



CSR: Leadership for Sustainability in a Networked World

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It wasn't all that long ago that CSR was a common acronym for "customer service representative," not associated in any way with corporate responsibility, social or otherwise. Green was just a color, corporate boards were wary of NGOs, companies were notoriously close-mouthed about their inner workings, and most people had never heard of Enron.

Today, companies are operating in an entirely different world. Corporate Social Responsibility (CSR) reports are standard issue, everyone is trying to be green, and thanks to the popularity of films like "An Inconvenient Truth" as well as increased media coverage of corporate performance worldwide and the blogosphere's watchful eye, consumers are more educated than ever about the impact of corporations on society and the environment. Companies are expected to be good corporate citizens not only by their shareholders and by government regulators, but by

their customers. Suddenly, CSR is more important than ever to the bottom line of any corporation.

Business for Social Responsibility (BSR), a leading network of 250 businesses promoting corporate social responsibility, has developed an expertise for bringing companies together with each other and with stakeholder groups to learn from one another and move the corporate sector towards CSR leadership. "A commitment to corporate social responsibility pays dividends to the world and the business at the same time," says Aron Cramer, BSR's President and CEO. BSR (www.bsr.org) helps its members, including GE, Levi's, Shell and Rio Tinto, to integrate CSR practices at all levels—from the

C-Suite to the front line—and benefit the bottom line and the world simultaneously.

Other organizations like The CRO (www.thecro.com) are supporting the individual professionals of the growing \$37.1 billion corporate responsibility industry. The CRO's publications and conferences help over 140 corporate responsibility officers at Russell 3000 companies like Home Depot and Starbucks to share information and best practices in an effort to make big changes across industries.

Today's leading companies are integrating CSR best practices into their long-term strategies and daily operations. They are collaborating within and between industries to share knowledge, develop industry-wide guidelines, and push each other to perform better. Meanwhile, NGOs like WWF and the Center for Companies That Care are more willing than ever to work with the private sector on CSR issues.

As Dave Douglas, Sun Microsystems' (JAVA) VP of Eco Responsibility, is fond of saying, "The world's problems aren't proprietary and the solutions shouldn't be either."

And in fact, Sun and the rest of the technology industry have illustrated that point well, forming numerous trade coalitions and initiatives, and working together to formulate codes of conduct, best practices for energy saving, and supply chain management tools. In the same way that information has become more accessible to the world at large through open-source technologies, leading companies like Sun are increasingly "open-sourcing" their strategies for dealing with environmental and social issues, sharing lessons they've learned, and positioning themselves as CSR leaders.

BSR: Fostering Innovation

The Electronics Industry Code of Conduct (EICC) is an excellent example of companies taking matters into their own hands and leading their colleagues towards innovation. The coalition of computer manufacturers, including HP and IBM, as well as large electronics retailers, works to increase efficiency and productivity for customers and suppliers, improve conditions for workers, advance economic development, and achieve a cleaner environment for local communities. BSR has facilitated the group's development of a code of best practices for the global electronics supply chain that covers expectations for performance across a range of issues including labor, health and safety, environmental practices and ethics. To ensure the code is upheld across the widest possible portion of the electronics supply chain, BSR helped the EICC create a comprehensive set of tools, including supplier self-assessments.

BSR has also been recruited by the Global e-Sustainability Initiative (GeSI), a partnership including Vodafone, Nokia, and Motorola, to help the Information and Communications Technology (ICT) sector focus in on the most important social and environmental issues. Constant changes in the ICT sector—from the fast pace of product development to the convergence of once separate technologies—are accompanied by rapidly shifting CSR risks and opportunities. By taking a holistic view of the sector and its pitfalls, BSR is helping these companies anticipate and address such CSR issues, and keep a competitive edge.

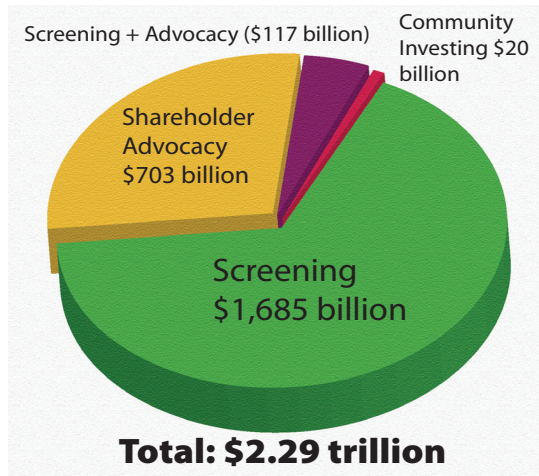
Public-Private Partnerships: Hewlett Packard's Global Partnerships

"If you're really going to have an impact you sometimes need to put your organizational identity aside and go for the larger good and the greater impact," says Bonnie Nixon-Gardiner, Global Program Manager, HP Supply Chain Social & Environmental Responsibility. This is a recurring theme throughout HP's (HPQ) operations, as evidenced by its involvement with the EICC, GeSI, and the BSR-sponsored Beyond Monitoring Initiative, which brings together companies from various sectors to create

systemic change in supply chains and materially improve the well-being of workers and communities globally.

The company's partnership with the World Wildlife Fund (WWF) is a good example of how HP approaches collaboration. "We have a lot of experience at the product level around topics like energy—in fact we have a whole team devoted to energy efficiency at HP labs," says Pat Tiernan, HP's Vice President of Social & Environmental Responsibility, "but we want to reduce the impact of every aspect of our business on climate change worldwide." It was this thought that led HP to partner with WWF in November 2006. As part of that partnership, the company committed to reducing its greenhouse gas emissions by 15% by 2010.

As an environmental leader in the technology sector, HP is sharing what it has learned with the rest of the industry. "WWF is a large organization with a global reach, so we thought we could get together to drive change," Tiernan explains. "We want to work with WWF to develop best practices, use our products to further conservation efforts and set an example in the fight against climate change."



The Bottom Line: Today, corporate responsibility is more important than ever before to investors, from individuals to large funds. A 2005 report from the Social Investment Forum identified \$2.29 trillion in total assets under management using one or more of the three socially responsible investing strategies—screening, shareholder advocacy, and community investing. The report also states that nearly one out of every ten dollars under professional management in the U.S. today is involved in socially responsible investing.

ExxonMobil: Global Education and Healthcare

Good corporate citizenship is a core value at ExxonMobil (XOM), but there's no cookie-cutter formula to global citizenship that works for everyone, says Kenneth Cohen, ExxonMobil VP of Public Affairs.

"There are some out there who apply the same litmus test for corporate citizenship regardless of the size or industry but I think the real test is looking at what a company does, what industry it's in, and how it goes about its business," he says. "In our case we are a global company that produces an essential product in an industry with far-reaching consequences. We are operating in parts of the world where the needs of the local communities vary, and when we move into an area we look to see what we need to do, what the local expectations are, and how we can be a good corporate citizen."

"A lot of our new energy production is happening in Africa, and we are strongly committed to supporting the African communities in which we operate. Malaria is still a huge killer, and



Motherboard.

Our vision for a healthy planet is at the core of everything we create. By using fewer and alternative materials to develop environmentally sound components, we're conserving resources and making products that are easier to recycle than ever before. In fact, we've already recycled over one billion pounds from all over the world and we're committed to recovering our second billion pounds by 2010. The potential for a sustainable environment— with HP products, it's built right in. Go to hp.com/go/forward.



Sun Microsystems: Open-Source as a Global Collaboration Tool



Sun's three-pronged "Innovate. Act. Share."

philosophy is a good fit for the networked world—the company designs innovative products that are environmentally responsible, it applies environmental and social standards to its own operations and practices, and it shares its solutions with the world.

In keeping with its emphasis on sharing, Sun is a signatory of the EICC and has adopted the code as the cornerstone of its supply chain management program. And Sun is bringing its history of innovation to the table as well, hoping that the organization may also tackle supply chain-related environmental issues. "Concern about climate change is pretty core to our business, and it doesn't stop with product design," says Marcy Scott Lynn, CSR Program Manager for Sun. "We want to ensure that these energy-efficient products we're selling are being manufactured efficiently as well, conserving energy and water wherever possible."

All three parts of its corporate philosophy

come into play with Sun's approach to the notoriously power-hungry data center. In addition to being a sponsor of WWF's Climate Savers Initiative and a member of the Green Grid—an alliance of technology companies working together to increase the efficiency of the data center—Sun has partnered with power distribution, cabling, and cooling companies through its Eco Innovation Initiative to build three showcase data centers (in the U.K., India, and the U.S.) that share its energy-saving strategies and products with the world.

Sun's philosophy is further evidenced by its work to support important social goals like privacy, data protection and accessibility by considering these goals throughout the product lifecycle. For example, Sun has been building accessibility in as a core element of all of its products for more than 15 years, helping to ensure that all people, irrespective of physical abilities, have access to the network and can participate in the knowledge economy. The company has provided tools to the developer community to encourage development of

accessible applications. Sun has also developed end-user accessibility support and assistive technologies like the open source Orca screen reader, which helps the vision-impaired to read computer screens, helping lower barriers to participation in a networked world.

Similarly, Sun is striving to build privacy into every step of its product development process—the company has a goal to include "privacy checks and balances" throughout the product lifecycle by 2010. "Sun's overall social mission is to eliminate the digital divide, to enhance and increase access to the network," Lynn says, "and we feel that part of that is making sure that the network is secure and users' privacy is protected." Accordingly, as part of Sun's global product take-back program, customers who send in their equipment for proper disposal can be assured that their information is also disposed of responsibly.

www.sun.com/csr
(800) 555-9SUN



The Network is the Computer™

it's preventable, so we're focusing on curing and eradicating the threat of malaria," Cohen says, "It's something we can do—we can work with governments, NGOs, and the local community to stop this."

ExxonMobil also focuses on educating women and girls in developing countries. "If you look at the research, it overwhelmingly supports the fact that every dollar one spends on improving the educational and economic opportunities of women in developing countries, has a higher return on community investment than any other dollar you could spend," Cohen says.

Back in the U.S., ExxonMobil, like other science and technology-driven companies, is concerned with a well-documented decline in the output of trained young people in science, technology, engineering and math. Joined by organizations including The Gates Foundation and The Dell Foundation, ExxonMobil is putting \$125 million into the National Math and Science Initiative, a non-profit program that will encourage young people to pursue education in math, science, and engineering, and turn out many more elementary and high school science and math teachers.

Moving the Network Forward

As the economy becomes more global and the world increas-

ingly more connected, companies are being held accountable for their worldwide impact on society and the environment. Leading companies in this networked world understand that in making big strides towards social and environmental responsibility and in sharing their strategies with each other and the rest of the corporate world, they strengthen themselves and the network, encouraging other companies, groups, and individuals to join in finding global solutions. ■

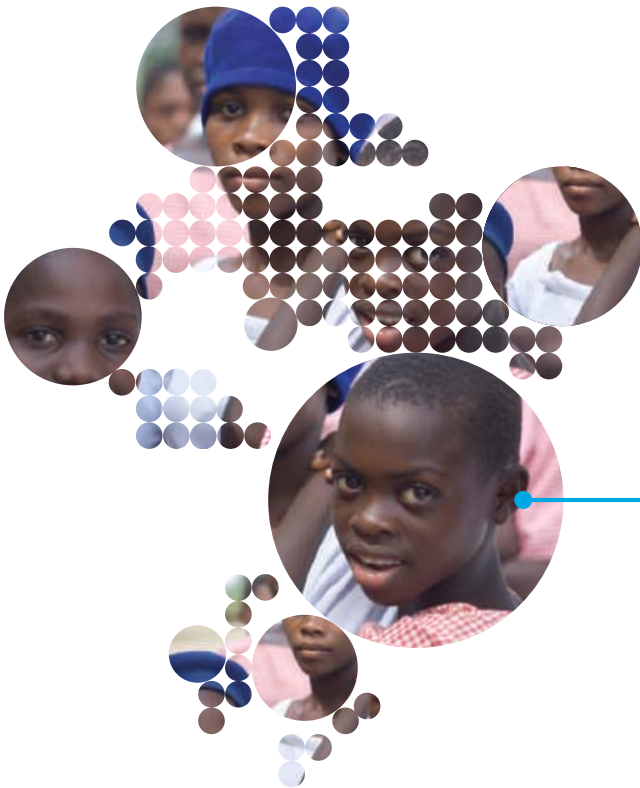
About BSR: Since 1992, Business for Social Responsibility (BSR) has been providing socially responsible business solutions to many of the world's leading corporations. Headquartered in San Francisco and with offices in Europe, China and Hong Kong, BSR is a nonprofit business association that serves its 250 member companies and other Global 1000 enterprises. Through advisory services, convenings and research, BSR works with corporations and stakeholders to create a more just and sustainable global economy. www.bsr.org; (415) 984-3200

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Written by Amy Westervelt

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we face challenges all over the world. in Africa, it's malaria.



Today, Africa's economies are growing and contributing significantly to the world's energy supply.

But millions of African lives are still being affected by malaria, a preventable disease that's spread by infected mosquitoes.

With a presence in Africa for more than 100 years, ExxonMobil is working to drastically cut the number of malaria cases through sustained financial and on-the-ground support. We're partnering with many groups, including governments and international health organizations, to combat malaria and save lives. These efforts include everything from developing new drugs to distributing insecticide-treated bed nets to places where they're desperately needed.

Because if we work together, we can all help ensure Africa has a brighter future.

exxonmobil.com/malaria

ExxonMobil

Taking on the world's toughest energy challenges.™

Meet the Innovators



Dennis Muse
CEO

Global Compliance: Business Integrity

For 27 years, Global Compliance has led the ethics and compliance industry, helping organizations create and maintain a culture of ethical and compliant behavior. Today, they offer the single most comprehensive and integrated ethics and compliance portfolio, enabling organizations to avoid financial, legal, and reputational harm. Fundamentally, Global Compliance's offerings facilitate the requirements of SOX, but then extend to meet the definition of an "effective" ethics and compliance program as defined by the Organizational Sentencing Guidelines.

Global Compliance provides Codes of Conduct, Training, Hotlines/Helpines, Investigative and Case Management services and Mystery Shopping and Compliance Evaluations, all of which enable organizations to set up internal controls to prevent, detect, and treat instances of workplace misbehavior or noncompliance.

Today, Global Compliance serves one-half of the Fortune 100 and one-third of the Fortune 1000 plus many Europe- and Asia-based corporations. Foremost universities and prominent government entities are also part of their distinguished clientele. The depth and breadth of Global Compliance's client base enables consultative guidance. "An added value is our ability to provide comparative data within an industry and across industries so our clients can benchmark their ethics and compliance efforts," says Global Compliance CEO Dennis Muse. The need for organizations to be accountable to employees, customers, and stakeholders is dictating the growth of the ethics and compliance industry, and Global Compliance continues to keep pace.

www.globalcompliance.com
contactus@globalcompliance.com
(800) 876-5998



NarrowGate Services: Guiding Chinese Factories Through Labor Compliance

After more than a decade of working on labor compliance issues in China, NarrowGate CEO Todd McKean, former Global Director of Labor Compliance for Nike, saw a need to bridge the gap between audits and compliance. NarrowGate does exactly that, helping factories to understand the expectations of their clients and to set up the management systems, policies and procedures necessary to meet those expectations, and address labor compliance issues. "An audit is just a snapshot of a given day," explains McKean, "but if you can show a brand that you've got systems and policies in place that manage labor issues then you have consistent compliance." NarrowGate will expand into Vietnam, Cambodia, and India throughout 2007 and 2008.

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NarrowGate Services International Ltd



Society of Corporate Compliance and Ethics: Training Top Compliance Officers

Roy Snell, CEO of the Society of Corporate Compliance and Ethics, a professional organization for compliance and ethics officers, explains that the emphasis over the last ten to twelve years on internal compliance programs was spurred by U.S. sentencing guidelines, which reduce the fines of organizations that are attempting to find and fix problems with a compliance program. To help compliance officers share best practices and gain training, and to help corporations understand the role of compliance programs, the Society holds regular conferences and training sessions. Snell says his profession is one of the fastest growing in the country and has gained interest from abroad as well. "Even though there's not international law, there are international expectations in terms of how companies conduct business," Snell says.

www.corporatecompliance.org
(888) 277-4977



SOCIETY OF CORPORATE
COMPLIANCE AND ETHICS

Center for Companies That Care: Connecting Companies to the Community

"Often the intention is there to do something positive, but companies struggle with logistics," says Marci Koblenz, President and Founder, Center for Companies That Care. Koblenz' organization develops initiatives around key community issues, laying the groundwork so that companies can simply participate and gain the rewards of community involvement—from employee engagement to reduced health care costs to strengthening the labor pipeline. The Center recently launched the Urban High School Mentoring Initiative, matching at-risk high school students with businesses to increase college matriculation and graduation rates. The Center also develops annual short-term initiatives for businesses to participate in collaboratively, including installing classroom libraries to encourage literacy and replacing athletic equipment in Katrina-affected Mississippi schools.

www.companies-that-care.org
(312) 661-1010



Companies That Care

Additional CSR Resources

Philip Kotler, Distinguished Professor of Marketing at Northwestern's Kellogg School of Management, coauthored with Nancy Lee, *Corporate Social Responsibility: Doing the Most Good for Your Company and Your Cause*, in 2005. This groundbreaking book presents twenty-five best practices to guide decision-making in the area of CSR. To purchase the book, visit www.amazon.com

International Society of Sustainability Professionals

is a new, global professional association formed to support practitioners working in the field of sustainability. It offers networking, a databank of useful resources, and professional development primarily via the Internet. www.sustainabilityprofessionals.org; (503) 284-9132

Reputation Dynamics, Inc. provides creative business solutions for executive management to protect and enhance the reputation of their brands, products and services. They help for and not-for-profit companies develop stakeholder-driven programs, and align conscious commerce initiatives. www.reputation-dynamics.com; (212) 979-6092

GLOBE 2008: Solving Problems Is Good Business

"Environmental problems present business opportunities, and companies really can do well by doing good," says John Wiebe, President and CEO of the GLOBE Foundation, a nonprofit organization focused on business as a solution to environmental issues. GLOBE's long-standing international conference series brings together over 2,000 senior-level executives from various sectors to talk about industry's most pressing environmental challenges. The conference focuses on energy and climate change; corporate sustainability; finance; and green building and urban development; and includes high-profile speakers, seminars, and a tradeshow for companies to showcase new technologies from around the world. This year's conference will be held in Vancouver, March 12-14. www.globe2008.ca

In conjunction with this year's GLOBE conference, the GLOBE Foundation is launching Auto FutureTech, the first major industry conference to focus on issues of energy, the environment, and emerging auto technologies. The conference will bring together international auto industry executives and suppliers, oil industry, utility and alternative fuel executives to discuss such topics as advanced batteries, diesel and biofuels, electric drivetrains, and the emerging auto market in China. "There's a real debate going on about the future of the auto industry," says Wiebe, "It's a crucial time to bring the whole sector together to talk about addressing critical issues while maintaining profits."

www.autofuturetech.com
(800) 274-6097

GLOBE | 2008 | YR10

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Stanford GSB Executive Education: Training Sustainability Leaders

True innovators redefine the terms of competition and dictate the future of industries. The Stanford Center for Social Innovation introduces *Business Strategies for Environmental Sustainability*, a pioneering executive program for leaders in business, government, nonprofit, and political-action organizations that delivers innovative approaches to advancing environmental sustainability across organizations. "Today, best practice in environmental sustainability needs to be understood by business executives, environmental activists, public administrators and regulators alike," says William Barnett, the program's Faculty Director, "Our program aims to be a watershed event in each participant's career, accelerating the development of those who will shape tomorrow's sustainable business and public policies."

www.gsb.stanford.edu/exed/bses
(650) 723-0544



DOMANI: Guiding Corporate Clients in a Greener World

William Sarni, CEO of full-service sustainability consulting firm, DOMANI, has been witness to a paradigm shift. "Just a few years ago, companies viewed stakeholders cautiously," says Sarni. "Today, DOMANI engages our multinational clients with stakeholders and NGOs for mutual benefit." A collaboration between two DOMANI clients—the World Wildlife Fund (WWF) and Coca Cola—is a prime example. Recent thinking has shifted in favor of this sort of collaboration so like-minded companies are linking up for positive branding, says Sarni. Simply put, "Being green is now a common denominator to build business relationships." DOMANI helps its clients, current global leaders, such as Alcoa, BASF, Cisco, Coca Cola, and Pfizer, develop and expand these relationships.

www.domani.com
(303) 232-0193

D O M A N I
achieving sustainability



Martin Liptrot
CEO Ogilvy PR
EMEA

Ogilvy: 24-Hour Reputation Management

The 21st century business world is characterized by connectivity. Whether it is global supply chains, international manufacturing, service or production opportunities, the rise of BRIC economies or the power of the Internet to transform the marketplace, we are now operating in a "24/7-all-access" networked world. Everyone is watching, listening and talking. "In this new world, society is in charge and consumer and societal insights are paramount," says Martin Liptrot, CEO Ogilvy PR, Europe, Middle East and Africa.

Ogilvy PR is an unparalleled leader in brand management, with decades of success helping companies to build, enhance and protect their brands. "But if the brand is the promise, we see reputation as how an organization is perceived to have lived up to that promise," Liptrot says. Thankfully, Ogilvy PR is also an acknowledged leader in reputation management.

Ogilvy's approach to solving problems is built around connectivity—using 360° Brand Stewardship, combining creativity, new technology and Big Ideas to produce measurable success. Across a worldwide network, the firm's team of experts provide some of the leading names in business today (including BP, Unilever, and Dupont) with strategic counsel and support on a full range of issues including environment, strategic philanthropy, NGO and community relations, business ethics and values, and CSR reporting. Ogilvy helps clients to build partnerships, add value, and cultivate a culture of social entrepreneurship both within the company and around the brand.

www.ogilvypr.com
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