Sustainability & Corporate Social Responsibility

A VISION FOR CLIMATE + HEALTH

ASPEN GLOBAL CHANGE INSTITUTE 2016 | LILIANA TENNEY, MPH
“TO DO GOOD, YOU ACTUALLY HAVE TO DO SOMETHING.”
How Patagonia's New CEO Is Increasing Profits While Trying To Save The World

Since Rose Marcario joined Patagonia six years ago, the badass-by-nature company has tripled its profits. And no, it hasn’t sold its soul.
The Godfathers

Andrew Carnegie “The Gospel of Wealth” 1889

Owen D. Young
CEO, GE 1922-1945

Howard R. Bowen
Social Responsibilities of the Businessman 1953
Corporate social responsibility (CSR) is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders.
Categories of Sustainability

1. **Environmental efforts**
   - What is our carbon footprint?

2. **Labor and social practices**
   - Are we offering fair wages, ethical practices, health and safety?

3. **Philanthropy**
   - Do we donate to national and local charities if resources are available?

4. **Volunteering**
   - Do we and our employees do good deeds without expecting anything in return?
OUR ENVIRONMENTAL COMMITMENT
Significance

• In 2014, large companies generated $57 trillion in consolidated revenue, 90% of global GDP

• 73% of these companies operate in developed regions, BUT it’s predicted that 45% of the Fortune Global companies will be based in emerging regions in 2025 (India, Brazil, Mexico)

• They employ between 175,000 to 2.2 million each

• Any shift in how they do business contributes to major supply chain implications internationally and climate change is impacting supply chains

• The governments, markets, investors, and society at large are calling on companies to be transparent about their sustainability goals, performance and impacts
Energy Production

Industrial Processes

Transportation

Land Use

http://www.grida.no/graphicslib/detail/co2-emissions-from-industrial-processes-and-land-use-change_458d

Source: Climate Change information kit, UNEP/IUC, 1997.
Is climate important to business (risk)?
The Business Landscape

Globalization
Current and future regulations
Changing attitudes of shareholders and consumers
Evolving product markets
Innovative competitors
New technologies
Increased investment and insurance costs

Public opinion
Affect on business – operations, value chains, commercial environment
Core operations – facilities, buildings, sites
Production processes – cost of operations and maintenance
Resource availability
Large reach, vulnerable populations

Declining financial measures – value, return, growth?
The Risk Disk

Manage
Transfer
Mitigate
Avoid
Accept

What does business preparedness look like for climate change?

From 1998 to 2002, proportion of global consumers who believe that buying a product or service from a responsible company is important grew from 28% to 44%.

The Intersection Between Sustainability & Health – Avenues of Influence

Worker
• Nature of work
• Health
• Safety
• Well-being

Environment
• Social factors
• Governments
• Policies
• Culture

Organization
• Leadership & management
• Operations
• Health & safety

Values
Attitudes
Knowledge
Behaviors
Healthy workplaces: a model for action

For employers, workers, policy-makers and practitioners

“The wealth of business depends on the health of workers.”

Dr Maria Neira, Director, Department of Public Health and Environment, World Health Organization

http://www.who.int/occupational_health/healthy_workplace_framework.pdf
Reporting & Certifications

Used to benchmark, set goals, manage change and compare notes.

A sustainability report conveys impact – both positive and negative.

Shift from “avoid certain practices” to “lead best practices”

Lots and LOTS of sustainability standards addressing issues of environmental quality and social equity, with similar goals, but differ in:

- Historical development
- Target groups
- Geographical diffusion
- Emphasis
Global Standards & Reporting for Sustainability

ESG data = environmental, social, and governance

These include mandatory and voluntary reporting used in over countries, measuring over 1,000+ indicators including:

- Air pollution
- Water pollution
- Waste
- Green house gas emissions
- Labor
- Community
- Social

In 2014, less than 10% of the 45,000+ publically traded companies disclosed reporting on sustainable practices.
IMPACT ANALYSIS

Increasing reporting through skill development

IMPACT ANALYSIS 2015

GRI runs its Certified Training Program to help build organizational capacity for sustainability reporting, equipping practitioners with the knowledge and skills to manage a successful reporting process.

In order to evaluate the Program’s effectiveness and impact, GRI sent a questionnaire to participants and published the first Impact Analysis in August 2012. A lot has changed since then; to re-evaluate the impact of the Certified Training Program on sustainability reporting, a new survey was sent to all participants.
### TABLE 1: CATEGORIES AND ASPECTS IN THE GUIDELINES

<table>
<thead>
<tr>
<th>Category</th>
<th>Economic</th>
<th>Environmental</th>
<th>Social</th>
<th>Human Rights</th>
<th>Society</th>
<th>Product Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aspects III</td>
<td>• Economic Performance&lt;br&gt;• Market Presence&lt;br&gt;• Indirect Economic Impacts&lt;br&gt;• Procurement Practices</td>
<td>• Materials&lt;br&gt;• Energy&lt;br&gt;• Water&lt;br&gt;• Biodiversity&lt;br&gt;• Emissions&lt;br&gt;• Effluents and Waste&lt;br&gt;• Products and Services&lt;br&gt;• Compliance&lt;br&gt;• Transport&lt;br&gt;• Overall</td>
<td>• Labor Practices and Decent Work&lt;br&gt;• Employment&lt;br&gt;• Labor/Management Relations&lt;br&gt;• Occupational Health and Safety&lt;br&gt;• Training and Education&lt;br&gt;• Diversity and Equal Opportunity&lt;br&gt;• Equal Remuneration for Women and Men&lt;br&gt;• Supplier Assessment for Labor Practices&lt;br&gt;• Labor Practices&lt;br&gt;• Grievance Mechanisms</td>
<td>• Investment&lt;br&gt;• Non-discrimination&lt;br&gt;• Freedom of Association and Collective Bargaining&lt;br&gt;• Child Labor&lt;br&gt;• Forced or Compulsory Labor&lt;br&gt;• Security Practices&lt;br&gt;• Indigenous Rights&lt;br&gt;• Assessment&lt;br&gt;• Supplier Human Rights Assessment&lt;br&gt;• Human Rights Grievance Mechanisms</td>
<td>• Local Communities&lt;br&gt;• Anti-corruption&lt;br&gt;• Public Policy&lt;br&gt;• Anti-competitive Behavior&lt;br&gt;• Compliance&lt;br&gt;• Supplier Assessment for Impacts on Society&lt;br&gt;• Grievance Mechanisms for Impacts on Society</td>
<td>• Customer Health and Safety&lt;br&gt;• Product and Service Labeling&lt;br&gt;• Marketing Communications&lt;br&gt;• Customer Privacy&lt;br&gt;• Compliance</td>
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Benchmark sustainability practices and apply resources toward improvements to create measurable savings.
What are B Corps?  Become a B Corp  B Corp Community

HEALTH LINKS

HEALTHY BUSINESS CERTIFIED LEADER

1,854 B Corporations  50 Countries  130 Industries
How do we create leaders for informed decision-making and as catalysts of change?
Sustainability Leadership Relational Model

- Take Responsibility
- Look for Holistic Interconnections
- Convene Constructive Conversations
- Embrace Creative Tension
- Facilitate Emerging Outcomes
- Understand Social Change Dynamics
- Experiment, Learn and Adjust
- Expand Conscious Awareness

© Ferdig, Mary A. (2009). Sustainability Leadership Institute

http://www.sustainabilityleadershipinstitute.org/atomic.php
# Meeting Challenges Through Systems Thinking

<table>
<thead>
<tr>
<th>The Challenge</th>
<th>Benefits of a Systems Thinking Approach</th>
<th>Characteristics of a Conventional Approach</th>
</tr>
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</table>
| **Motivation:**  
Why should we change? | Show responsibility for current reality | Appeal to desire or fear |
| **Collaboration:**  
Why should we work together? | Demonstrate how people’s current ways of interacting undermine both their individual and their collective performance | Tell people they should |
| **Focus:**  
What should we do? | Use leverage to change the few things that change everything else | Tackle many issues independently and simultaneously attack symptoms |
| **Learning:**  
Why bother? | Recognize that our actions matter, and that we need to learn from consequences | Assume that others at fault |
natgeo Photo by @edkashi / @vilphoto: Laborers prepare the Marakannam salt pan fields for salt harvest near Pondicherry, India on Jan. 21, 2016. This image is part of an ongoing project documenting the impact of the fatal epidemic of CKDnT among agricultural workers. #India #CKDnT #ChronicKidneyDisease #Epidemic #HumanRights #Pondicherry #Salt

view all 421 comments
Challenges

The research and practice of sustainability innovation is vast but fragmented

Risk mitigation vs. best practice

Communication and marketing (ethically)

Putting commitments into PLANNING, IMPLEMENTATION, ACTION

One size does not fit all

Changing business culture and practices is tough

Government and business – “job killing regulations”
Takeaways

1. CSR is geared towards addressing complex problems and coming up with innovative, mission-driven solutions for BIG CHANGE & BIG IMPACT
   - Business practices
   - Political and economic systems
   - Stakeholders and society

2. Sustainability reporting can integrate with research and practice to understand and improve environmental and human health outcomes.

3. We need to be at the table.
“Businesses have such deep roots in society. As someone trained in health, I realized working through business can be an even better way to create impact—it’s both the people and the natural resources that we need to protect.”

~ Claudia Asensio, Responsible Development at Pantaleon Group
CREATING A
SOCIAL MOVEMENT
SEE WHAT WE'RE DOING
What role do we play?
Thank You

ASPEN GLOBAL CHANGE INSTITUTE &
THE PLANNING COMMITTEE

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<table>
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<tr>
<th>CATALYST FOR ACTION</th>
<th>STRATEGIC PHILANTROPY</th>
<th>CORPORATE SOCIAL RESPONSIBILITY</th>
<th>SHARED VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>VISION</td>
<td>Charitable giving and social impact</td>
<td>Citizenship, sustainability, ethical leadership</td>
<td>Competitiveness and strategic market positioning</td>
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<tr>
<td>VALUE FOR BUSINESS</td>
<td>Purely social but can inform business strategy</td>
<td>Primarily social, some financial returns</td>
<td>Balanced social and financial returns</td>
</tr>
<tr>
<td>VALUE FOR COMMUNITY</td>
<td>Financial support sustains successful community initiatives</td>
<td>Businesses reduce adverse effects on planet and people</td>
<td>Communities demand more healthful, environmentally friendly or socially responsible products while supporting economic growth</td>
</tr>
<tr>
<td>IMPACT ON BUSINESS P&amp;L</td>
<td>Funding comes from foundation (tax exempt); not included in P&amp;L; business continues as usual</td>
<td>Indirectly profit maximizing through branding; included in P&amp;L; some financial loss if changes to operations are not profit maximizing</td>
<td>Included in P&amp;L; business model redesigned to maximize social and financial</td>
</tr>
</tbody>
</table>
CORPORATE RESPONSIBILITY

Working with Factories
Working with Mills
California SB 657 Disclosure
FAQs
History
Protecting Migrant Workers
Living Wage & Fair Trade

MORE IN ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

Vote the Environment
Becoming a Responsible Company
Worn Wear
The Footprint Chronicles: Our Supply Chain
Environmental Grants and Support
Patagonia Case Study

CORPORATE
SOCIAL
RESPONSIBILITY

“What build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis.”

What are the societal and economic costs to produce a cotton t-shirt?

How are policies and practices in the industry contributing to global poverty?

◦ LEED Certification
◦ FSC Certification
◦ 1% for the planet
◦ Common Threads
◦ Environmental Internships
◦ The Footprint Chronicles

Do business practices accurately reflect mission statement?
Do more sustainable companies have more sustainable workforces?