



## *Ahead of the curve*

Insights into CSR and sustainability

*Results of PwC's  
Pulse Survey*

*April 2011*

*Are private companies embracing corporate social responsibility and more importantly, are they missing out on opportunities to stay ahead of the curve and position themselves for future success?*

“There is a growing global awareness and demand for businesses to demonstrate a commitment to corporate social responsibility (CSR) and sustainability,” says Mel Wilson, associate partner, Sustainable Business Solutions, PwC. “At the same time, we are heading into an era of greater regulation. Many of these issues that are currently being dealt with on a voluntary basis could quite conceivably be regulated in the future. We have seen that across the board on safety and environment so there is no reason why social performance won’t be regulated some day as well. Companies that get ahead of the curve and start performing as if there were regulations in place will be in a better position when those regulations actually come along.”

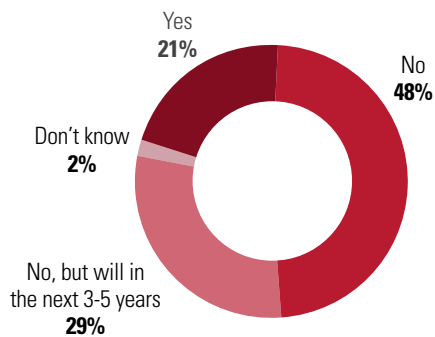
## PwC Pulse Survey: Insights into CSR and sustainability

Public companies, which are under pressure from stakeholders and government, are already well on their way with CSR initiatives. The results from PwC's latest Pulse Survey which polled over 80 private companies across the country revealed that they are slowly starting to move in the same direction. While only 21% of respondents already have a CSR plan aligned to business goals, 29% plan to have one in the next three to five years (Figure 1). That said, 48% have no plan, largely because over 50% view CSR as a nice to have rather than a priority (Figure 2).

"The fact is, CSR and sustainability can be a competitive advantage even though only 30% of respondents saw it as such," says Wilson (Figure 3). "Private companies without a CSR plan could be missing an opportunity to differentiate themselves. For example, many private companies find themselves somewhere in the middle of the supply chain selling services and goods to big multinationals. Increasingly, those big multinationals are becoming much more vigilant in examining who is in their supply chain and making sure they are aligned with their own risk tolerance. That means private companies have to meet the CSR needs of the end buyers in order to compete."

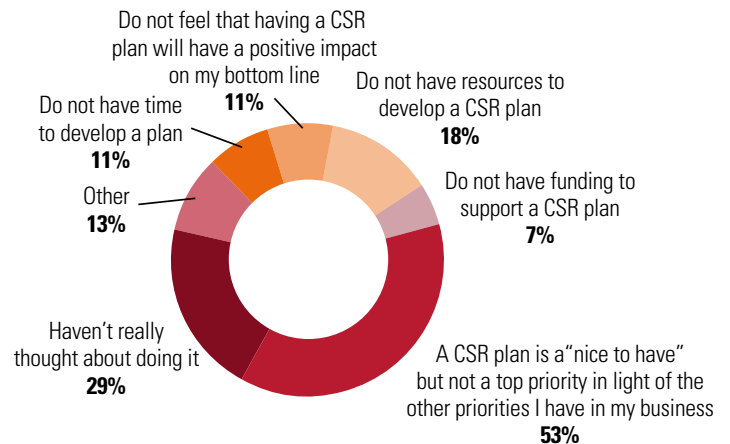
**Figure 1**

*Have you developed a plan for CSR and sustainability that sets out measurable goals that align with your business plan?*



**Figure 2**

*If you have not developed a plan for CSR and sustainability, why not?*



**Figure 3**

What are your primary motivations for developing a CSR and sustainability plan? (Choose all that apply)

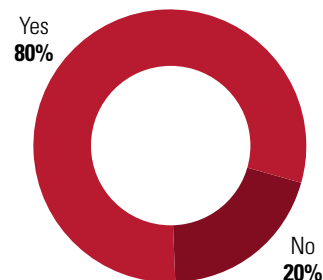
Positive outcomes for the environment	80%
Manage corporate reputation	60%
Protect economic sustainability	60%
Competitive advantage	30%
Compliance with legislation/regulation	30%
Lead the field	20%
Investor/stakeholder pressure	20%
Cost savings	10%
Keep up with competitors	10%
Manage exposure to taxes	10%
Attract new talent	10%
Retain staff	10%
New business ventures	0%
Tax incentives	0%

Strong CSR performance is also an advantage in attracting top talent, but none of the respondents who had a CSR plan were communicating it as part of their recruitment initiatives. “This surprised me,” says Wilson. “As a general rule, all things being equal, it’s the non-financial benefits that will attract candidates. Newer graduates want their employer’s values to align with their own personal values. A private company that can demonstrate a strong CSR policy, good working conditions and volunteer programs will win the day.”

Of those private company respondents that have a CSR plan in place, 80% track its progress (Figure 4). “It is important to track your performance in order to maintain momentum. Generally, it is fairly easy for organizations large or small to make feel-good comments on their websites about how concerned they are about the environment, but to make commitments regarding performance and then to carry through is another matter,” says Wilson. “I’m encouraged by the findings because it shows a growing acceptance of the fact that this is the new business reality and you can’t just pay lip service to it.”

**Figure 4**

Do you measure and track progress against your CSR and sustainability goals?



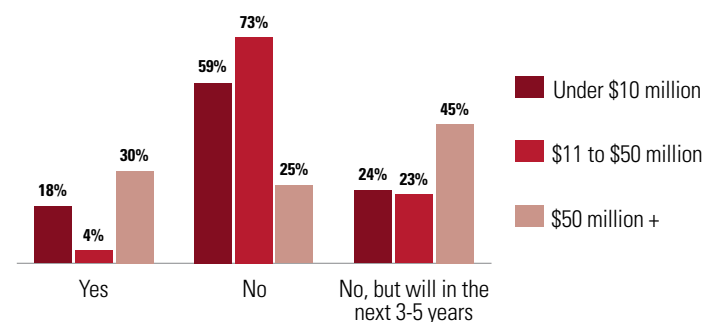
Notably, respondents with annual revenues between \$11 million and \$50 million lagged their smaller and larger counterparts when it came to the acceptance of the importance of CSR and sustainability in the new business environment. Among this mid-size group, 73% did not have a CSR plan compared to 59% of respondents with annual revenues of less than \$10 million and 25% of respondents with annual revenues over \$50 million (Figure 5). “My guess is that some of these smaller companies may be younger and have built a CSR component into their business

plans from day one so that these issues stay front and centre as they grow,” says Wilson.

“Perhaps the mid-range companies are watching their pennies because they are mid-sized and getting into big company costs with smaller revenues, so margins are tight. Even so, the whole world is spinning in this direction. You can’t risk being left behind.”

**Figure 5**

Have you developed a plan for CSR and sustainability that sets out measurable goals that align with your business plan?



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