

KEYNOTE ADDRESS BY THE PRESIDENT OF THE FEDERAL REPUBLIC OF NIGERIA, HIS EXCELLENCY, CHIEF OLUSEGUN OBASANJO, GCFR AT THE INTERNATIONAL CONFERENCE ON CORPORATE SOCIAL RESPONSIBILITY HELD ON TUESDAY, MARCH 6, 2007 AT THE TRANSCORP HILTON HOTEL, ABUJA.

Protocols

It is my great pleasure and honour to welcome you all to this august gathering of the International Conference on Corporate Social Responsibility organised by the Nigeria Network of United Nations Global Compact. I was told that this is the first major outing of the Nigeria Network since it was launched about a year ago. Indeed, the Network was launched in Nigeria in June last year to entrench the principles of the UN Global Compact and to facilitate cooperation among key stakeholders by promoting partnerships in support of UN goals. This conference on CSR, I was told was designed in line with these objectives and I must commend the efforts of the Network for the initiative.

Corporate social responsibility (CSR) has become a very important global issue that no nation or business that desires progress can afford to ignore. Indeed, the challenge is how to infuse the new spirit of CSR into the business world.

For a long time, capitalism and altruism were seen as two separate pursuits. The business world embraced and thrived on the notion of 'self-interest' without showing concern or sympathy for society. Those that expressed some concern did so to fulfil a social obligation, bowing under external pressure to demonstrate their social responsibility.

But things are changing. In recent years, there has been a clear shift from obligation to strategy. While many, in particular corporate icons, continue to commit a substantial portion of their company's profits and individual net worth to global corporate philanthropy, more and more companies are moving beyond mere philanthropy and integrating CSR into their core business strategy and practice. Before, it was a mere case of doing well to look good, but now there is an increased desire to do well and to do good.

I am pleased that there is a sweeping global change that has shaped businesses' approach to CSR and I would like to enlist you as key players in the Nigerian business community, to step up and take responsibility for a growing global movement that recognises and realizes opportunities for bottom line benefits through corporate support and partnerships with communities to bring about a better world.

Traditionally, businesses have operated in a marketplace driven by profit and loss and influenced by supply and demand. Today, not only are businesses expected to increase their bottom line in a flattened global environment but they also need to operate under an additional 21st century factor: 'the new moral marketplace'.

In the "new moral marketplace", companies are increasingly being judged by consumers, investors and employees based on the perceived corporate morality of the company. Modern day technological strides have opened up a world of information for today's digitally connected population. Terms such as fair trade, environmentally friendly, corporate citizenship and free-range to name but just a few – which many years back would probably only be heard within the NGO circle - have crept into the supermarket shelves and consumers' conscience of today.

Over the years, consumers have become more discerning, not only scrutinising and making their choices based on the financial *value* of a product or company, but also on the intrinsic values that the product or company represents.

Thus over the years, companies have realised that the practice of corporate philanthropy need to evolve to become an integral part of corporate strategy, as they seek to derive competitive advantage while responding to perceived pressures from the market.

And there is good reason to do this. Few years ago for example, the leaders of the world agreed on a vision for the future and a framework for its implementation. This came in the form of the eight Millennium Development Goals which envisage amongst others a world with less poverty, hunger and disease, a healthier environment, and developed and developing countries forging a partnership for the betterment of all.

But today a significant proportion of the developing world's population still exist on less than US\$1 per day, millions of children still die before the

age of five sadly from preventable diseases, deforestation continues at an alarming rate of 13 million hectares a year, and youth unemployment accounts for close to half of the world's jobless.

There is therefore still a long way to go. The challenges of the world should not and cannot be borne by governments and nations alone. The responsibility to change this world for the better, to bridge the gap between the haves and the have nots, to ensure that communities can continue to regenerate, lie in each and every one of us as a global citizen. And that includes especially businesses with their resources which can be channelled into a diverse array of programs to address these challenges, and to work together with the communities they operate in to bring about a sustainable future for all.

Distinguished ladies and gentlemen, in today's world, economic, social and environmental goals are no longer mutually exclusive and business communities have become more interconnected than ever before. They have now found themselves increasingly operating in a seamless, borderless but multifaceted world. It therefore makes sense for business to operate on universal values by subscribing to moral and ethical practices, and nurturing a system of shared beliefs that will translate into socially responsible behaviour. Businesses can no longer shy away from their responsibility towards the preservation of the well being of the people.

It is in realization of this that we have witnessed in recent years the promulgation of international charters, frameworks, and guidelines to lay the common ground for businesses to achieve. One of these is the United Nations Global Compact Initiative which was mooted by the former UN Secretary-General Kofi Annan to promote corporate responsibility by advancing universal values in business operations. It is one of the largest and most widely embraced voluntary corporate citizenship initiatives. I am pleased that a good number of Nigerian companies have signed on to the Global Compact principles and I want to encourage others who have not done so to join the Network for the good of the society.

As you are aware, the Global Compact is not a regulatory instrument. It doesn't tell businesses how to operate. Rather, it aims to integrate various principles in the areas of human rights, labour, environment and anti-corruption into business activities around the world and catalyse actions

in support of the UN's vision of a sustainable and inclusive global economy.

Distinguished ladies and gentlemen, you will agree with me that the corporate governance and ethical crises around the world in recent years have prompted a sea change of legislations to improve not only corporate governance and ethics, but also to embrace the broader issues of corporate social responsibility including initiatives which persuade investors to think of more than just the bottom line.

Not too long ago, the United Nations Secretary-General launched the Principles for Responsible Investment (PRI) at the New York Stock Exchange. This voluntary and aspirational document provides a framework for achieving better long-term investment returns, and more sustainable markets. Essentially, it provides a framework for institutional investors to exercise their fiduciary duties and fairly assess companies on their environment, social and corporate governance (ESG) performance.

Institutional investors who sign up to the PRI commit themselves to integrate environmental, social and governance issues into conventional investment analysis and seek appropriate disclosures on environmental, social and governance issues in the companies that they invest in. In addition, as signatories, they also commit to being active, responsible owners by promoting good corporate governance practices and reporting transparently on what actions have been taken.

It is our desire that this trend gains strength in Nigeria. The NEEDS 11 document is being designed to reinforce our nation's agenda to achieve a stronger and more value added economy while focusing on socio-economic issues. It speaks not only of moving the economy up the value chain, but also of raising capacity for knowledge and innovation, addressing socio-economic inequities and improving the standard and sustainability of the quality of life.

Like the nation, businesses cannot afford to chase economic value without considering the impact of their operations on their stakeholders and the community at large. We will continue to encourage companies operating in Nigeria to disclose their CSR activities and provide encouragement for good CSR practices. No doubt this will set in motion a trend amongst institutional investors who will integrate social,

environmental and governance considerations into their investment decision in the country.

I do believe that more Nigerian companies are beginning to realise that corporate social responsibility is not an option and should not be regarded just as a response to externally prescribed measures - but as an *essential* business strategy

It is becoming increasingly obvious that business and society are equal partners in the advancement of the greater community. Business is not solely about making economic returns; it is also about people and values. And companies that have successfully incorporated CSR into their business operations have reaped benefits and will continue to do so.

The benefits of CSR are not just limited to big corporations. As with good corporate governance practices, CSR is equally relevant to smaller companies as, fundamentally, they both draw upon the same universal principles of accountability, honesty, transparency and sustainability.

It is the inextricable linkage between corporate governance and CSR which will create a corporate conscience that will help companies steer their objectives and priorities. As such, the leaders of companies amongst you must have absolute clarity, conviction and commitment in owning and driving your company's CSR strategy. Indeed, for any CSR strategy to succeed, like any other business strategies, it must be led by example from the top and believed by the masses.

In conclusion, I want to inform all of us that every individual in this room has a positive and proactive role to play to infuse that new spirit of CSR into the Nigerian business environment. If today's globalised world is characterised by change, the question that I now put to you is how will you change in order to derive the competitive advantage to be obtained from weaving social and environmental considerations into your business strategy?

On that note, I thank you very much for your attention and wish you all a successful and highly rewarding interactive session.

President Olusegun Obasanjo, GCFR
Aso Rock Villa, Abuja.

