

The logo for Sustainable Business International is located in the top right corner of a dark green header bar. It features the word "Sustainable" in a bold, white, sans-serif font, with a thin white horizontal line above and below it. Below this, the words "BUSINESS" and "INTERNATIONAL" are stacked in a smaller, white, all-caps, sans-serif font, also with thin white horizontal lines above and below them. To the left of the text is a stylized sunburst graphic with radiating lines, and to the right is a branch with several leaves and small circular fruits.

Sustainable
BUSINESS
INTERNATIONAL


The Future of CSR

Sandra E. Taylor
Sustainable Business International LLC
www.SustainableBizIntl.com

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.

The Way We Do Business

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 Four Fundamentals of C.A.F.E. Practices



Socially Responsible Cocoa

- **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



Sustainable

B U S I N E S S

I N T E R N A T I O N A L