Corporations urged to adopt code of ethics

Business forum probes issues of accountability

By Lisa Dempster
Business Edge

Most Canadians expect businesses to make profits while being accountable to their employees, customers and communities in which they operate — but some companies still see their responsibility limited almost entirely to their shareholders, says the chair of a panel probing corporate accountability.

"Whether they act appropriately or not, corporations have an immense amount of power in shaping conditions to which most people in the world conduct their lives," said Ed Broadbent, commissioner of the Canadian Democracy and Corporate Accountability Commission, who was in Calgary last week as part of a day-long business forum.

Government and civil society, which includes volunteer and non-governmental organizations, are largely transparent and accountable by law, said Broadbent.

Most Canadians, including a growing number of business leaders, believe that the same principal of democratic accountability should be applied to the modern corporation.

"It is our commission's task to show how this can be done pragmatically and effectively. We believe we have some innovative answers, and Canadians should soon be able to judge if we are right."

The five-member commission — funded primarily by the Atkinson Foundation in Toronto — has conducted hearings across the country with business leaders, church groups, trade and labour organizations and academics as well as ordinary citizens, and expects to submit its recommendations to government by the end of January.

Not everybody at the forum, which was hosted by the Calgary-based FGL Open Global Business Society, agreed with the tone of the commission.

"My sense was there was a desire on the part of your commission to regulate companies' activities," Donna Kennedy-Glans, a consultant with the Silverberg Kennedy Group in Calgary, told Broadbent during a question and answer session.

You can't regulate a company's ethics, she noted, but you can motivate and reward businesses who practise them.

"I'd like everybody to look at the progress that has been achieved in corporate social responsibility in the last 10 years," Kennedy-Glans said. "We didn't talk about it in the 1980s. It wasn't a discussion on the table. It is *the* topic in boardrooms today, and it's percolating down."

Broadbent replied that nobody wants regulation for regulation's sake, and that executives who have spoken to the commission have stressed that there must be an equal playing field for all businesses so those corporations that are socially and environmentally responsible aren't at a disadvantage to their competition.

The forum also heard from Jim Gray, chairman of Canadian Hunter Exploration and also chairman of the Canada West Foundation. Gray noted that as a result of the terrorist attacks on Sept. 11 in the United States, change is going to become endemic in Western society, "and that has to do with corporate activity as well."

"We are doing so well, we are so wealthy and with so much of benefits of the world, that significant change is virtually impossible," he told about 100 people attending the conference at the Hyatt Regency. "We live on a continent that hasn't been savaged with the realities of war, pain and suffering since the United States' Civil War.

"Should we look at this tragic event (Sept. 11), and all the things that are happening, as an opportunity?"

Gray noted that he attended a recent meeting where a vote was taken on the issue of offering aid to the victims of the World Trade Center tragedy. He told the group he was in favour – with one amendment.

"New York is the richest city in the world," he argued. "Why not make a contribution of twice that much, but maybe to Pakistan, which is dealing with the refugees? And let's do it on behalf of those 6,000 folks in New York who lost their lives," he said.

See CSR Page 16

QUOTE . . .

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Jim Gray, chairman of Canadian Hunter Exploration, says the Sept. 11 attacks on the U.S. will change our lives

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CSR From Page 15

Ethical questions raised

"It isn't the money, it's the awareness, the idea," Gray told the forum. "It's getting people to think that this simply isn't a New York issue, it's not simply a Taliban issue . . . it's a systemic issue. And let's start in a slow way to take steps to address it."

The vote passed, but the suggestion is now at the group's national office, "where it's being studied," said Gray wryly, adding the phrase often means an idea heading for the shelf.

Gray says the attacks can act as a catalyst for corporations to examine their operations, both international and domestic, outside of their quarterly performance reports and to try to understand the underlying economic circumstances in which others less fortunate find themselves caught.

"Especially in the wake of this systemic change that we have experienced in the month of September, I think we will be re-examining our priorities as corporations, as families, as communities and as countries," said Gray.

"We will be re-evaluating our values and our ethics."

David Mitrovica, a geophysicist and independent consultant in Calgary who has organized the open business forum series, said it's important to look at the ethical questions and international dimensions of CSR.

"I think that ethics is not in our vocabulary to the same degree as our environment," he said, adding informed discussion is a prerequisite for constructive change.

"We're about building awareness, but I personally want to see changes."