

Corporate Social and Environmental Responsibility

Investing a portion of your congregational funds in firms that are recognized as socially and environmentally responsible is in support of Action Step 7, “Environmental and Social Responsibility.” *Corporate Social Responsibility* is a management concept whereby companies integrate **social** and environmental concerns in their business operations and interactions with their stakeholders.

The four types of Corporate Social Responsibility are environmental sustainability initiatives, direct philanthropic giving, ethical business practices and economic responsibility.

Environmental Sustainability Initiatives

Environmental sustainability initiatives enacted by businesses generally focus on two main areas: limiting pollution and reducing greenhouse gases. As the awareness of environmental issues grows, businesses that take steps to reduce air, land and water pollution can increase their standing as good corporate citizens while also benefiting society as a whole. For example, Cisco Systems, a multinational technology company, has taken a variety of steps to reduce its carbon footprint, including the installation of photovoltaic systems at production facilities and developing platforms that allow employees to work from remote locations rather than commuting to the office.

Direct Philanthropic Giving

Philanthropic initiatives include the donation of time, money or resources to charities and organizations at local, national or international levels. These donations can be directed to a variety of worthy causes including human rights, national disaster relief, clean water and education programs in underdeveloped countries. For example, Microsoft co-founder Bill Gates has donated billions of dollars to the Bill and Melinda Gates Foundation, which supports numerous causes including education, the eradication of malaria and agricultural development. In 2014, Bill Gates was the single largest giver in the world, donating \$1.5 billion in Microsoft stock to the Bill and Melinda Gates Foundation.

Ethical Business Practices

The primary focus on ethics is to provide fair labor practices for businesses’ employees as well as the employees of their suppliers. Fair business practices for employees include equal pay for equal work and living wage compensation initiatives. Ethical labor practices for suppliers include the use of products that have been certified as meeting fair trade standards. For example, Ben and Jerry’s Ice Cream uses fair trade-certified ingredients like sugar, cocoa, vanilla, coffee and bananas.

Focus on Economic Responsibility

Economic responsibility focuses on practices that facilitate the long-term growth of the business, while also meeting the standards set for ethical, environmental and philanthropic practices. By balancing economic decisions with their overall effects on society, businesses can improve their operations while also engaging in sustainable practices. An example of economic responsibility is when a company modifies its manufacturing processes to include recycled products, which could benefit the company by potentially lowering the cost of materials and also benefit society by consuming fewer resources.

Sustainability and corporate social responsibility initiatives will continue to be prevalent in years to come.

Firms having management policies that meet these criteria are approved or certified by the Underwriters Laboratories environmental standards, BIFMA, BioPreferred, and Green Seal.

Sources:

Social Responsibility Definition - Investopedia

www.investopedia.com › Business › Business Essentials

https://en.wikipedia.org/wiki/Social_responsibility

See sample policy on next page.

Corporate Social/Environmentally Responsible Investment Policy Sample

_____ recognizes the importance of social and environmental responsibility. As a result, as part of its asset allocation policy, ___% to ___% of the _____ investment portfolio must include companies that are socially and environmentally responsible, as approved or certified by the Underwriters Laboratories environmental standards, BIFMA, BioPreferred, and Green Seal.

In addition to maximizing shareholder value, socially and environmentally responsible companies act in a manner that promotes the well-being of society and the environment while lessening negative impacts on them. They enact policies that promote an ethical balance between the dual mandates of striving for profitability and benefiting society as a whole.