

*This year promises to pose economic hardship for both companies and individuals. A silver lining to this dark cloud is that it has heightened the importance of being a responsible business – from governance to sustainability.*

*Many in the U.S. and abroad are hopeful that President-elect Obama will adopt a new approach to issues such as green energy, climate change, sustainable agriculture, and promoting social well-being.*

*Let's remain hopeful that when we come out of this recession, businesses will be judged not only by how much profit they made, but also by how responsibly they acted. With this will come a brighter future.*

*Best regards,  
Liz*

## WRITING A CORPORATE SOCIAL RESPONSIBILITY REPORT

With each passing year, more and more companies are producing corporate social responsibility (CSR) reports. While a CSR report will not resonate with all stakeholders and should only be one element of a larger stakeholder communication program, the process of producing a CSR report provides any company with many benefits.

The process can lead a company to develop or refine its CSR strategy, including long-term visions and short-term targets. It requires management to gather metrics and information about sustainability efforts throughout the company. This process helps align different functional units into a unified effort, setting the company's priorities and establishing processes to capture metrics and key information moving forward. Information from a CSR report also can be used in other communications efforts, such as the website, in-store brochures, and Earth Day celebrations.

Entities that often read or refer to CSR reports include socially responsible investment funds and non-governmental organizations. To maximize the benefits of a CSR report, it is helpful to first outline the information in which these entities are most interested. Below is a high-level outline that I use to guide my clients.

Introduction and overview: Present your CSR vision and intentions. This could include a discussion of a company's most material issues, the business case for CSR, and the governance and decision-making processes. *(continued on page 2)*

## ADAPTING TO CLIMATE CHANGE

Building international consensus on how to address climate change is a slow and arduous process. Efforts to design and implement new international frameworks to appropriately address all relevant issues, such as greenhouse gas emission reduction requirements, how to validate carbon offsets, the role and potential impacts of biofuels, etc., will likely take years. Yet the impact of climate change is being felt today.

There is acknowledgement that climate change is negatively affecting communities around the world. It's also clear there has been limited progress in achieving necessary greenhouse gas emission reductions. This is evidenced by the step taken by negotiators at last month's United Nations Climate Change Conference in Poznan, Poland. They agreed to create an Adaptation Fund to finance adaptation projects and programs in developing countries. Countries would be eligible to access the \$60 million fund if they were parties to the Kyoto Protocol.

While we must await the next version of a climate change framework, we cannot wait to take action. Many companies are already pursuing energy efficiency opportunities. However, very few companies have a basic understanding of how climate change will impact their supply chains and overall business. For example, any product that relies on agriculture for their raw materials, whether cotton, feedstock, or sugar, will be seriously affected by less predictable and potentially damaging weather conditions. Yet most companies don't know where these materials are grown. Understanding and building resilience to these impacts is in every business's best interest.

*Please look for a discussion of climate change's impact on supply chains and how to build resilience to these impacts in my April newsletter.*



## UPDATE ON AGRICULTURE ROUNDTABLES

Promoting better practices and conditions on a farm through complex agriculture supply chains is challenging. It requires the partnership of all supply chain participants, from grower to processor to retailer. Roundtables for particular crops have been created to engage all of these supply chain participants in designing and implementing possible solutions. Below is a snapshot update on some of these roundtables.

*Better Cotton Initiative:* This autumn, I had the privilege of leading a team to conduct research and recommend a supply chain system that supports the production of *Better Cotton*. The recommendation is to produce bales of cotton that only contain *Better Cotton* by focusing field-level activities in strategic geographic regions. BCI hopes to begin field tests of farm-level activities and the supply chain system in 2009. For more information, go to: [www.bettercotton.org](http://www.bettercotton.org).

*Roundtable for Sustainable Biofuels:* RSB has received comments on Version Zero of its principles and criteria from regional consultation and input through its website. RSB has opted for a mass-balance supply chain approach and agreed to create/facilitate a certification system and create tools to address areas where standards don't currently exist (e.g., greenhouse gas emissions, food security, etc.). For more information, go to [www.bioenergywiki.net/index.php/Roundtable\\_on\\_Sustainable\\_Biofuels](http://www.bioenergywiki.net/index.php/Roundtable_on_Sustainable_Biofuels).

*Roundtable for Sustainable Palm Oil:* RSPO began implementation of its principles and criteria, as well as supply chain systems, this year. However, certified growers are finding that retailers may not have the appetite to compensate growers for the cost of implementation and certification. RSPO is also re-evaluating how to best assess high conservation areas under RSPO standards. For more information, go to [www.rspo.org](http://www.rspo.org).

*Better Sugarcane Initiative:* BSI has drafted principles and criteria that will go through public consultation in accordance with The International Social and Environmental Labeling Alliance (ISEAL). For more information, go to [www.bettersugarcane.org](http://www.bettersugarcane.org).

*Roundtable for Responsible Soy:* RTRS recently published draft principles and criteria, as well as a proposed supply chain system, which are available for comment until January 15, 2009. You can access this information via [www.responsiblesoy.org](http://www.responsiblesoy.org).

*Please let me know if you would like additional information on these or other roundtables.*

## WRITING A CSR REPORT

*(CONTINUED FROM PAGE 1)*

*Strategic alignment:* Explain how a company is positioned to implement its sustainability vision and mission. This could include discussions about governance, economic standing, internal alignment, performance standards, and external factors such as public policy and industry efforts.

*Performance and metrics:* Provide specific metrics on key performance indicators, explain how they were obtained, and outline efforts to continue improvement over time. This should include economic performance as well as a discussion of efforts and/or initiatives to address the company's most material issues.

*Assurance and future reporting:* Provide details about any efforts taken to validate or verify the information presented in the current report, and boundaries affecting the company's current and future efforts. Also present the company's intentions with respect to future reporting.

*Please let me know if you would like additional advice on how to write an effective CSR report.*

### IN THE NEXT ISSUE:

- SUSTAINABILITY TRAINING FOR YOUR STAFF
- BUILDING RESILIENCE IN YOUR SUPPLY CHAIN

**liz muller, l.l.c.**

phone: +1.415.924.2335, fax: +1.415.924.8422, email: [liz@lizmuller.com](mailto:liz@lizmuller.com), [www.lizmuller.com](http://www.lizmuller.com)