The Future of CSR

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Definition of CSR

Conducting business in ways that produce social, environmental and economic benefits for the communities in which a company operates, globally.
The Business Case for CSR

• Attracts and retains employees
• Increases customer loyalty
• Reduces operating costs
• Strengthens the supply chain
• Enables license to operate
Define what CSR means for the company

• Must define key issues, stakeholders and spheres of influence relevant to corporate citizenship in the company and industry.
• Internally determine materiality, based on products, lines of business, geography.
• Identify key stakeholders and request their input on what they see as material for the business.
Think From the Beginning

• Greatest opportunities for innovation and bottom-line impact are at the beginning of the value chain.
• Assess the supply chain - its impact on communities and the environment - to design, at the outset processes with sustainability.
• Best CSR strategies should focus on a company’s supply chain:
  • what they buy,
  • whom they buy from,
  • what they manufacture,
  • who makes the product(s) and
  • what are the social and environmental practices throughout the chain, from suppliers to ultimate customer.

• In 2004 Starbucks launched its sourcing guidelines called C.A.F.E.
Integrate CSR in the Business

• Embed corporate citizenship into strategic plans and operations; maintain dialogue and partnership with key stakeholders.
• Start at the Top: The task of ensuring CSR rests at the top of the organization.
• Put corporate citizenship on the board agenda.
• Establish internal performance, incentive and measurement systems.
• Encourage innovation and creativity.
• Empower the next generation of business leaders.
Measure Outcomes

Common sustainability standards and metrics remain elusive, but progress can be tracked.

• Leading companies (Timberland, McDonald’s, Nike): Created a board-level committee charged with holding the company accountable for results.

• Starbucks: Establishes KPIs in CSR areas, measures progress quarterly as part of business QBRs, and reports on progress in an annual CSR report.
7. Be Transparent

• Importance of candid communication about any business’s social and environmental impacts cannot be overstated.

• Transparency helps develop stakeholder trust, is the core element of CSR leadership, and differentiates company from others. It is key to responsible corporate citizenship.

• Transparency is about reliable indicators of CSR progress and honest communication with various stakeholders about CSR policies and practices, including formal external reporting.
The Starbucks Example of CSR Leadership

1. Establish a CSR Executive Committee of CEO, CFO and EVPs
2. Tackle the Supply Chain – for coffee and cocoa
3. Integrate social investments, philanthropy in supply chain
4. Adopt a millennium development goal – access to clean water
5. Reduce environmental footprint – energy, paper, water, recycling
6. Assess climate impacts and set specific goals to reduce emissions
7. Engage in dialogue and partnership with key stakeholders
8. Make transparency and reporting central to CSR strategy
9. Provide a great work environment
10. Engage employees and customers in CSR programs
Starbucks Integrated Approach to Supply Chain Sustainability

- Premium Prices
  - Price Transparency
- C.A.F.E. Practices
- Conservation & Certified Coffees
- Access to Credit
- Social Development Projects
- Farmer Support Center
  - Capacity Building, Technical assistance
Assess Supply Chain

In 2001, Starbucks started creating socially and environmentally responsible guidelines for the production, purchasing, and roasting of high quality coffee with guidance from Conservation International, based on successful partnership in Chiapas, Mexico.

In 2004 Starbucks launched its sourcing guidelines called C.A.F.E (Coffee and Farmer Equity) Practices. These guidelines require that suppliers not only meet quality standards, but also provide documented evidence of payments made throughout the supply chain – particularly to the farmer. They provide protections for fair and humane working conditions, workers’ rights, adequate living conditions, and living wages.
QUALITY

“Coffee improves some people’s mornings and others’ whole lives”

RELATIONSHIPS

“Cultivating Relationships to harvest great coffee”

Responsible Practices that Sustain Quality & Relationships

The Way We Do Business
The Four Fundamentals of C.A.F.E. Practices

- Product Quality
- Economic Accountability
- Social Responsibility
- Environmental Leadership

Prerequisites + Evaluated Components = C.A.F.E. Practices
• In 2005, Starbucks launched a Socially Responsible Cocoa Sourcing program. Today, this program is successfully being implemented.

• **Objectives of the sustainable cocoa program:**
  
  To ensure cocoa used in the company’s chocolate products is sourced in an ethical manner, to be in alignment with the highest Corporate Social Responsibility requirements:
  
  – Social conditions including elimination and prohibiting of forced child labor
  – Environmental sustainability and farm management
  – Economic traceability including price transparency back to the farmer
  – Investment in micro-lending and other social programs