



ISM-HK Training Workshop IV Corporate Social Responsibility & Sustainable Supply Chain

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Agenda

- Sustainability & Social Responsibility from ISM's perspective
- Some widely accepted ideas including corporate social responsibility pyramid and Triple Bottom Line
- Some Corporate Social Responsibility examples
- Supply Chain Sustainability Principle from ISM's perspective

Sustainability & Social Responsibility

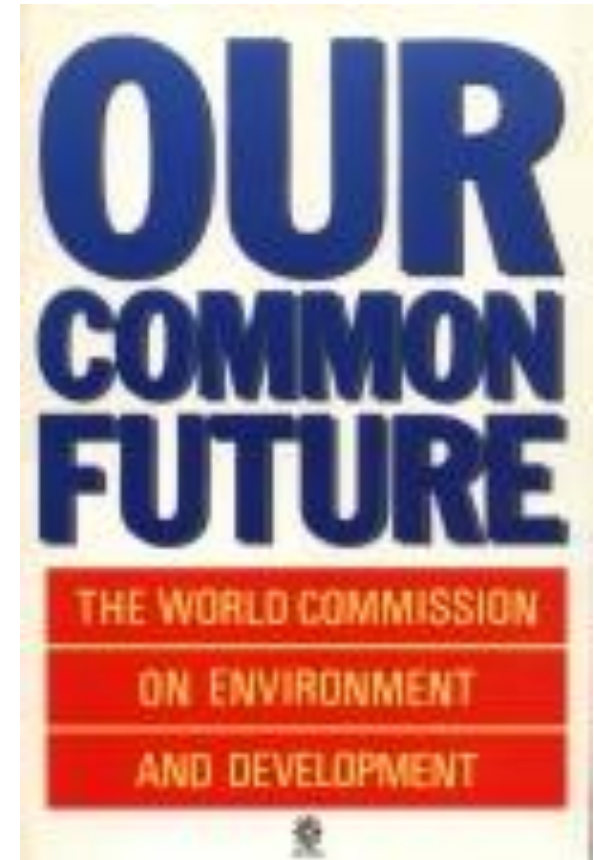
ISM's perspective

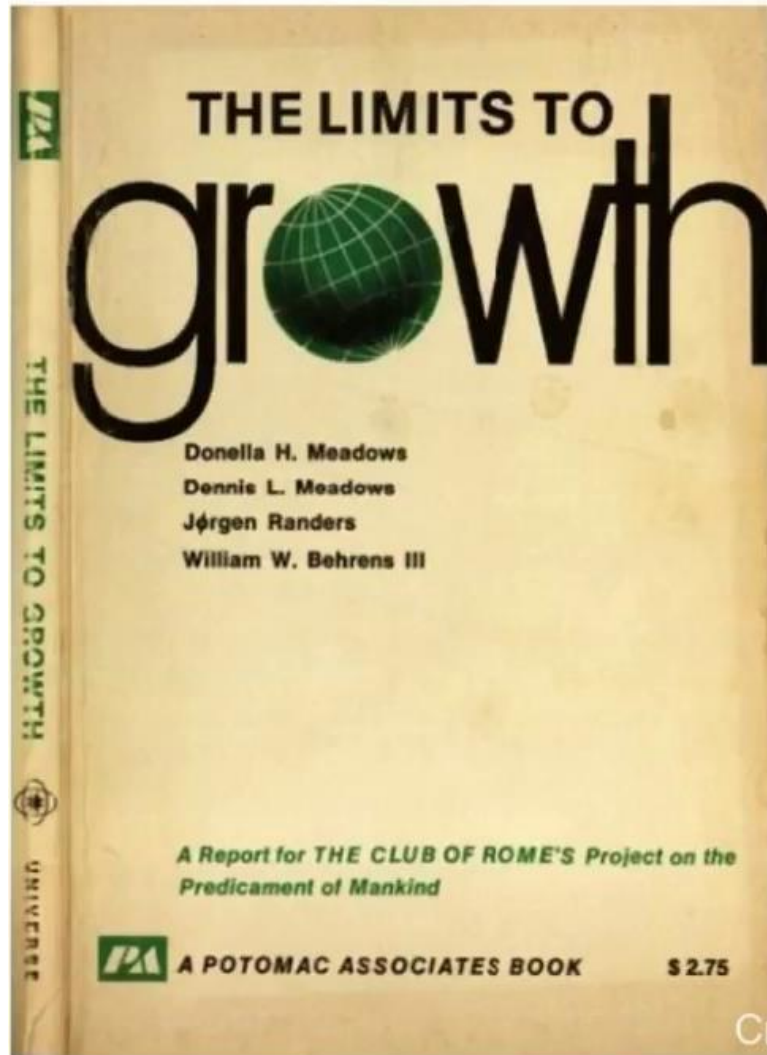
- Sustainability
 - the ability to meet current needs without hindering the ability to meet the needs of future generations in terms of economic, environmental and social challenges.
- Social Responsibility
 - a commitment by a business to act ethically and create benefit for the workforce, the local community and society.

Sustainability

The widely accepted definition given in the book by Brundtland commission “Our Common Future” also known as The Brundtland report published in 1987 defined sustainability as:

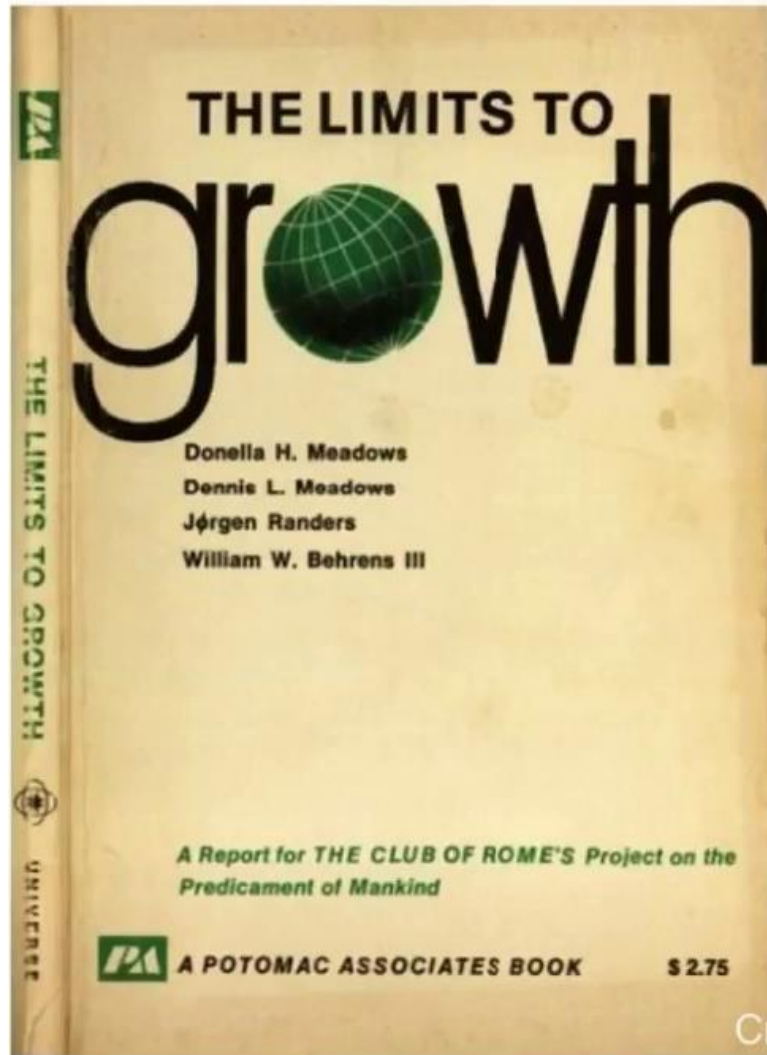
“meeting the needs of the present without compromising the ability of future generations to meet their own needs”.





The Limits to Growth, 1972

- Economic and population growth cannot continue indefinitely due to finite resources.
- Global system of nature is interconnected and complex.
- Unchecked growth can lead to environmental degradation and social upheaval.
- Population and economic growth should be managed to prevent negative impacts.
- Possibilities in solving growth-related environmental problems are underestimated.



Implications for businesses

- Businesses need to balance economic goals with social and environmental considerations.
- Businesses have an obligation to the wider society in which they operate.
- A strong need for businesses to take responsibility for their impacts on society and the environment, and to strive for sustainability.



Corporate social responsibility (CSR)


A self-regulating business model in which for-profit companies seek ways to create social and environmental benefits while pursuing organizational goals, like revenue growth and maximizing shareholder value.

<https://online.hbs.edu/blog/post/corporate-social-responsibility-examples>

Carroll's Corporate Social Responsibility Pyramid



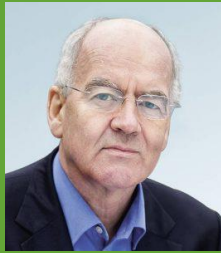
“Corporate social responsibility encompasses the economic, legal, ethical, and discretionary (philanthropic) expectations that society has of organizations at a given point in time” (Carroll 1979)



The pyramid is an integrated, unified whole

- The pyramid should not be interpreted to mean that business is expected to fulfill its social responsibilities in some sequential, hierarchical, fashion, starting at the base.
- Business is expected to fulfill all responsibilities simultaneously.
- Economic and legal responsibilities are *required*; ethical and philanthropic responsibilities are *expected* and *desired*.
- Economic Responsibilities + Legal responsibilities
+ Ethical Responsibilities + Philanthropic Responsibilities
= Total Corporate Social Responsibility.

[Carroll, A. B. \(2016\). Carroll's pyramid of CSR: taking another look. *International Journal of Corporate Social Responsibility*, 1\(1\), 1-8.](#)



The Triple Bottom Line

Idea raised in Our Common Future and expanded on by John Elkington, 1994.

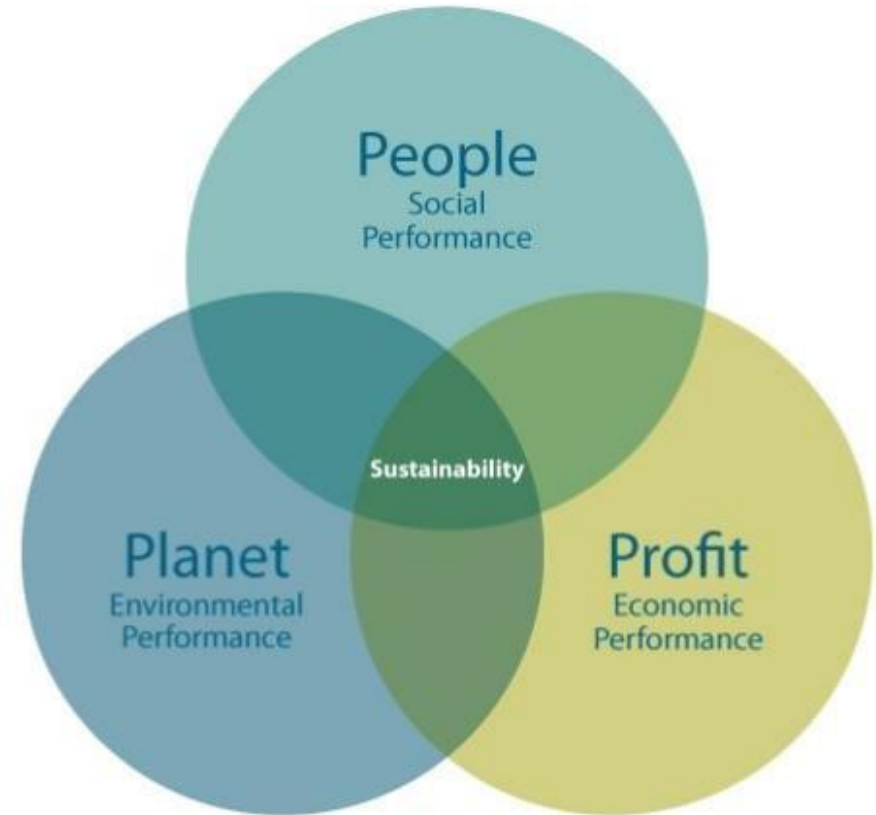
Almost every activity we undertake, at home and at work, has an impact on:

Our Society – people

Our Economy – profit

Our Environment – planet

In all areas of human activity, we need to reconsider what we do and how we do it, to ensure the positive impacts achieved in one area are not out-weighted by negative impacts in another.



Social and ethical, as well as environmental performance are as important as financial performance. Each facet should be measured and reported with equal rigor and transparency.



Corporate Social Responsibility Examples

Lego's Commitment to Sustainability

- It aims to not only help children develop through creative play but foster a healthy planet.
- By 2030, it plans to use environmentally friendly materials to produce all of its core products and packaging.
- To remove all single-use plastic packaging from its materials by 2025.

The image shows the Salesforce logo in white, three-dimensional letters mounted on a blue glass building facade. The logo is centered horizontally and occupies the upper portion of the image. The background is a clear blue sky.

salesforce

Corporate Social Responsibility Examples

Salesforce's 1-1-1 Philanthropic Model

- This model involves giving one percent of product, one percent of equity, and one percent of employees' time to communities and the nonprofit sector.
- Salesforce employees have logged more than 5 million volunteer hours.
- The company has awarded upwards of \$406 million in grants and donated to more than 40,000 nonprofit organizations and educational institutions.

<https://online.hbs.edu/blog/post/corporate-social-responsibility-examples>

Corporate Social Responsibility Examples

Levi Strauss's Social Impact

- One of the first to push for a more ethical and sustainable supply chain.
- In 1991, the brand created its Terms of Engagement, which established its global code of conduct regarding its supply chain and set standards for workers' rights, a safe work environment, and an environmentally-friendly production process.
- In 2016, the brand scaled up the initiative, vowing to expand the program to more than 300,000 workers and produce more than 80 percent of its product in Worker Well-being factories by 2025.

<https://online.hbs.edu/blog/post/corporate-social-responsibility-examples>





Corporate Social Responsibility Examples

Starbucks's Commitment to Ethical Sourcing

- In 2015, Starbucks verified that 99 percent of its coffee supply chain is ethically sourced, and it seeks to boost that figure to 100 percent through continued efforts and partnerships with local coffee farmers and organizations.
- Its Coffee and Farmer Equity (CAFE) Practices is an approach to ethically sourcing coffee, which assesses coffee farms against specific economic, social, and environmental standards, ensuring Starbucks can source its product while maintaining a positive social impact.



ISM Principles of Sustainability and Social Responsibility

with a Guide to Adoption
and Implementation

From awareness to action: Supply management professional should ...

1. Understand the relevant environmental, social and economic impacts of their organization's purchasing.
2. Take responsibility for the relevant environmental, social and economic impacts of their purchasing by committing to an action plan.
3. Deliver on their commitment to improve the relevant environmental, social and economic impacts of their purchasing.
4. Actively promote internal and external innovation that advances a positive future.
5. Solicit and disclose information that supports a marketplace of innovation.

ISM Principles of Sustainability and Social Responsibility

Anti-Corruption

Do not tolerate corruption in any form.

Diversity & Inclusion

Promote diversity and inclusion throughout the organization and the supply chain.

Environment

Support environmental precaution, promote environmental responsibility and encourage environmentally friendly technologies and processes.

Ethics & Business Conduct

Behave ethically always and demand ethical conduct within the organization and throughout the supply chain.

Financial Integrity

Conduct all financial business dealings and decision-making with integrity.

Global Citizenship

Act (in person and virtually) for the benefit of all global citizens, locally and elsewhere, fulfilling ethical and moral obligations.

Health & Safety

Protect persons in the supply chain from the risk of injury, danger, failure, error, harm and/or loss of life.

Human Rights

Recognize and acknowledge that human beings have universal and natural rights and status regardless of legal jurisdiction and local factors.

ISM Principles of Sustainability and Social Responsibility

Labor Rights

Respect, promote and protect an individual's labor rights as defined by applicable international conventions.

Supply Chain Sustainability

Support supplier development of more sustainable business practices, products and services and the embedding of sustainability throughout supply chains.

Transparency

Make available full and complete information necessary for collaboration, cooperation and collective decision-making. Require a corresponding level of transparency from suppliers and throughout the supply chain.



ISM Principles of Sustainability and Social Responsibility

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Each of the eleven Principles is described in four parts:

1. A statement of the general principle.
2. A description of responsibilities of a supply management organization.
3. A description of responsibilities of a supply management professional.
4. A list of possible policies, programs and performance metrics.



ISM Principles of Sustainability and Social Responsibility

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An example: Supply Chain Sustainability

General Principle

- Support supplier development of more sustainable business practices, products and services and the embedding of sustainability throughout supply chains.

Responsibilities of Supply Management Organization

- Develop supplier-facing sustainability goals that address environmental, social and financial performance in the supply chain context. Work with partners throughout the supply chain to develop and deploy consistent and complementary sustainability goals.



ISM Principles of Sustainability and Social Responsibility

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An example: Supply Chain Sustainability

Responsibilities of Supply Management Professional

- Communicate organizational sustainability policies and expectations to suppliers and throughout the supply chain. Hold suppliers accountable to sustainability goals and track their progress and performance. Encourage and (whenever possible) assist suppliers to develop their own sustainability goals.



ISM Principles of Sustainability and Social Responsibility

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An example: Supply Chain Sustainability

Representative Policies, Programs and Metrics

- Contact information for chief sustainability officer (or equivalent) publicly available
- Creation and measurement of supplier sustainability goals
- Inclusion of the following topics in metrics: responsible sourcing, recycling, end-of-life management, transparency of supply chain, disclosure of substances of concern, risk management
- Incorporation of sustainability commitments in purchasing documents (for example, purchase order, general terms and conditions, and request for quote)
- Published supplier code of conduct
- Results of supplier sustainability assessments and audits
- Supplier engagement mechanisms, such as supplier advisory councils and sustainability work teams
- Supplier sustainability training