

# Corporate Sustainability Strategy

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# Presentation Overview

- What is corporate sustainability?
- What's the context?
  - Corporate
  - Environmental
  - Social
- How do companies create a corporate sustainability strategy?
- What makes a company a leader in corporate sustainability?
- How do companies manage corporate sustainability?
- Communicating sustainability

# What is corporate sustainability?

# Definitions of Corporate Sustainability

"A business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders." – *Financial Times*

"A corporation's initiatives to assess and take responsibility for the company's effects on environmental and social wellbeing. The term generally applies to efforts that go beyond what may be required by regulators or environmental protection groups." – Investopedia.com

"Meeting the needs of present generations without jeopardizing the ability of future generations to meet their own needs." – United Nations

"Corporate citizenship is not about giving more money and more product, it is about transforming businesses to operate responsibly." – Kathy Pickus, VP, Global Citizenship and Policy, Abbott (pharmaceutical company)

# What Does Corporate Sustainability Encompass?

- All issues related to:
  - Environment
  - Social
  - Governance
  - Employees
  - Economics

# Questions?

- You've been exposed to a number of definitions of corporate sustainability. Does anyone have any clarifying questions before we continue?

# A Note on Terminology

- Corporate Sustainability
- Corporate Social Responsibility
- Corporate Responsibility
- Corporate Citizenship
- Environmental & Social Responsibility
- Global Responsibility
- Sustainable Business
- Environmental, Social, Governance\* (ESG)
- Sustainable Development\*\*



*Which of these terms (translated) are most common in Russia?*



*Which term do you prefer and why?*

\*derived from investment field

\*\*this is also often used in social enterprise/government context

# Different Words, Different Meanings?

- In the U.S. in the 1990s, sustainability was only about environmental issues, and social/charitable topics fell under human resources, community relations, and corporate philanthropy.
- Today, sustainability can mean the full spectrum of issues from environmental to social to governance to employees to economics.
  - This is the most common approach in Europe, but in the U.S., CSR and/or Sustainability is the most common approach.

# What Do Companies Call It?

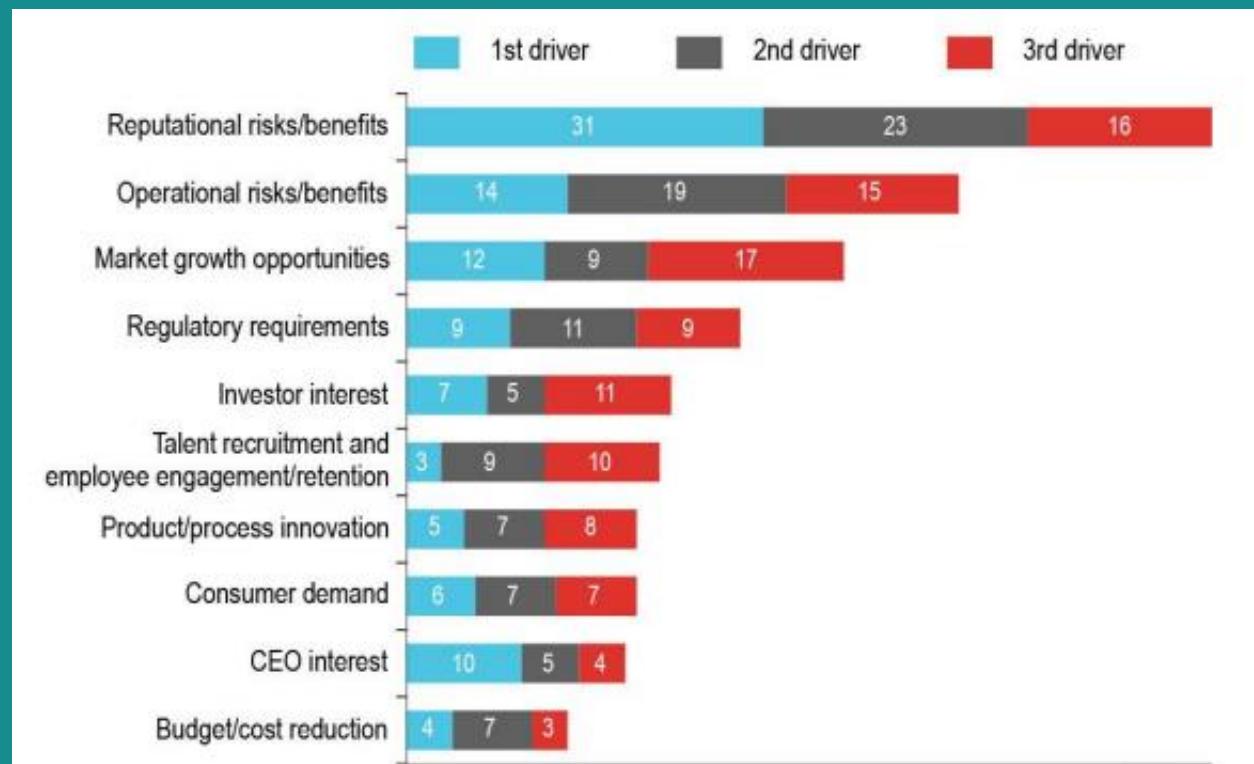
Company	Term
Aeroflot	Corporate Social Responsibility
Nike	Sustainable Business
General Mills	Global Responsibility
Unilever	Sustainable Business
China National Petroleum/PetroChina	Environment & Society
Toyota	Sustainability
L'Oréal Group	Sustainability
Starbucks	Global Responsibility

What is the context?

Corporate  
Environmental  
Social

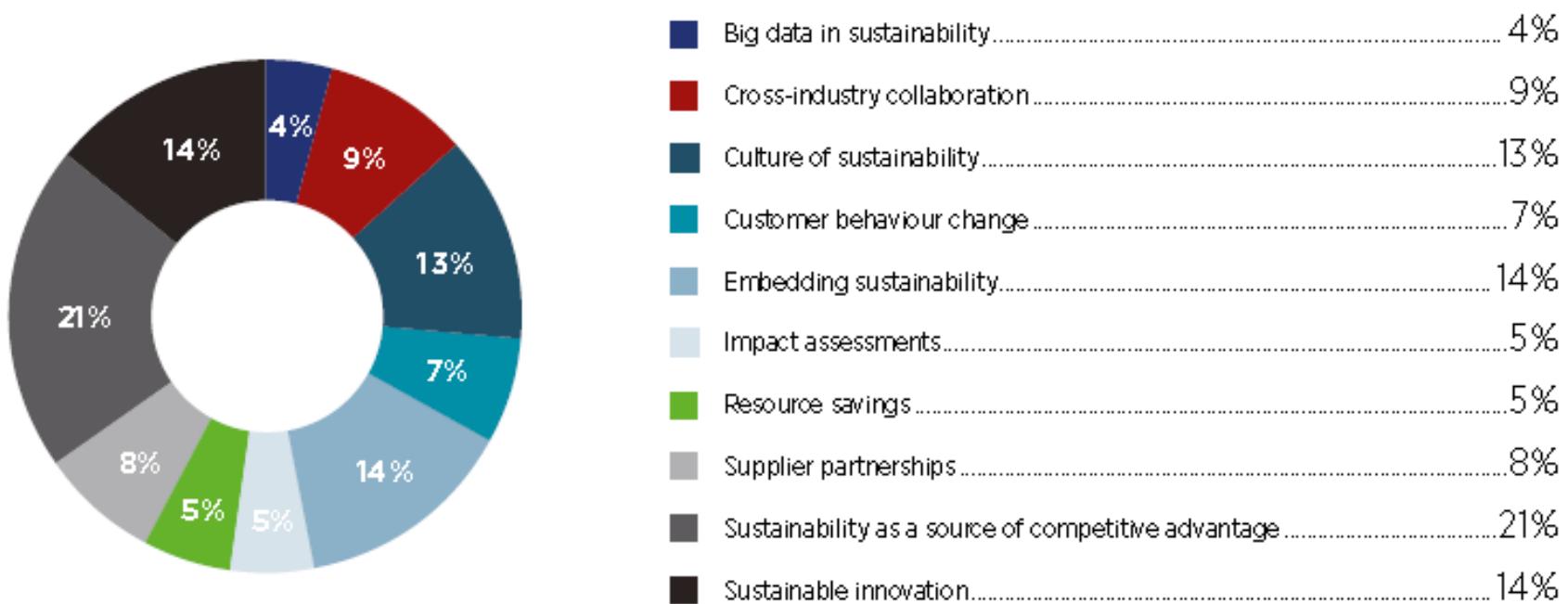
# Corporate Context: Driving Forces

- What are the top three drivers behind corporate sustainability efforts? According to research from Business for Social Responsibility:



# Corporate Context: Opportunities

Q: Which one area holds the single most exciting opportunity for your organisation in 2016?



# Corporate Context: Stakeholder Expectations

Company leadership/C-suite	concerns about economic value, driving sustainability leadership
Investors (for public companies)	fiduciary duty, socially responsible investors (SRIs)
Employees	desire for purpose, desire for good pay/benefits and opportunities for growth
Regulators	abiding by laws and regulations
Consumers/customers	growing interest in sustainability, expectations about product/services
Local communities	concerns about environment/social impacts, desire to see “good employers” in community
Non-commercial organizations	desire for impact on specific issues, from worker safety to climate change— depends heavily on the industry/company
Commercial organizations	desire to support industry



*Would you add other stakeholder groups?*

# CEOs & Sustainability 1

- Whether or not the CEO has “bought in” to the value of corporate sustainability can make or break a strategy. Making a business case is essential
- CEO interest is rapidly increasing: a 2016 survey of sustainability professionals around the world found nearly half of companies saying their CEO considers sustainability as a top-five agenda item, a big increase over 2015

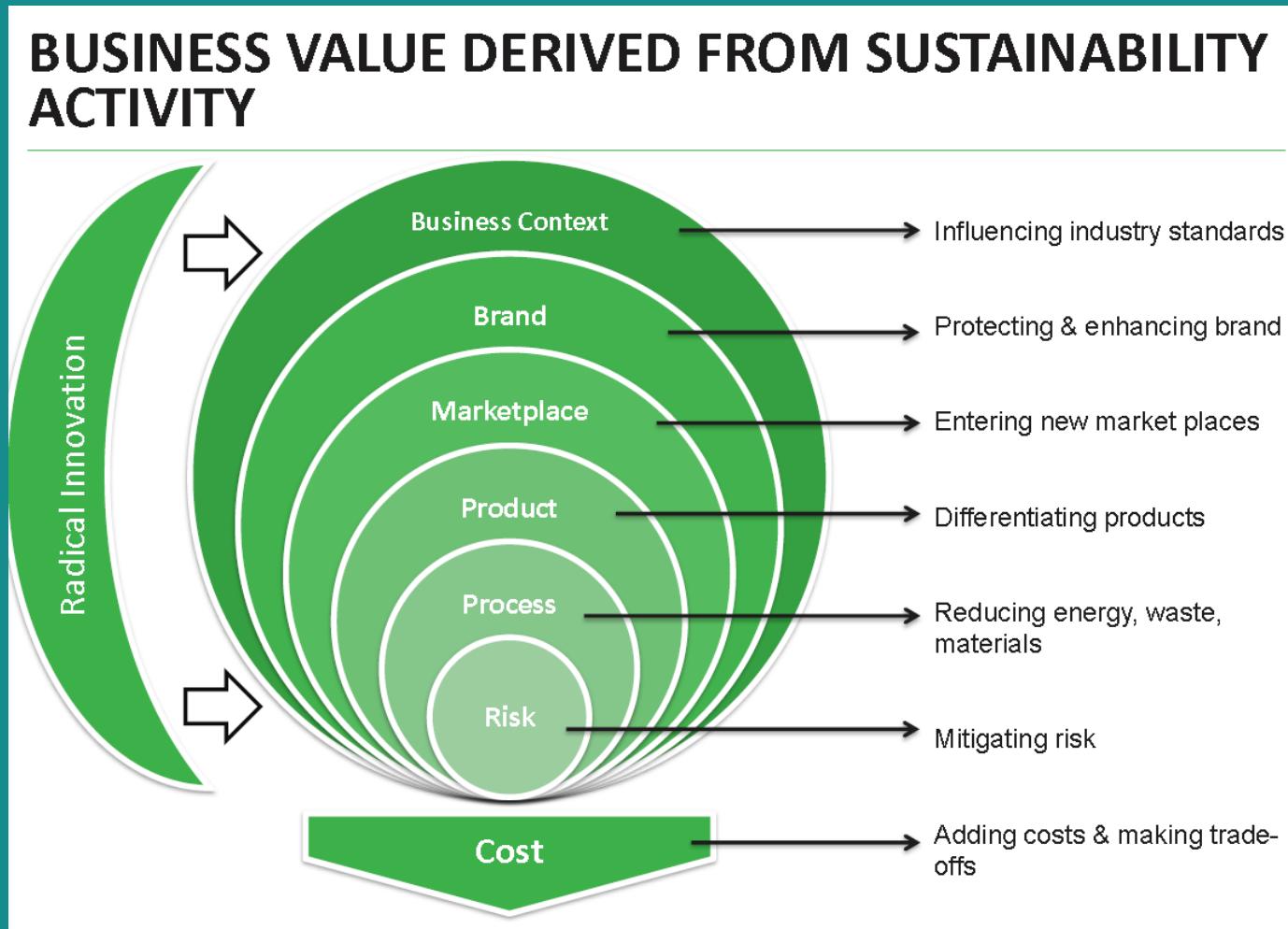
# CEOs & Sustainability 2

- 80% of American CEOs believe demonstrating a commitment to society is a differentiator in their industry
- 88% believe greater integration of sustainability issues in financial markets is essential to making progress
- 97% believe that sustainability is important to the future success of their business
- 55% of European executives stated that sustainability is driving revenue for their business
- 69% said their CEO is convinced of the value of sustainability

# Investors

- ESG has long been of interest to some investors, and it's increasing
  - Russians are more likely than the global average to consider a company's CSR efforts when making personal decisions, such as where to invest (76% vs. 67% globally).
- Other shareholders are very focused on short-term profits; making a business case for sustainability programs is essential
- Some stock exchanges, such as Hong Kong and Singapore, require sustainability reporting for publicly traded companies
- Nearly three quarters (72%) of individual investors in the U.S. believe that companies with good environmental, social and governance (ESG) practices can achieve higher profitability and are better long-term investments

# Sustainability & Economic Value: Appliance Company



# Employees

- Engaged employees are *the* key to making sustainability progress!
- Encouraging employees to share their ideas, from saving energy costs to reducing waste to donating to worthy local charities, can create a more meaningful sense of sustainability progress
- According to Cone Communications and Echo Global, Russians are more likely than the global average to consider a company's CSR efforts when making personal decisions, such as where to work (88% vs. 81% globally).

# How Employees Think about CSR

- Employees will think about CSR from two perspectives: what impacts them directly, and what their company does

What impacts them directly	What their company does
Working conditions, pay & benefits, job creation, opportunities to advance, corporate reputation, contributions made to community where they live/work, corporate ethics and governance	Environmental impacts (directly, if in their own communities), sustainability and working conditions in supply chain

# Regulators

- National government regulators expect companies to follow laws. Depending on the country of operation, laws could relate to environmental and social concerns. Here are a few examples:
  - Working conditions and hours
  - Proper disposal of hazardous waste
  - Gender representation (employees, board, etc.)
- Cultural differences are very important. In Germany and France, many CSR activities that would be marketed elsewhere as such are simply required by the government.



*What are some important laws for companies operating in Russia to follow?*

# Consumers/Customers: B2C

- Regular people may have an interest in seeing a company reduce its environmental impact and give back to society.
- In many European countries, including Germany, the U.K. and France, consumers just expect companies to continue improving their CSR efforts and for the government to regulate companies' CSR performance

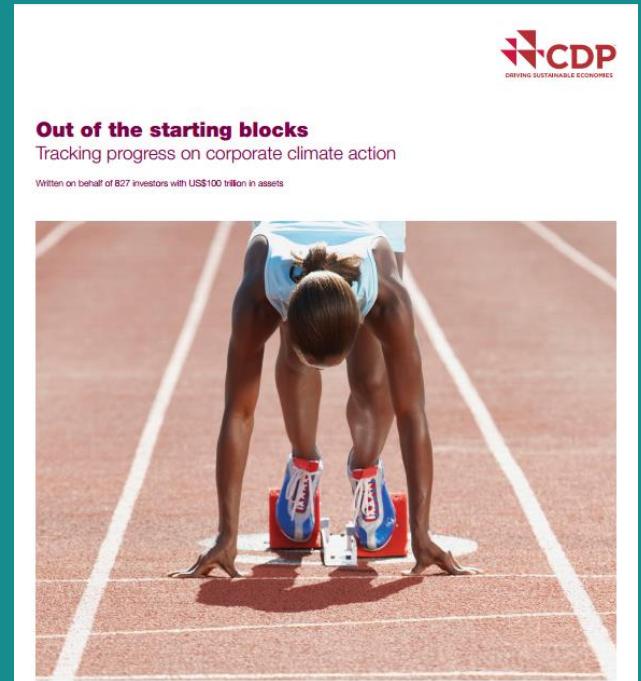


*"Consumers want to know how companies use natural resources and treat their employees. If a company isn't operating responsibly, it will lose credibility."*  
Don Mohanlal, foundation president, India

*I have research stating Russian consumers aren't that interested in corporate sustainability, but it's from 2013. What has changed (or not) since then?*

# Consumers/Customers: B2B

- Faced with their own pressures from stakeholders to share their sustainability efforts, customers need to reach into their supply chain to understand impacts and will thus have questions for their suppliers.
- An American casino company surveyed its suppliers to share *their* climate change impacts so that the casino company can more comprehensively estimate its own: those it creates directly and those created on its behalf by suppliers



# Local Communities

- License to operate: the level of acceptance of a community in hosting a company/its operations
- Local communities may have concerns related to the type of services or products a company provides. Let's discuss sample community concerns for these types of companies:
  - Bottled water
  - Casinos
  - Fast food restaurant chain
  - Industrial fragrances
- Engaging with the community from the beginning is the best strategy to understand their concerns *and tell your side of the story* so there aren't misconceptions and misinformation
- Coupling engagement with local hiring and promotion, volunteerism, in-kind and financial donations will further contribute to making company presence a positive one



# Non-Commercial Organizations

- Organizations will focus on the issues they care about, and may wish to engage with (or punish) companies based on their performance on these issues
- Sample organizations/issues include:
  - Greenpeace: environmental protection
  - International Labor Organization: worker safety and working conditions
  - International E-Waste Management Network: electronic waste
  - Humane Society: animal welfare
- As in local communities, early engagement can help stave off misunderstandings. When problems arise, non-commercial organizations can provide a valuable outside perspective. Some are even set up to provide private mediation among activist organizations and companies

# Commercial Organizations

- Organizations that serve as a representative of a specific industry will have priorities which may align with other stakeholders
- More often, they will advocate for the industry to drive reputation and profitability. In the U.S., this often comes in the form of government relations
  - For example, the restaurant industry engages with elected officials in government to discuss laws about restaurant worker wages
- They can be a valuable, pre-competitive tool in tackling challenges that impact the whole industry

# Prominent Sustainability Issues

- Corporate sustainability professionals around the world say the two top issues are climate change and worker rights/treatment in the supply chain and within the company
- Other issues are, in order:
  - Water availability/quality
  - Access to products/services meeting basic needs
  - Sustainable consumption
  - Public policy frameworks promoting sustainability
  - Poverty reduction

# Issues in Business & Society: Office Supply Company

- Imagine an office supply company that sells office products to people via retail and companies via a website
- What are some corporate sustainability issues it may encounter?

# Issues in Business & Society: Office Supply Company

## People & Society

### Workplace

- Employee engagement
- Wages & benefits
- Health & safety
- Workplace practices

### Diversity & inclusion

- Recruitment & retention
- Career development & advancement
- Associate Resource Groups

### Community support

- Education & job skills
- Corporate giving
- Associate engagement
- Customer engagement

## Products

### Sustainable products

- Product lifecycle
- Chemicals of concern
- Product packaging
- Product certifications
- Customer engagement

### Sustainable forestry

- Chain of custody certification
- Industry leadership

### Responsible sourcing

- Traceability/transparency
- Conflict minerals
- Human rights
- Environmental compliance
- Sustainability/social risk assessment

### E-waste & takeback

- Certified recyclers
- Customer engagement

## Operations

### Sustainable procurement

- Procurement policy
- Supplier diversity

### Sustainable operations

- Climate change risk
- GHG emissions & energy
- Waste reduction & recycling
- Packaging reduction
- Transportation efficiency
- Water
- Hazardous waste

## Business Integrity

### Governance & Ethics

- Shareholder relations
- CEO pay
- Transparency
- Code of Conduct

### Information security

- Data security
- Consumer privacy

# Issues in Business & Society: Packaged Food Company

ISSUE	DESCRIPTION
Animal welfare	Ensure the ethical treatment of animals raised by suppliers
Biodiversity	Conserve biodiversity through sustainable sourcing practices
Biotechnology	Work to educate the public on use of genetically modified organisms and meet consumer demands for increased information
Climate change	Advance strategies to reduce GHG emissions and help mitigate the effects of climate change in agricultural and food production systems
Commodity pricing and availability	Maintain reliable access to key commodities and inputs
Corporate governance and ethics	Operate with integrity and with the highest standards in oversight, ethics and compliance
Diverse consumer needs	Meet changing consumer needs and diversify our product offerings based on geography, culture, values and economic means
Employee well-being	Help employees lead healthier lives through education and support
Energy use	Manage energy usage and costs throughout the value chain, including agriculture, production, transportation and distribution
Food safety	Set and maintain high standards for food safety and quality
Food security	Improve access to healthy, affordable food for the world's growing population
Food waste	Address food waste and loss from field to table
Health and nutrition wellness	Improve the health profile of products and engage in public discussions on healthy and nutritious lifestyles
Packaging footprint	Reduce the environmental impact of packaging
Responsible marketing	Adhere to internal and industry guidelines regarding consumer communications
Smallholder farmers	Support smallholder farmers' capability and capacity to maintain viable operations
Supply chain relationships	Build and strengthen supplier partnerships across the value chain
Transparency	Communicate openly with key stakeholders on material issues, including through brands
Water stewardship	Manage water resources strategically throughout the value chain
Workforce management	Provide competitive benefits, foster a diverse and inclusive culture, and invest in training and development opportunities
Workplace safety	Maintain a safe workplace for our employees, contractors and visitors, with a focus on zero accidents and injuries

# Corporate Context Questions

- How to prioritize so many important stakeholder groups while also making a profit?
- Based on your experience/opinion, which stakeholder group could be the biggest champion of sustainability? Which could be the biggest skeptic?

# Global Environmental Context



litter and pollution



climate change impacts



ocean health



lack of freshwater



deforestation



illegal wildlife trade



energy

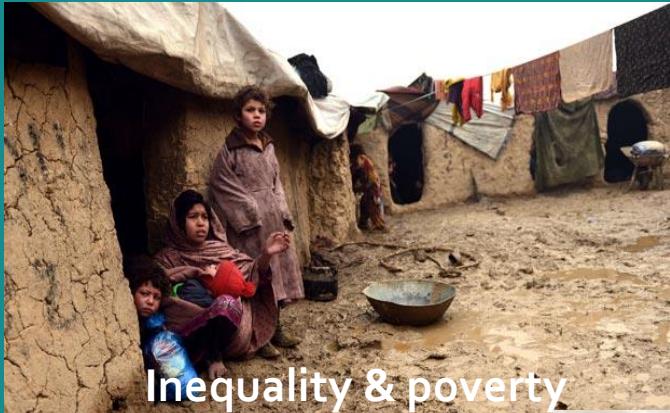


soil erosion

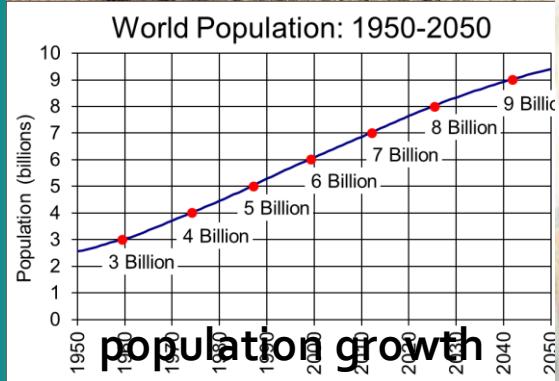


What would you  
add to the list?

# Global Social Context



Inequality & poverty



sustainable cities



gender equality & diversity



Water, hygiene and sanitation



economic opportunity



access to education



affordable energy



What would you  
add to the list?

How do companies create a  
corporate sustainability strategy?

# Spectrum

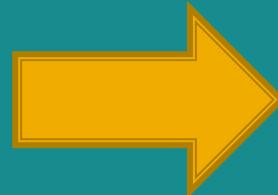
- Tactical
  - Complying with regulations
  - Reactive philanthropy
  - Solely focused on short-term benefits of cost-savings (environmental initiatives) or reputational benefits (social/employee initiatives)
- Strategic
  - Meets needs of business; is flexible enough to evolve with needs of business and society
  - Strategy aligned with social, environmental, economic issues specific to company's geographies of operations
  - Leadership from the top
  - Regular stakeholder feedback and engagement
  - BOD oversight
  - Integrated in business model ("gold standard")

# Start with the Business

- What is your business? Which issues have you already begun to address?
  - Company strategy & mission/vision/values
  - Risk assessment
  - Sustainability materiality assessment
  - Customer expectations
- How are broad sustainability issues already presenting themselves to the company? How are they being addressed and by which departments?

# Current Structures in Place

- Environment, health & safety
- Human resources
- Community relations
- Investor relations
- Government relations
- Environmental sustainability
- Employee volunteerism
- Corporate philanthropy
- Finance
- Legal
- Governance/Board of Directors
- Risk management
- Supply chain



All these functions are already contributing to a corporate sustainability efforts. How can their efforts come together to create a coherent strategy?



*Are any corporate functions missing?*

# Case Study: Casino Company

- In 2007, casino/hotel employees began to support the company's need to cut costs by proposing and implementing creative ideas to reduce energy consumption and waste
- #1: "Low-hanging fruit:" American business lingo for doing the easy, cost-saving things first
  - The CEO saw an opportunity to scale these savings across all properties through a more comprehensive sustainability program
  - Existing programs run by energy services teams continued with more investment (e.g., energy audits, lighting retrofits)
- #2: Launched CodeGreen (CG), internal and external facing strategy for reducing use of natural resources
  - Corp comm/government relations team partnered with energy services team to develop strategy
  - Each casino/hotel instructed to develop voluntary CG teams with CG leader to drive
- #3: Evaluating CG: prioritizing and bringing together voluntary CG participants with those focused on bottom line
- #4: Changing culture: getting employees excited about their ability to make changes. Monthly conference calls among CG teams to share best practices (continue to this day)
- #5: Launched 18-month plan focused on a different aspect each month, guided by checklist

# Case Study: Casino Company

## WASTE REDUCTION CHECKLIST

	STANDARD OPERATING CHANGES	PROPERTY-LEVEL ROI ANALYSIS NEEDED
Outdoor	<ul style="list-style-type: none"> <li><input type="checkbox"/> Introduce recycling program &amp; provide containers</li> <li><input type="checkbox"/> Use landscape waste for composting</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Invest in new loading-dock storage and handling facilities to manage recycling process</li> </ul>
Public Areas	<ul style="list-style-type: none"> <li><input type="checkbox"/> Introduce recycling program &amp; provide containers</li> <li><input type="checkbox"/> Train staff in collecting and sorting for recycling</li> <li><input type="checkbox"/> No landscape waste to be bagged for landfill</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Invest in furniture and interior design upgrades using recycled materials</li> <li><input type="checkbox"/> Invest in carpeting replacement for easy cleaning and use recycled materials</li> </ul>
Guest Rooms	<ul style="list-style-type: none"> <li><input type="checkbox"/> Introduce recycling program &amp; provide all containers</li> <li><input type="checkbox"/> Introduce "newspaper optional" program</li> <li><input type="checkbox"/> Introduce "green" cleaning products</li> <li><input type="checkbox"/> Provide recycling containers near elevators</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Invest in furniture and fixtures from recycled material</li> <li><input type="checkbox"/> Invest in toiletries dispensers and eliminate use of disposable bottles</li> </ul>
	<p>Management providers to capture value</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Recycle carpeting</li> <li><input type="checkbox"/> Recycle remodeling/construction materials</li> <li><input type="checkbox"/> Recycle "at home" program</li> </ul> <p>OFFICE:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Train staff in recycling program and purchasing of "green" products: recycled or low-impact</li> </ul> <p>KITCHEN:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Introduce second-use system for food waste</li> <li><input type="checkbox"/> Introduce food donation program for food waste</li> <li><input type="checkbox"/> Introduce recycling program for packaging</li> <li><input type="checkbox"/> Review oil recycling or re-sale possibilities</li> </ul> <p>LAUNDRY:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Use old towels and linens for clean up</li> </ul> <p>HVAC:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Manage hazardous-waste disposal of air filters</li> </ul>	<p>WATER:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Invest in "waste to energy" system for hot water heating</li> <li><input type="checkbox"/> Invest in water recycling system to capture grey water</li> <li><input type="checkbox"/> Invest in oil recycling equipment to generate fuel from waste for boilers</li> <li><input type="checkbox"/> Invest in contract for on-site separation equipment and staff</li> </ul> <p>HVAC:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Invest in systems to recycle water and chemicals</li> </ul> <p>STORAGE &amp; SEPARATION:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Invest in changes at loading docks to provide storage for separated materials</li> <li><input type="checkbox"/> Invest in partnership with waste management provider or materials recycling facility to invest in materials separation and extraction processes</li> </ul>
	<ul style="list-style-type: none"> <li><span style="color: green;">●</span> Implement change as soon as possible</li> <li><span style="color: yellow;">●</span> Low cost/Check with Energy &amp; Environmental Services</li> <li><span style="color: red;">●</span> Work with Energy &amp; Environmental Services to develop business case and engineering process</li> </ul>	

# Case Study: Casino Company

- #6: Creation of scorecard to manage progress; focused on financial returns. Companywide scorecard and individual casino/hotel scorecards
  - Energy savings
  - Carbon emissions reduction
  - Waste & recycling
  - Customer awareness/affinity
  - Employee engagement
- #7: Continuous improvement and motivation of employees
  - Awards for CodeGreen leaders
  - Supply chain integration

# Case Study: Casino Company

- What about the social and economic parts of CSR?
  - Today, the leader for the department is an EVP of corporate citizenship and government relations
  - The company also has a VP of sustainability and corporate citizenship. Corporate citizenship encompasses ALL the company's efforts, while sustainability is defined as environmental sustainability

# What Did We Learn?

- Capitalize on grassroots efforts
- Leverage existing corporate functions in place and build new ones
- CEO leadership and buy-in is crucial
- Spot opportunities for value (cost savings from energy reduction; improved customer loyalty; improved reputation among stakeholders; employee engagement)
- Measure and manage
- Continue to innovate



*What else? How would you apply this in your own workplace?*

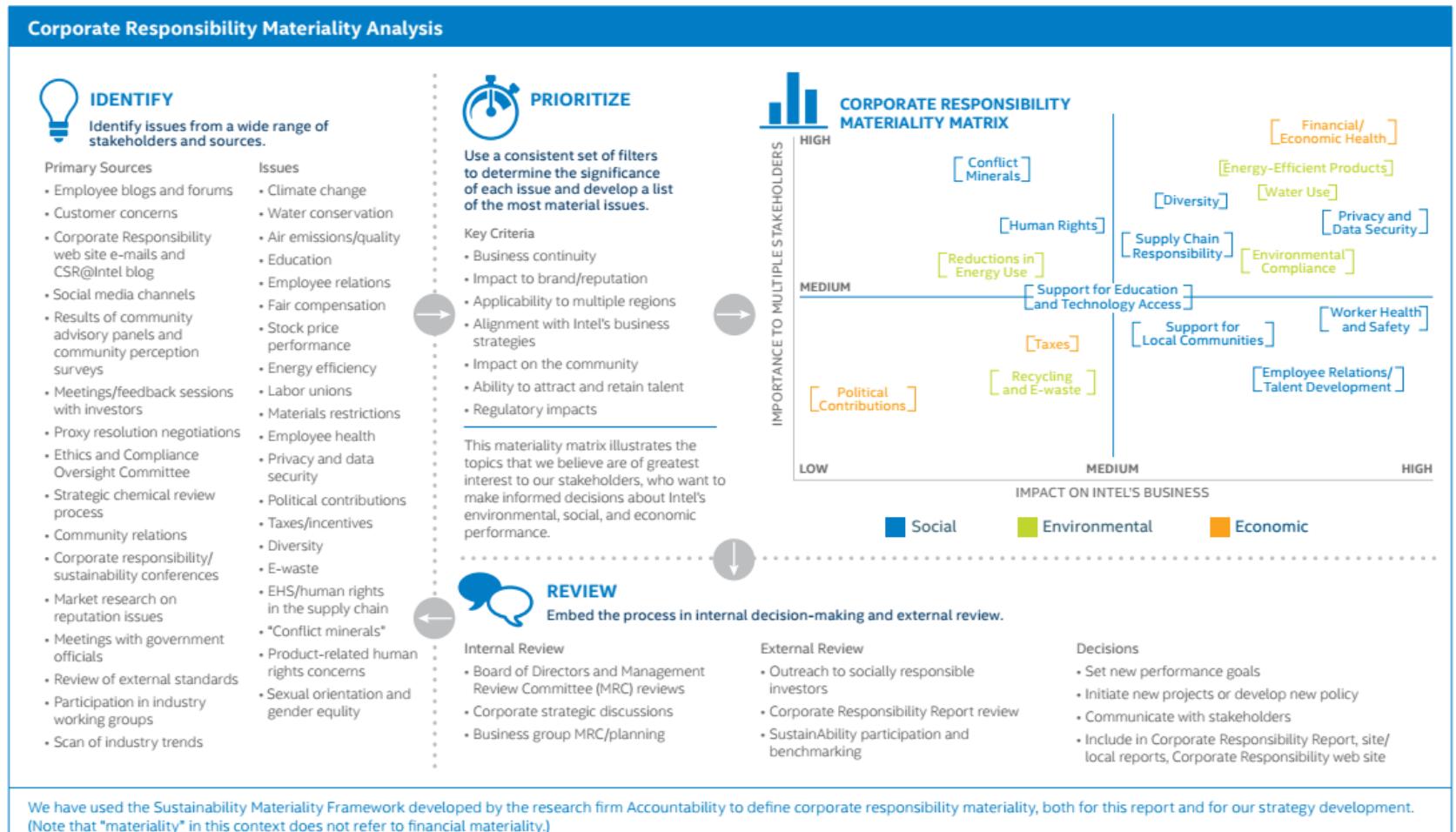
# How to Determine What to Do First?

- In the beginning, the company was driven by costs. It's a good starting point, but how do you determine where that fits with everything else?
- A materiality assessment focused on a broad range of sustainability issues helps determine strengths, weaknesses, opportunities and threats.
- This process is promoted by many non-commercial organizations interested in corporate sustainability, especially the Global Reporting Initiative (GRI)

# Mini Case Study: Intel's Process

## Corporate Responsibility Materiality Analysis

We incorporate feedback from our stakeholders to inform our analysis of key corporate responsibility issues and their impact on our business.



# Mini Case Study: Intel's Strategy

- Intel's corporate sustainability strategy has five areas (sample key performance indicators given):
  - Financial results and economic impact: revenue, R&D spending, customer survey results
  - Environmental Sustainability: GHG emissions, hazardous waste generated, water used
  - People: women on Board of Directors, investments in training, # people that say they're "proud to work for Intel"
  - Social Impact: employee volunteerism, charitable giving as a percentage of pre-tax income
  - Supply Chain Responsibility: supplier audits



*Why is supply chain responsibility its own area? This isn't always the case.*

# Recap

# What We've Discussed

- What is corporate sustainability?
- What's the context?
  - Corporate
  - Environmental
  - Social
- How do companies create a corporate sustainability strategy?

# Questions & Discussion

# Questions & Discussion

*Please take five minutes to ponder these questions and then we'll discuss:*

- Have you had experiences as a consumer that made you wonder about a company's business and/or sustainability practices?
- What do you think is the biggest social or environmental issue impacting companies in Russia? In the world?
  - What is one example of what a specific company (real or theoretical) could do to impact that issue?

Session Break  
*See you Thursday!*

**What makes a company a leader in  
corporate sustainability?**

# Leaders in Corporate Sustainability

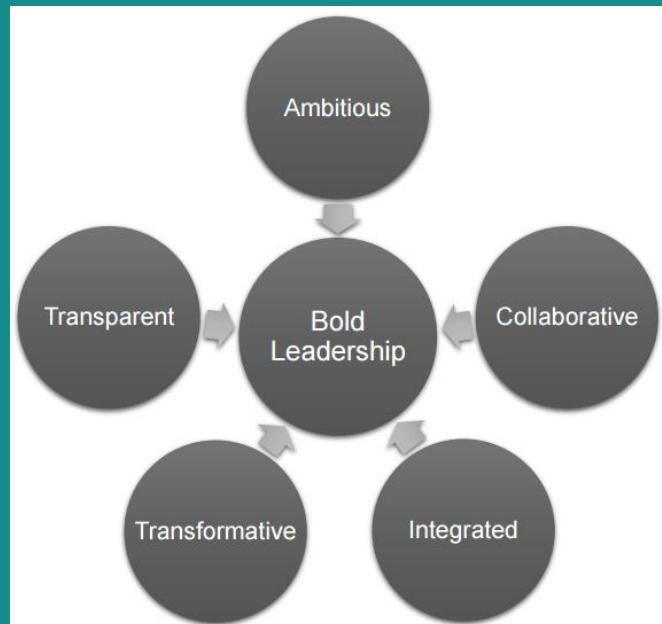
- It depends greatly on the country and its standards. What may be leadership in the U.S. is standard in Western Europe or Canada
- Surveyed in 2016, sustainability professionals around the world agree that bold leadership is:
  - Ambitious
  - Transparent
  - Transformative
  - Collaborative
  - Integrated



*What Russian companies or multinationals in Russia do you admire for their corporate sustainability efforts?*

# Leaders in Corporate Sustainability

- Ambitious
  - Bold, long-term goals aiming to reduce negative impact and create long-term benefits
- Transparent
  - Open and honest about goals and progress, inviting frank discussions with all stakeholders
- Transformative
  - Challenging conventional business models and innovating to apply sustainable solutions
- Collaborative
  - Seeking out partnerships to address challenges
- Integrated
  - Sustainability is core to the business and factored into strategic decisions



**How do companies manage  
corporate sustainability?**

# Who Is In Charge of Strategy? I

- In the U.S.: most often, Corporate Affairs or Environment, Health & Safety. A variety of other corporate functions may also oversee sustainability, from marketing to legal to communications to supply chain.
- Top executive responsible for sustainability is usually:
  - Chief sustainability officer
  - Chief financial officer
  - Chief innovation officer
  - EVP level executive in one of the aforementioned functions
- Governance best practice:
  - Sustainability function should regularly report progress to the board of directors
  - The board of directors should have a sustainability committee/sponsor

# Who Is In Charge of Strategy? II

## ■ Globally:



# How Are Departments Structured?

- 60% of environmental sustainability and community relations/corporate philanthropy departments report to the same executive
- 57% of departments have 1-10 people. Not surprisingly, nearly 80 percent of companies utilize third-party consultants to support their sustainability efforts

# Functional Areas of the Business

- Sustainability practitioners may sit in these departments and/or collaborate with individuals in these departments:
  - Environment, health & safety
  - Human resources
  - Community relations
  - Environmental sustainability
  - Employee volunteerism
  - Corporate philanthropy
  - Finance
  - Legal
  - Governance/Board of Directors
  - Risk management
  - Supply chain

# Sample Org Chart: Coffee Company



# Typical Activities

- A GreenBiz survey found that sustainability managers and executives spend their time on the following areas:
  - Strategy Development
  - Reporting
  - Working With Peers

# Support from Consultants

- Large engineering or environmental consultants
- Sustainability strategy
- Sustainability reporting
- Green building certification
- Product design
- Marketing and communications

# Measurement Systems

- In-house and external databases, as well as Excel spreadsheets, are the preferred methods for tracking metrics like GHG emissions, employee satisfaction and in-kind donations.
- However, most organizations will have a variety of metrics tracking methods spread across employees/functions

# Stakeholder Engagement

- Stakeholder engagement is the process by which companies solicit feedback and expertise from important groups like the ones mentioned in the beginning of this presentation (e.g., customers, government, non-commercial organizations)
- From there, the company may adjust strategy or simply respond to concerns
- Most managers know who their stakeholders are, what those stakeholders' concerns are, and may even engage with them regularly
- Deloitte South Africa advises that a formal structure is valuable and should contain:
  - Clearly defined scope of stakeholder engagement
  - Ownership and decision-making process
  - Defined governance process
  - Many European companies use outside assurance of their process

# Stakeholder Engagement Approaches

- Many companies report on their stakeholder engagement process. GRI requests a description of type of engagement by stakeholder group. This example is from Panera Bread, a North American chain of bakery-cafés

Type of Stakeholder Engagement in 2014	
<b>Associates</b>	Semiannual surveys, feedback sessions (fireside chats at bakery-cafés, roundtables at FDFs, coffee talk and Lunch & Learns at support centers)
<b>Guests</b>	Email, phone, social media, frequent surveys conducted via email, on receipts and via the MyPanera loyalty program
<b>Local Communities</b>	Community engagement programs, event participation, volunteerism, speeches, local fundraising events held in our bakery-cafés
<b>Stockholders</b>	Annual Report and annual meeting, Investor Day, quarterly conference calls, investor pages on website, investor email updates, dedicated email address ( <a href="mailto:Investor@panerabread.com">Investor@panerabread.com</a> ), stockholder proposals, proxy voting
<b>Suppliers</b>	Contracts, webinars, meetings
<b>Franchises</b>	Meetings and sharing of best practices and tools, regular phone calls, field visits
<b>Industry Associations</b>	Meetings, conferences, workshops
<b>NGOs, Universities, Third Party Experts</b>	One-on-one meetings, conferences, roundtables, partnerships
<b>Media</b>	Dedicated email address ( <a href="mailto:MediaContact@panerabread.com">MediaContact@panerabread.com</a> ), phone

# Stakeholder Engagement Approaches

- Advisory panels are a popular stakeholder engagement channel.
  - A company will convene a small group of individuals representing a variety of stakeholder groups. These individuals will provide perspectives on the company's most material issues
- In Keurig's panel, the individuals meet multiple times each year with the company's sustainability leadership committee and the executive team.
  - Advantages include access to a panel of experts, candid feedback and external advisors at-the-ready to help with issues that arise

# Case Study: Keurig & Verité

- Coffee-growing is concentrated in economically disadvantaged areas of the Global South
- Verité, an American labor rights organization, found a high occurrence of forced labor among migrant workers in Guatemala
- Keurig donated \$200,000 to Verite to fund further research on the problem and create a worker hotline to report labor abuses
  - The project will also result in a map of the supply chain so Keurig can understand where labor abuses most often occur



*What are the business and reputational advantages for Keurig in funding this program?*

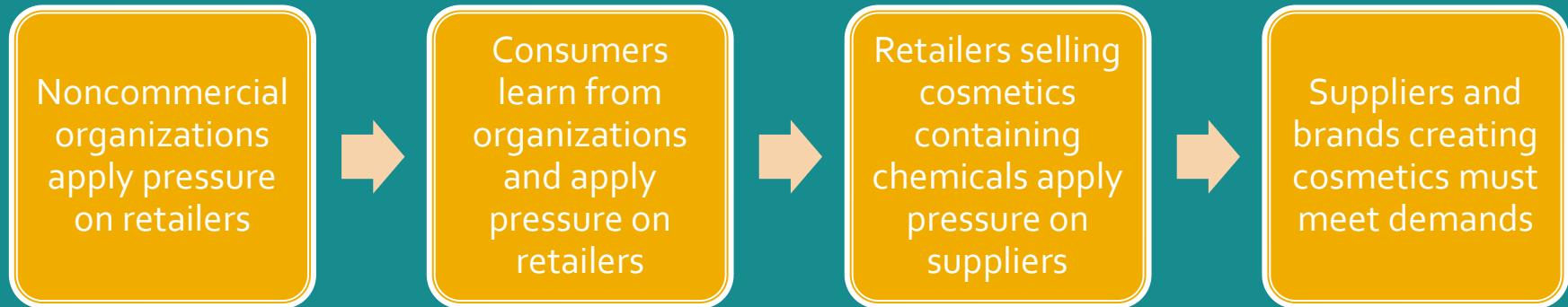
# Case Study: Cosmetics Industry

## Players

- Noncommercial organizations concerned with toxic chemicals
- Consumers concerned about health impacts of cosmetics products
- Target, a fashion-forward discount American retailer
- Walmart, a global discount retailer
- Cosmetics brands and suppliers
- Forum for the Future, an independent non-commercial organization working globally with business, government and other organizations to solve complex sustainability challenges

# Case Study: Cosmetics Industry

## Application of Pressure



### Partnership

- Forum for the Future brings together Target and Walmart with green chemistry organizations to form the Beauty and Personal Care Products Sustainability Project. It encourages the entire industry to remove toxic chemicals, providing best practices and resources

# Communicating sustainability

# Communicating Sustainability

- Reporting
- Employee communications
- Investor relations
- Marketing

# Reporting

- Originally thought of as a communications piece alone, reporting should also be used as a tool for stakeholder engagement and integration
- Reports should cover a company's material issues and follow a widely accepted framework (e.g., Global Reporting Initiative or Integrated Reporting <IR>)
  - Exception: established reporters like Starbucks may choose to report only on material issues without following a framework
- Reports should target specific audiences and have content that can be repurposed throughout the entire year for ongoing communication with different audiences

# Reporting

- Sustainability reporting is becoming regulated: a global survey found that more than 80 % of the countries studied had some kind of sustainability reporting regulations, with 2/3 being mandatory.
- Rate of sustainability reporting among region's 100 largest companies:



# Reporting Example

- Regularly updated content on website focused on storytelling
- Annual summary report describes strategy, goals and progress in key sustainability areas



A screenshot of the Unilever Sustainable Living website. The page features a photograph of two women, one handing over a product bag to the other. The headline reads "A BRIGHTER FUTURE. A BETTER BUSINESS." and includes a link "DISCOVER HOW WE'RE TAKING #COLLECTIVEACTION &gt;". Below the main image, there is a section titled "Case studies" with several smaller images showing various social impact projects. At the bottom right, a thumbnail for the "UNILEVER SUSTAINABLE LIVING PLAN SUMMARY OF PROGRESS 2015" is visible.

# Employee Communications

- Sustainability topics, especially as related to employee volunteerism, should be integrated into existing employee communications
- Especially important in Russia; Russians are more likely than the global average to consider a company's sustainability efforts when making personal decisions, such as where to work (88% vs. 81% globally)
- Communications should be engaging and more like campaigns—there should be a benefit to employees and actions they can take

# Employee Communications Example

To extend its existing commitment to employee volunteerism, Timberland challenged employees in the U.S. to pledge volunteer hours on their own time for a chance to win prizes and a donation to their chosen organization. The project raised \$75,000 for 12 organizations.



## Serv-a-palooza Challenge 2014



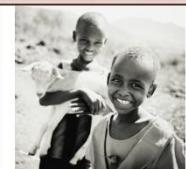
PAWS UP FOR SEER FARMS

AMOUNT RAISED:  
\$21,971



STAND STRONG FOR RED WOLVES!

AMOUNT RAISED:  
\$11,955



FOOD FOR HIS CHILDREN  
GIVE GOAT C...

AMOUNT RAISED:  
\$11,595



PET PALS ANIMAL SHELTER

AMOUNT RAISED:  
\$1,900



Hyatt's Global Month of Service photo contest awarded employees in India for their volunteerism, and prize money helped further their commitment to their chosen cause. This type of positive reinforcement and support from the company drives continued engagement in both jobs and volunteerism.

# Employee Communications Example



Biotechnology company Biogen Idec surveyed its employees about their sustainability habits and found that many hoped to buy electric cars. Biogen Idec not only installed ten charging stations to motivate employees to purchase the cars, but it also formed a partnership with an energy research company that allowed employees significant discounts in exchange for participating in a study.



L'Oréal USA challenged employees in its New York headquarters to reduce energy use at the office. With a \$5,000 prize at stake, employees rallied around a volunteer “Energy Champ” who guided them in the floor-by-floor competition. At the end of the competition, 23 out of 26 floors had reduced their energy use an average of 9%.

# Investor Relations

- The investor relations (IR) department will handle investor queries around sustainability efforts
- IR should collaborate closely with the sustainability department to share information that investors need

# Marketing & PR

- Sustainability and marketing communications departments can collaborate to share products' sustainable benefits or raise awareness of corporate efforts.

**We believe  
in sustainable  
fishing.  
Hook, line  
and sinker.**

We don't have to feed you a line about our fishing policy. All M&S products, including our sandwiches and ready meals, only contain fish from sustainably managed stocks. The species we catch, like mackerel, will be around for generations to come. And we also support restocking schemes with local fishermen. It's the kind of responsible fishing that has led Greenpeace and the Marine Conservation Society to rank us top UK retailer for responsible fishing. So rest assured, there really is nothing fishy about our fish!

[www.marksandspencer.com](http://www.marksandspencer.com)



Marks & Spencer shares its sustainable fish commitment in a print ad

American cereal brand Kashi uses wheat from farms transitioning to organic standards – and includes messaging on-pack



H&M partners with London College of Fashion to create upcycled clothes as part of London Fashion Week

LinkedIn Sweden created a special platform for newly arrived refugees to find jobs in Sweden

LinkedIn for Good

Nonprofits Youth Veterans Resources Welcome Talent

WE GOT INTERNSHIPS THROUGH WELCOME TALENT...

Welcome Talent: For foreign talent in Sweden looking to find an internship opportunity

Welcome Talent is a LinkedIn initiative aiming to create a platform where newcomers to Sweden and employers in Sweden easily can find each other. When employers add [#welcometalent](#) you can easily find the jobs/internships on the yellow button below. These positions will not require native Swedish, but please read the requirements carefully before applying. Tip: Remember to update your country to "Sweden" so employers can find you.

Show positions Sign up now

# Ad Example: Chipotle



## Potential Links

<https://vimeo.com/42713491>

[https://www.youtube.com/watch?v=S1zXGWK\\_knQ](https://www.youtube.com/watch?v=S1zXGWK_knQ)

<http://www.urbanconversion.com/chipotle-back-to-the-start>



*What are the most important CSR messages of this ad?*

# Ad Example: Starbucks



## Potential Links

<https://www.youtube.com/watch?v=KRFofwu-oo4>

<https://www.youtube.com/watch?v=EF5hwyTNfqA>



*What is the  
objective of the  
ad?*

# Recap

# What We've Discussed

- What makes a company a leader in corporate sustainability?
- How do companies manage corporate sustainability?
- Communicating sustainability

# Questions & Discussion

# Questions & Discussion

*Please take five minutes to ponder these questions and then we'll discuss:*

- Which companies do you think are leaders in corporate sustainability?
- What sorts of marketing/PR initiatives have you seen from companies that you liked (or didn't like)?
  - Have you seen examples of greenwashing that you'd like to share?
- Have you worked in a corporate organization (e.g., HR) that somehow contributed to sustainability strategy?

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# Appendix

# Community Relations vs. Employee Volunteerism

