

1B – Controversial ressources: applying csr principles in embattled sectors

CSR applied in controversial sectors? Is it beneficial? Consumers' reactions to CSR in ethically-questionable companies? The session opened with the dilemmas usually associated with controversial industries and the grounds on which players compete. Then followed two ethics representatives of the oil industry in Columbia and of the weapons -defense industry in France.

Controversial industries are extremely profitable. The VICE fund was presented: set up by an unnamed prominent business figure to invest solely in "sin stocks." The inclusion of British American Tobacco in the Dow Jones was a turning point in controversial industries: any industry, if scrutinized carefully, is controversial at some level. Some examples: food industry contributes to obesity, cocoa industry is related to child labor, diamond industry links to mafia/civil wars, perfume industry and toxins ... How do ethically-questionable industries deal with CSR?

The CARE method to evaluate work practices:

Core business – sustainable? current processes durable? Safe?

Advertising – honest in portraying company's real activities? Façade?

Research and Development - for sustainable development and improvement?

Environment lobbying – evaluation?

Ms. BEJARANO of EcoPetrol privatized six years ago, gave credit to one man who brought the board of directors' attention to the importance of CSR. A combination of public pressure, international trends, and pressure to compete internationally have driven CSR within the company. EcoPetrol is currently applying two CSR strategies: 1/Environmental Management: Efficient energy use, Bio diversity, Climate change (greenhouse gases).

2/Stakeholder Engagement: balance and harmony among the 7 different stake holders of the company to ensure that the company commitments suit everyone's expectations to the best of their efforts.

Their latest CSR project, in Magdalena Mejor, a former refinery around which was built a city known for corruption, low safety, and overall violence. Ecopetrol's latest responsibility act was to bring together NGOs, government authorities, local mayors, the Catholic Church and other involved parties to sign an agreement to build a healthy agenda for the city. EcoPetrol has committed to raise 5 pesos to every peso others put in the project, next year, 10 pesos for each peso.

Mr. Stephane d'Aura, of Thales, a weapons & defense conglomerate in France. 60% in defense and security production, 40% in aerospace, satellite, transportation (signals and railway tracks). 20% of revenue is invested in R&D, and 70% of revenue was from made state "clients", making the company less controversial and more legitimate (ex. no b to c in weapons sales). CSR in Thales are in regulating the industry, already strictly regulated by governments, anti-corruption policies, and in 2005, an ethics body was created in every major office to ensure that the implementation of the company ethics code internally and in business relations and suppliers to the company. CSR is driven by public image, competition, international pressures,...

In conclusion, CSR is yet to evolve and become a matter of sustainability more than just a matter of international laws and pressures; it remains a developing concept, that has yet to mature.

Flash summary – realized by students from the EDHEC Business School