land issues, sustainability branding)
- Encourage government to recognize sustainability performance of association and member companies

Prepared for BC Construction Association



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