

## CREATING "GOOD CORPORATE CITIZENS"

Corporate Social Responsibility (CSR) is a form of corporate self-regulation integrated into a business model to ensure compliance with ethical standards and norms for environmental protection.

Environmental CSR activities include: recycling, waste management, water management, renewable energy, reusable materials, 'greener' supply chains, reducing paper use, and adopting Leadership in Energy and Environmental Design (LEED) building standards. Social CSR activities include: raising money for local charities, providing volunteers, sponsoring local events, employing local workers, supporting local economic growth, engaging in fair trade practices, training suppliers to eliminate human trafficking, avoiding conflict minerals and rain forest sources of materials in the supply chain, and ethical marketing.

CSR is a way for corporations to be "good corporate citizens" and add value to the brand of products produced or services provided. Positive corporate behavior can mitigate or avoid negative impacts to a brand, especially in the energy and mining sectors where there are intrinsic impacts to the environment, and sometimes also to the indigenous people in the community of the business activities. The goal of the "good corporate citizen" is to balance the pursuit of profit with a commitment to ethical conduct. Some companies invest in local communities to offset negative impacts of their operations. Others invest in research and development for innovative sustainable technologies that may not lead to increased profits right away. Other companies focus on their supply chain to achieve sustainability throughout the life cycle of their product or services. The corporate model is moving towards responsible sourcing, responsible manufacturing, responsible managing – the results are benefiting businesses' bottom line by reducing costs and increasing brand value.

In this digital age, consumers of the goods and services are increasingly verifying that their products, and the companies that make them, are environmentally and socially sustainable. As a result of consumer activism, many industries have created independent third parties to verify the resources in their supply chain, so that the manufacturers, and the consumers, can trust that the resources used in the product meet their sustainability standards. For example, Forest Stewardship Council independently certifies that paper and forest products do not come from rainforest land. Similarly, International Cocoa

Initiative verifies sources in the supply chain for cocoa products. Kimberly Process certifies that conflict minerals and diamonds are sourced responsibly in both the environmental and social context. The United Nations provides a framework to verify and report human rights violations in corporate supply chains. Certain states also engage in reporting, if not certification. For example, California requires that businesses in the state declare what they are doing to eradicate slavery in their supply chain or business operations.

## **Environmentally Responsible Corporate Behavior**

Consumers are becoming more aware of the environmental and social implications of their day-to-day life choices in the marketplace. Increasingly, people are making purchasing decisions based on environmental and ethical concerns. Ethical consumers can easily search online to find information on responsibly sourced resources and ethical labor practices. Online resources such as “GoodGuide” provide a database of information about the health, environmental and social impact of common consumer products. Industries that are the subject of such research do not always have the opportunity to rebut the information provided to consumers. The best defense is a good offense and the best offense is to be on the forefront of social and environmentally responsible corporate behavior.

Certain industries are particularly susceptible to scrutiny by ethical consumerism, including:

- Energy resources and power generation;
- Mining and minerals;
- Agriculture and genetic modification;
- Apparel; and
- Forest products.

## **Our Experience with Corporate Social Responsibility**

Our lawyers have experience preparing CSR strategies, including goal-setting, corporate policy planning, implementation of programs, and responding to consumer concerns.