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Accounting for Impact: A Path to Innovation Through CSR Reporting

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Abstract

Corporate Social Responsibility (CSR) Reporting has emerged as a way for companies to communicate emphasis and measures beyond the traditional profit. CSR Reporting has the potential to be used as a tool for companies to move from just compliance with sustainability standards to promote efficiency and innovation. Through case studies of current users, my project explores three reporting platforms and how these platforms can help companies measure this transition to efficiency and innovation rather than using sustainability practices as window-dressing for the reputation company.
**Introduction**

We are on the cusp of a revolution in terms of the way people do and view business. The gap between information provided and information desired has grown, as we enter a time of corporate conscience (Woods, 2003, p. 60). The public has begun to call for corporations to be more accountable for their actions, held to higher ethical standards, regardless of size or influence. I believe this outcry reveals a “belief that capitalism should be not just tolerated but celebrated for its power to do good,” when efforts to do good are made (Murray, 2015, p. 59). For profit businesses still offer “the best hope of addressing many of mankind’s most deeply rooted problems” because they wield a great amount of societal power (Murray, 2015, p. 59). Companies constantly make decisions that reinforce company values. This emphasis and measurement in turn influences the results. In that vein, corporate sustainability reporting comes to the forefront. It gives companies the opportunity to choose to emphasize non-financial based measurements, sustainability practices, environmental concerns, and other goals. Profit does not need to be the end-all be-all of the business world, rather one facet of a successful business.

This outcry for a shift in ideas from a solely profit driven measurement, to emphasis on measures beyond merely profit is the call for Corporate Social Responsibility (CSR) Reporting. CSR Reporting fits into the idea that business can be a force for good, not merely a force for profit and wealth. It gives businesses the opportunity to engage with causes and ethical issues that are affecting their stakeholders and communities.

While Corporate Social Responsibility Reporting can be viewed as simple and insincere window dressing for the company’s reputation, I believe that it has the potential to be used as a tool to help companies to first comply with ethical standards and then progress into more efficient practice and encouraging innovation. I explored three CSR Reporting programs and
within each program I examined a company to illustrate how CSR Reporting can be practically used to achieve not only compliance, but also efficiency, and innovation.

To explore these ideas, I first examined Corporate Social Responsibility Reporting in general. After understanding the larger view, I considered the intersection between ethics, faith, and CSR Reporting. This intersection shows the ethical foundation on which the explored CSR platforms are built. For further observation, I examined three CSR Reporting programs. Within each of these programs I then examined a company currently using this platform to illustrate how CSR Reporting organization can accomplish compliance, efficiency, and innovation. The three platforms that I am focusing on are the United Nations Global Compact (UNGC), Global Reporting Initiative (GRI), and B Corps.

I found that there are many benefits to companies adopting CSR Reporting, especially considering the transition from compliance to efficiency and innovation. It is clear in examples that some of these practices were taking place pre-reporting, but with the reporting platforms, companies have better ways to report, measure, and understand these changes.

Due to the benefits of CSR Reporting, I do not believe that it is not just a fad; rather it is a movement that will continue to grow in popularity. Companies are constantly seeking new ways to “improve performance, protect reputational assets, and win shareholder and stakeholder trust” (Starbuck, LeBlanc & Bramhall, 2014, p. 2). This type of reporting provides more transparency and an avenue for managers have quantitative data as the basis for sustainable and social issue decisions. In addition to the wealth of information it can provide, sustainability reporting will soon become an asset to businesses. As the costs of waste disposal and fossil fuels rise, it makes financial sense to invest in sustainability practices. While an upfront investment, Corporate Social Responsibility practices pay off with long term benefits.
In the end, all of these organizations help companies to move from activities that focus entirely on profit to activities that support CSR standards, from there to more efficient and cost reductive practices, and finally to innovation. I believe that it is not only a smart business decision, but it is also an ethical and moral decision. Corporate Social Responsibility Reporting makes it possible for corporations to draw attention to causes that are important to them, while making more efficient use of their resources. CSR Reporting is a potential way to support labor rights, environmental causes, giving back to the community, and making the company a force for good in the world. Sustainability reporting is something that sends a message to stakeholders and the public in general. It says that the company cares for more than merely profit, but also for people, for the community, and the environment. As human beings, and especially those who have faith, we should care for one another, and use our gifts for the benefit of all. This type of reporting gives us an avenue to do this even in for-profit businesses.

The rest of the paper will be organized by first describing the generalities of Corporate Social Responsibility Reporting as a growing trend. I will explore its possible connections and integration with faith and ethics. I then will investigate three CSR Reporting platforms and examine how these platforms or organizations can be used not only for compliance, but to create efficiency and innovation. In these examinations are three case studies: Starbucks, ExxonMobil, and Method. These case studies are used to illustrate concrete examples of how companies can use sustainability practices for compliance, efficiency, and innovation in their operations. I then compared these studies of voluntary reporting to that of BP, a company that reports mandatorily in the United Kingdom.
Corporate Social Responsibility Reporting

Corporate Social Responsibility (CSR) reporting, in the United States, is the voluntary engagement in actions that look beyond the firm or company. CSR Reporting has been emerging in the market in the last several years. In no way is it fully formed, rather it is more likely in its infancy, but it is here to stay, with some changes and maturing in its future (Tschopp and Huefner, 2015, p. 565). In some ways, this is very exciting, because CSR Reporting has the opportunity to be formed and changed to come into its full potential.

In the age of big data, digital communication, and instantaneous information, it makes sense that investors, shareholders, consumers, and other stakeholders would desire as much information as possible to make decisions. This becomes even more important in the highly competitive, and globalized corporate world, but also in a post-recession stock market, where people are wary of the investments that they make. Part of the problem revealed by the recession was high earning financial institutions that put little emphasis on ethics. Having more information about the actions of the company and their goals outside of the just the bottom line gives insight and a more complete picture of the company. CSR Reporting gives us more insight into the corporate values of a company and greater scope of information to help decide if their actions align with those stated values.

More information is not always better for users. In order for sustainability information to be useful, we need standards to keep the information relevant and to ensure faithful representation (Hales & Johnson, 2015, p. 12). An influx of meaningless, or hard to navigate, information is completely unhelpful. It ultimately wastes everyone’s time, and makes reporting frustrating, and in the end, fruitless. Meaningless information is nothing more than window-dressing for the company; it makes them look better, but really has no bearing on the operational
integrity or corporate values. One prime and prominent example of this is greenwashing.

Greenwashing is when an organization works to appear sustainable and efficient rather than actually making changes to the business plan to become more sustainable (EnviroMedia Social Marketing, 2016). One of the goals of having CSR Reporting standards, and external auditors and validation of these standards is to negate this type of behavior, by having organizations to hold corporations accountable for the information that they provide.

One group of people that could lead the way in interpreting and understanding these standards and verifying the content of these reports could be Certified Public Accountants (CPAs). CPAs should help “clients draw a distinction between ad hoc sustainability initiatives and those aligned with the company’s core strategies” (Hales & Johnson, 2015, p. 13). It is important that the sustainability initiatives connect with the core competencies of the company. Otherwise, they are fringe changes, actions that lack commitment, substance, or meaning. CPAs can be a major asset in helping companies makes the distinction between meaningless big data information and the factors that influence business. CPAs could also help verify the integrity of these types of reporting ensuring the reliability of these reports.

Corporate Social Responsibility Reporting provides a whole new area of expertise for accountants to tackle. At this time, accountants are the primarily and sole external providers of reporting assurance both for financial reports and internal controls (Huang & Watson, 2015, p. 11). Especially in this early stage, there is little to no grounds to compare sustainability measures with other firms, rather it is about sustainability goals and improvements internally within the company. It is important to do the right thing, but as this movement gets off the ground, it is also extremely important to do the reporting accurately and correctly, to ensure the reports are believable and hold merit with stakeholders. As CSR Reporting increases in use and popularity,
the accounting profession will have to make changes to accommodate this new type of reporting and necessary expertise.

The many frameworks, measures, and new accounting issues cause CSR Reporting to come across as solely an issue of compliance. However, that is merely the first and most simple aspect of CSR Reporting. It is easy for companies to go through the motions, file reports, and check off the boxes. The real challenge comes when companies become better versed in these reporting standards and principles, the intent behind them, and move through compliance into higher levels of CSR Reporting. Once they move into these higher levels, companies are no longer reporting for the sake of reporting or from a reactive stance to the outcry of stakeholders. Instead these companies are moving to use sustainability reporting as a tool to implement efficiency in their processes. This efficiency can translate into lower training costs, lower waste expenses, less waste, and more profit, due to the cost reduction. Organizations do not need to stop at efficiency, rather some transition to using CSR Reporting as a vehicle for innovation. These companies use innovation to create new ideas, creating ways for business to not only be better, but to do better. Innovation can lead to enhancements within the company, within the community, and to make a difference to the peripheral stakeholders in the world. When companies move through these levels, it leads to thinking that is more concerned with value creation than the bottom line.

Value is not created without investment, and sustainability reporting is no exception. CSR Reporting requires that companies voluntarily collect additional information. This type of reporting requires extra time, effort, and resources on the part of the company. The actual reporting is not the only potential investment, through CSR Reporting; companies invest in the human capital, environmental impacts, as well as the sustainability and longevity of their own
company. Some do not understand why companies would voluntarily partake in this type of reporting due to the extra time, costs, and potential for negative publicity. While voluntary reporting once was found only in “green” companies, non-profits, or smaller companies, it is now considered best practice used by companies worldwide. It helps companies to manage their impacts, both social and environmental, as well as improve operating efficiency, and use of resources. All of these are vital for shareholder, employee, and stakeholder relations (Starbuck, LeBlanc & Bramhall, 2014, p. 2). These relations are invaluable to corporations because this transparency allows the corporation to gain trust and respect of their stakeholders, and add to the value of the company through bettering their reputation.

In addition to the qualitative benefits of CSR Reporting, there are several quantitative benefits. A finance study done in 2012 indicated that there was an increase in share price by an average of 4.4% per year for companies that partake in corporate sustainability reporting (Starbuck, LeBlanc & Bramhall, p. 12). It also indicated that reporting may open the way into new capital, and in some cases, less costly sources (Starbuck, LeBlanc & Bramhall, 2014, p. 13). There are many measurable benefits for companies that choose to utilize corporate sustainability reporting. Some of these benefits include: meeting the expectations of employees, improved access of capital, increased efficiency and waste reduction. Efficiency is a major benefit of CSR Reporting, about 88% of companies indicated that using sustainability reporting helped their company make decisions more efficiently (Starbuck, LeBlanc & Bramhall, 2014, p. 3). These benefits show the value of CSR Reporting. The efficiency often creates space for innovation within the corporation. This space for innovation creates the potential for new and better ways of doing business and new ways to benefit all stakeholders, even those who might not be obvious at first.
Many companies are making transitioning into this type of reporting and emphasis on measures beyond merely profit. This transition has created organizations that have made it their mission to support the companies that are making a truly sincere effort to change the world for the better. These organizations are looking to support the exchange of information, holding corporations and organizations to standards, and encouraging CSR Reporting. These “activities go by various names: corporate social responsibility, sustainability, cause-oriented marketing and purchasing, venture philosophy, social investing, microfinance, civic and municipal enterprise” (Wilburn & Wilburn, 2014, p. 12). However, the defining characteristic is that these organizations are working on making corporate sustainability a part of the every day. These platforms are working to integrate social issues and greater transparencies into the operations of profitable business.

The value of Corporate Social Responsibility Reporting comes from focusing on more than just profit. Companies who ascribe to it are believed to be not only focused on the traditional bottom line of profit, but also on the environment, employees, human rights, human dignity, and other peripheral stakeholders. It is the goal of the stakeholders and many organizations throughout the world to support corporations, non-profits, and foundations that are making efforts to make the world a better place. “Genuine efforts to change the world for the better should be encouraged. The future of capitalism—and the future of mankind—depends on it” (Murray, 2015, p. 59). CSR Reporting is one way to display the genuine efforts by corporations, as well as use these genuine efforts to encourage efficiency and innovation within the corporations.
Faith and Ethics

While Sustainability Reporting is a relatively new movement, it easily aligns with Christian and faith ideals. Having a basis of faith and foundation of business ethics, while separate, need not be mutually exclusive. Rather sustainability reporting gives the opportunity for people of faith to have practical business application of their faith. Corporate Sustainability Reporting is clearly built on an ethical and moral foundation, one that I believe people of faith can understand and integrate with their beliefs.

I believe that as Christians, but more fundamentally, as productive members of the human race, we should use our gifts to help those around us. When people work together is when humans are the most successful, and the same should go for the social problems sustainability addresses. We are each given unique gifts, whatever we can provide is special, rare, and helpful to those around us. For businesses, there are many ways to give back and use business as a force for good. One way to help others through their vocation is through aligning their aims with social issues. Even the smallest ways, ensuring that their employees are safe, ensuring fair wages and hiring practices, using their time efficiently, caring for allotted resources, reducing waste, or ensuring they are following the spirit of the law, are all ways to give back to the stakeholders in their businesses and their communities. In these ways, ethics and morality becomes a foundational cornerstone of the company, not merely something that is an afterthought, focused on once profits are taken care of.

The idea of Corporate Sustainability Responsibility Reporting marks a shift in the “relationship between business and society” (Stewart, 2014, p. 1). It requires “business to be explicit about the flourishing and preserving of the human, the social, and the environmental contexts in which it operates” (Stewart, 2014, p. 1). CSR Reporting is about reframing priorities
and the purpose and practice of business (Stewart, 2014, p. 1). It gives companies the opportunity and ability to draw attention to outcomes and measures other than profit. CSR Reporting though created metrics gives corporations the leeway to effectively measure issues that are important to them. Pope Francis (2013) said the vocation of business is noble, as long as “those engaged in it see themselves challenged by a greater meaning in life; this will enable them truly to serve the common good by striving to increase the goods of this world and to make them more accessible to all.” Business can be used to honor God by pursuing purpose for good, and CSR Reporting is one way to make this a foundation of for-profit business.

The responsibility does not wholly fall on the shoulders of corporations. Asking questions of corporations is part of the responsibility of the stakeholder. “Casual indifference in the face of such questions empties our lives and our words of all meaning” (Pope Francis, 2013). We are meant to ask these questions and to keep pushing to make the world a better place. Turning a blind eye does not help us, nor does it help the environment or people personally affected by these practices. From a religious standpoint, we are charged with caring for the creation, and one way to do that is to hold ourselves and human institutions to a high standard.

Part of the beauty of creating a framework and guidelines for sustainability reporting is that we can create a framework for incorporating business and ethics together. Not limiting it to business ethics, this framework can also be concerned with valuing and giving importance to components other than profit. The framework can concern itself “with shalom and stewardship” and seek “to move past the business as usual paradigm and ask deep moral questions about the purpose of business. Shaping the purpose of business through a theological lens enables business to be contextualized within the purposes of God” (Stewart, 2014, p. 18). The idea is that we can contextualize business in the larger framework of life. Part of intersecting faith and business
developing a way to measure the metrics of the morality and ethics within an organization. 

Business and ethics need not be separate entities, nor to be held in separate realms at arms-length. They can coexist peacefully and grow better from one another. When they are joined together, ethics become part of the operational framework, and in turn a part of every decision made in the corporation. Soon, it becomes part of the corporate cultural to make not only the correct decision, but the decision based on a moral code, and what is right. Not only should these practices be tolerated in the business world, but encouraged. We should leave room for companies that choose to pursue solutions to social ills and have concerns about things such as labor rights, anti-corruption, environment, and human rights.

Even Mother Teresa argued for the idea that business could be used as force for good. In one instance, she was asked if one should give away all wealth and possessions she replied, “You cannot give it, it has never been yours. It has been loaned to you by God” (Fry & Nisiewicz, 2013, p. 2). The importance lies in following His plans for you, and for this gift that He has given you, and to follow His hierarchy of Love. “First Him; second, your wife; third, your four children; fourth, the four hundred employees and their families; and in that order. Not first the employees, and last the wife” (Fry & Nisiewicz, 2013, p. 2). Business does not have to overtake one’s life, profit does not have to blot out all else. Business is meant to be a tool, meant to create benefit, not to be the center of one’s life. In itself is not a negative thing, business is not evil, it is not something to avoid. One, however, does need to be wary of business and the idea of profit coming at the expense of ethics, morality, and the other meaningful aspects of life. CSR Reporting is one tool that can be used to help frame business in the context of the world, rather than the other way around.
A potential danger of corporations that focus solely on profits is that without balance, “instability and greed” may be leading “to idolatry, reinforces the iron cage, attacks the common good, and threatens human flourishing” (Stewart, 2014, p. 7). Idolizing business above all else degrades our interpersonal relationships and our enjoyment of them. Focusing solely on business and profits can make them God-like in our view. They can become so large of a concern that the block out everything else in our view. A break from business or at least from the sole focus of profits is something that is necessary for our well-being. Dr. Stewart (2014) is focused on shalom and how to find it in business by integrating Sabbath, or a break from work. Even God took a break from his work on the seventh day, and the mentality that balance in life should be strived for. This mentality leads to a better work-life balance and overall happier life.

Corporate sustainability reporting opens up the door for a healthier mindset and perception when it comes to business. It allows management, employees, and the general public to think about business, and especially the bottom line, as a means rather than the end-all be-all. Social issues, such as those of labour rights, environmental concerns, human rights, anti-corruption, but also company challenges efficiency balance profits and innovation can be brought to the forefront by measuring these. I believe it is very important as a tool, for business, but also to have a balanced life. Business, profits, social issues, family, faith, and enjoyment all should be held in some sort of balance. One potential factor for why people become greedy, self-centered and enticed by power in their work is that they do not have anything in their life but their business. If greed and money are your children, your job, and your God it becomes the only thing that you care for. This type of behavior could be diminished if your business plan is built upon an ethical framework that contains balance and considers others. One way to directly integrate these ideals into your corporate life is through CSR Reporting.
Organizations

In this section, I will examine three Corporate Social Responsibility Reporting platforms that have created frameworks for reporting. I will also discuss examples of current for-profit company users of each organization as illustrations of the metrics that can be used to not only comply, but improve efficiency and spark innovation.

United Nations Global Compact

The United Nation’s Global Compact’s idea of corporate sustainability is that it is “a company’s delivery of long-term value in financial, environmental, social and ethical terms” (United Nations Global Compact, 2014, p. 9). As the largest corporate responsibility initiative in the world, the United Nations Global Compact looks to make the corporate values and practices more moral and ethical. More than 8,600 businesses and 4,000 civil society signatories in more than 130 countries are part of the Global Compact (Rasche & Gilbert, 2012, p. 100), (UN Global Compact Report, 2013, p. 4). The Global Compact is a facet of the United Nations Millennial Goals that is made of 8,346 companies in 161 countries that have created 32,506 public reports (United Nations Global Compact, 2016). It impacts many people, as 58.6 million people are employed by UNGC companies (United Nations Global Compact, 2014). The Global Compact was launched in July 2000 by the Secretary General, at the time, Kofi Annan. It draws from four sources: Universal Declaration of Human Rights, Fundamental Principles and Rights at Work of the International Labour Organization, Rio Declaration on Environment and Development, and
the United Nations Convention Against Corruption (Barkemeyer, 2009). These sources came together to create the foundation on which the Global Compact was built.

The goal of the United Nation’s Global Compact is to change the way that people view business and business practices and make sustainability part of the underlying practices. The goal is to ensure it is “fully embedded into the DNA of business globally” (United Nations Global Compact, p. 10, 2015). By having this embedded within the corporation, it makes ethical practices a part of the foundation of the business. The next step for the United Nations, in 2015, was the launching of Sustainable Development Goals (SDGs), built on the Millennium Development Goals that were set forth in 2000. These Sustainable Development Goals are meant to guide development actions by the United Nations for the next 15 years until 2030. There are 17 Sustainable Development Goals including: ensuring all have access to sustainable, affordable, and reliable energy; promoting industrial sustainability; full, decent, and productive employment for all; and implementing partnerships for sustainable development (Division for Sustainable Development, 2015). These goals can tie directly into the principles that have been set out by the United Nations Global Compact, and provide more specific, tangible goals for organizations to follow.

The United Nations Global Compact is based on ten principle statements that were created as its foundation. The Ten Principles on which the United Nations Global Compact is based are divided into four categories: Human Rights, Labour, Environment, and Anti-Corruption (UNGC, 2013). The Principles are as follows:

1. “Businesses should support and respect the protection of internationally proclaimed human rights”.
2. Businesses must ensure “they are not complicit in human rights abuses”.
3. “Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining”.

4. They should support “the elimination of all forms of forced and compulsory labour”.

5. As well as “the effective abolition of child labour”.

6. And “the elimination of discrimination in respect of employment and occupation”.

7. “Businesses should support a precautionary approach to environmental challenges”.

8. Businesses will “undertake initiatives to promote greater environmental responsibility”.

9. As well as “encourage the development and diffusion of environmentally friendly technologies”.

10. Finally, “businesses should work against corruption in all its forms, including extortion and bribery” (UN Global Compact Report, 2013, p. 3).

The principles clearly focus on several factors besides profit including: the protection of workers and people involved in the company, the environmental affects by the organization, and anti-corruption. The focus on anti-corruption is unique to the United Nation’s Global Compact. Not all CSR Reporting Frameworks have such an overt focus on it. This is an important component of the principles, especially considering the connection with the United Nations. These principles help to create a transnational relationship of cooperation between organization, subsidiaries, and the people and land that they affect. These principles are meant to be a worldwide road map and overview to see the main issues are and how individual organizations can take steps to correct them.

The United Nations Global Compact principles create an ethical framework for organizations to incorporate into their operations. These principles are directly transferrable into the Christian ideals of love your neighbor, stewardship of the Earth, as well as protecting the
poor and innocent, especially when addressing the issues of child and forced labour. The emphasis on labour is directly in line with the Christian values of human dignity and human flourishing. From an ethical standpoint, the overarching principles give companies universal ethical ideals and standards that can be built into pre-existing organizations. The United Nations Global Compact has created a framework of ethical principles that create a moral backbone that is applicable for companies worldwide.

To maintain membership as part of the Global Compact, the United Nations Global Compact firms are required to annually disclose how they follow the above 10 Global Compact principles. This Communication on Progress (COP) helps track progress year over year. Firms are also encouraged to use the Global Reporting Initiative Reporting Standards for additional reporting. If the company or organization fails to file the COP, their membership is revoked (Rasche & Gilbert, 2012). Each report must contain a statement by the chief executive expressing continued support for the United Nations Global Compact, and renewing their commitment, a description of practical actions or plans to implement, and measurement of outcomes regarding what, or to what degree, indicators were met (United Nations Global Compact, 2014). The principles are used to keep companies thinking about these standards and engaging in conversation. If the report meets all of the required standards, they are certified.

The United Nations Global Compact has a company page for each of its certified members listing general information about the company, its location, when they became a member, and when their next Communication on Progress (COP) is due. It also has many links to additional information if the reader is interested. For example when looking at Starbucks Coffee Company, it says that they have been a participant since April 2004 and their next COP is due in July 2016 (See Figure 1). This company page gives a general profile for the members and
links directly to the United Nations Global Compact required report which is the Communication on Progress in regards to the ten principles.

Figure 1

(Starbucks Coffee Company, 2016).

Starbucks is a great example of a United Nations Global Compact member that has all three aspects of CSR Reporting represented through their Communication on Progress (COP) and “Starbucks Global Responsibility Report,” which is their sustainability report. At the most basic level, Starbucks’ COP and “Global Responsibility Report” address the issue of compliance by their mere existence. The Communication on Progress (COP) is published to comply with the UNGC Standards. It lists how Starbucks has made progress in regards to the 10 Global Compact principles. At least on the surface, there is really no room for efficiency or innovation in the Communication on Progress.
In addition to the Communication on Progress, Starbucks created the Starbucks Global Responsibility Report, which is a more comprehensive report on Starbucks’ sustainability practices. The Global Responsibility Report begins as a compliance measure, but transitions into efficiency. Starbucks has done a great job of using CSR Reporting to create efficiency and reduce costs. There are many examples of this in the report, most of which are in the “2014 goal chart” where Starbucks outlines their goal, the progress, and the key findings from this particular initiative (see figures 2, 3, and 4). For instance, purchasing renewable energy to their power stores, would be an efficient way to save money and use less electricity in their stores. Starbucks also set the goal to lower water consumption by 25%, a move which could significantly cut costs and save money (Starbucks Coffee Company, 2014). Another example of efficiency is in their commitment to the LEED certification. LEED, or Leadership in Energy and Environment Design, is a certification for resource efficient buildings (LEED, 2016). By committing to the LEED program, Starbucks has made a very public and substantial investment in the sustainability of their stores. Starbucks’ commitment to initiatives such as these shows how CSR Reporting and efficiency has been integrated into their company.

Many of these efficiency practices have led to innovative ideas and initiatives, the next level of CSR Reporting. One great example of is Starbucks’ desire to increase efficiency through recycling. Recycling is a big part of Starbucks’ environmental impact considering that a majority of their products are carried out in a container whether that is: a cup, a pastry bag, or a bag of coffee. The innovation comes into play with their goal to “implement front-of-store recycling” in their stores (Starbucks Coffee Company, 2014, p. 16). They have decided that their recycling system in the front of the store is the most innovative and effective approach. By considering the
entire life-cycle of their product Starbucks has transitioned from merely being more efficient to considering the impacts of their products and potential innovative solutions.

Starbucks’ “Global Responsibility Report” concludes with their goals for the future, which have come out of their efficient practices and innovative ideas. These are sustainability goals that Starbucks’ has made a priority for their organization, and I believe that this speaks volumes about what they think is important. The goals of the organization, especially when it comes to CSR Reporting, communicates a great deal about the direction of the organization, level of commitment, and how integrated the CSR and accompanying principles are within the organization. It is clear from these goals that Starbucks’ has bought into the CSR Reporting and initiatives that they have created for themselves. Their commitment is reflected in the breath of their goals and specific timelines, percentages, and ideas that are communicated to the reader.
Figure 2

2014 GOAL CHARTS ETHICAL SOURCING

**GOAL**
Ensure 100% of our coffee is ethically sourced by 2015

**PROGRESS**
- 96% of our coffee was ethically sourced in 2014 through C.A.F.E. Practices, Fairtrade, or another externally audited system.
- Total ethically sourced coffee purchases (in millions of lbs): 2013 - 95%, 2014 - 96%, 2015 - 100%

**KEY LEARNINGS**
Taking a comprehensive approach— including external verification, on the ground farmer support and farmer loans—has been instrumental in moving us toward our 100% goal.

**GOAL**
Invest in farmers and their communities by increasing farmer loans to $20 million by 2015

**PROGRESS**
- Increased our investment to $16.3 million, a 27% increase over 2013.
- 2013: $11.9m, 2014: $16.3m

**KEY LEARNINGS**
Access to affordable credit for coffee cooperatives and farmers can increase productivity and quality and helps create sustainable livelihoods for small-scale farmers.

(Starbucks Coffee Company, 2014, p. 15)
Figure 3

**2014 GOAL CHARTS**

**ENVIRONMENT**

**GOAL**

Build all new, company-operated stores to achieve LEED® certification.

**PROGRESS**

We have achieved LEED® certification in over 200 stores in 19 countries — more than any other retailer.

**KEY LEARNINGS**

Green building strategies have been incorporated into both new and existing stores, including international stores. We continue to experience challenges in some of our high-growth markets where LEED® is still gaining traction and are working to address this issue.

![Percentage of total stores vs. number of new company-operated stores built per year to achieve LEED® certification.]

**GOAL**

Implement front-of-store recycling in our company-operated stores by 2015.

**PROGRESS**

An additional 763 stores in the U.S. and Canada entered the program in 2014, bringing us to 47% of company-operated stores in those markets.

**KEY LEARNINGS**

Although we will have rolled recycling out to all US & Canada markets by end of 2015, we continue to face challenges. We did not anticipate barriers to execution including landlord alignment, space constraints and limitations of municipal infrastructure. We will continue to look for ways to improve performance and leverage learnings internationally.

![Percent of store locations with front-of-store recycling.]

**GOAL**

Serve 5 percent of beverages made in our stores in personal tumblers by 2015.

**PROGRESS**

Personal tumbler use increased by over 610,000 beverages in 2014 but remained flat as a percentage of total beverages served.

**KEY LEARNINGS**

Our customer personal tumbler use peaked at a monthly average of 2.5% with the $1 reusable cup introduction and promotions. While interest increases with innovation such as the White Cup Contest, consumer demand and behavior change remains low. We will continue to work to leverage success and increase awareness.

![Percent of beverages served in personal tumblers.]

(Starbucks Coffee Company, 2014, p. 16)
(Starbucks Coffee Company, 2014, p. 17)
Starbucks, as shown in their “Global Responsibility Report,” has moved through mere compliance to efficiency, and in some cases they have even moved to innovation to create new ideas and implementations. This is reflected, not only in their past performances and accomplishments, but also in their goals for the years to come. Their innovation will continue to grow as they seek for new ways to become efficient and find new ways to impact the company, farmers, and other stakeholders.

Starbucks is just one example of thousands of United Nations Global Compact members. The UNGC has worked to become a globalized organization of CSR Reporting. There is a wealth of diversity in the membership of the United Nations Global Compact, as shown in the top 20 countries involved in the Global Compact. They are as follows: Spain, France, Brazil, Mexico, Colombia, United States, Germany, Denmark, UK, Japan, China, Sweden, South Korea, Argentina, Turkey, India, Myanmar, Italy, Iraq, and Netherlands (United Nations Global Compact, 2014). The top twenty countries represent four continents, and both hemispheres. It shows that the United Nations Global Compact is truly has a worldwide presence. It is not only geographically diverse, but diverse in the types of members. The top ten sectors represented are support services, construction and material, general industries, software and computers, financial services, food producers, media, retailers, retailers, and travel (United Nations Global Compact, 2014). These top ten sectors are varied and encompass many different types of people and employers. This indicates how many different people, companies, and members are involved in the United Nation’s Global Compact. It truly is a large, global, diverse presence.

No matter the location, size, or industry, the United Nations Global Compact (2014) defines five universal positive features of corporate sustainability. First, businesses using these principles are “operating with integrity” (p. 8). By integrating integrity into the daily operations,
it becomes an integral part of the corporation. The second positive feature is strengthening society by looking beyond the company and having a willingness to collaborate with others. Not only does collaboration with others lead to strengthening the community, but can lead to innovations that will benefit the company. Thirdly, is a commitment to leadership. Significant change begins at the top, with leadership; nothing changes by shifting systems alone. Next, reporting on the progress made is a good practice with the most important aspect of this component is transparency. Without transparency, the reporting is truly a waste. Lastly, local action must also play a part in corporate sustainability (United Nations Global Compact, 2014). Getting involved in the company’s surrounding community helps society, local residents, and the company’s reputation throughout the more peripheral stakeholders. These positive features fall directly in line with the idea that there are different levels that a corporation can move through in terms of CSR Reporting. Compliance is good publicity and window-dressing for the company. By becoming more efficient companies can use it as a more integrated piece of the operations. Once CSR is integrated within the organization can move into the next step, innovation, not only within the company, but with their community as well.

Efficiency and innovation does not need to be consolidated to within the company. Much of the focus of sustainability practices is helping those outside of immediate corporate core including suppliers, employees, affected communities, and society as a whole. Companies should not cower in the shadows, practicing isolationism. “Smart companies look at the world around them, see that the stakes couldn’t be any higher, and become part of the solution” (United Nation Global Compact, 2014, p. 30). Companies that see a problem and are willing, take action. This action is different, depending on the company in question, but the steps to action are the important component. When deciding on action, it is imperative that everyone buys into the
changes, for without the support of every one, there will be no success. It is often a major challenge to get everyone on board. The top three challenges are extending strategy through the supply chain, financial sources, and implementing strategy across business functions (United Nations Global Compact, 2014). It is truly vital that the companies become wholly invested to the process. By wholly investing in the changes, they are committing to changing the world through corporations practices and ethics. CSR Reporting is really an investment by all involved, but the investment is worthwhile.

Committing to the investment is the easy part, implementing corporate responsibility procedures is harder. Sixty percent of companies advocate for sustainable practices, while only 29% align government affairs and lobbying with sustainability commitments (United Nations Global Compact, 2014). This is just further proof that the United Nations Global Compact strives to make it a greater part of corporate culture. By integrating CSR Reporting into the decision-making process it becomes an avenue to change the way people see business. Some say that the principles are so vague that companies merely pray on the reputation of the United Nations, rather than making real changes, or truly adhering to the United Nations Global Compact Principles (Rasche & Gilbert, 2012). While the principles may be vague and overarching, the United Nations Global Compact gets institutions in the habit or reporting their progress. The overarching nature makes it possible to relate to a number of different industries and people.

Though the principles are overarching, the United Nations Global Compact also releases information to help companies create more specific goals; the best example is the yearly Global Opportunity Report. The report outlines five risks and opportunities that the United Nations Global Compact in the world. For instance in the report for 2015, the five risks are: extreme weather, lack of fresh water, unstable urbanization, non-communicable diseases, and being
locked into fossil fuels (United Nations Global Compact, 2015). They also proceed opportunities giving companies a road map and some inspiration on how to address these risks. These reports show the United Nations Global Compact desire to make corporations a force for good and to communicate that no matter the region, sector, or industry there is a way for any corporation or organization to make a difference. While the ten principles are very broad, the Global Opportunity Report provides concrete examples of ways corporations can engage with the world.

The United Nations Global Compact is founded on ten principles that uphold ethical and theological ideas in business. These overarching principles including: protecting stakeholders, being good stewards of the environment, and working against corruption in all its forms. They are meant to change the way people do business, and how for profit businesses are viewed. Organizations, like Starbucks, have used these principles to comply with standards, become more efficient, and innovating new ideas and processes for their sustainability work. While they do not have the means of enforcement, the United Nations Global Compact has created a space for worldwide innovation and engagement with all stakeholders.

**Global Reporting Initiative**

The Global Reporting Initiative (GRI) is the most recognized and adopted CSR Reporting standards worldwide. It began with 20 individuals from business, civil, labor, investors, and accountants who decided that these CSR Reporting standards were necessary (Tschopp & Huefner, 2015, p. 575). It emphasizes these principles of reporting: transparency, inclusiveness, auditability, clarity, completeness, relevance, sustainability, context, accuracy, neutrality, comparability, and timeliness (Toppinen and Korhonen-Kurki, 2013). From the onset, it is the most accounting-based of the three organizations covered in this paper, as it focused and is based
primarily on general accounting principles. The GRI guidelines address five different areas: strategy and analysis, organizational profile, report parameters, governance commitments and engagements, and management approach as performance indicators (Tschopp & Huefner, 2015). The GRI provides management with performance improvement tools that increase transparency, credibility, and understandability, and compliment preexisting standards (Woods, 2003). The GRI’s aim is to clearly present the impact, both human and ecological, of the business in order to facilitate informed decisions about investments, purchases, and partnerships. This information is meant to be a tool for the corporation and an avenue create dialogue amongst the stakeholders.

The governance framework of the GRI framework has evolved several times over (Tschopp & Huefner, 2015). The new guidelines are created and tested, to evolve with the changing times. Before releasing a new version, the GRI pilots it for at least a year, reworks it, and then releases the new version (Tschopp & Huefner, 2015). At the present time the newest installment of the GRI guidelines is the G4, released in May of 2013. The key enhancements to the G4 include technically reviewed content, clear disclosure requirements and up to date disclosures on governance, ethics, integrity, supply chain, anti-corruption, and GHG emissions (Global Reporting Initiative, 2015). This constant improvement and evolution of the standards shows the commitment by the GRI to have their standards be accurate, relevant, and useful for all stakeholders.

One advantage for U.S. companies is that many components of GRI reports are also necessary parts of other GAAP financial reporting (Woods, 2003). This means that there is less time and resources spent as most of the information is already collected by the corporation. For creating CSR Reports, the additional information is an investment for the corporation, but a worthwhile one. The adherence to accounting reporting standards and breadth of issues are
things that makes GRI report unique (Woods, 2003). While the more technical language and aspects of the GRI make it sound like a tool more for corporations than for users, the information is useful to all stakeholders. The standards seem to impress the usefulness of the investment to organizations, especially over time.

The GRI is considered the most comprehensive reporting guidelines and is known world-wide (Toppinen and Korhonen-Kurki, 2013, p. 203). Despite this, Toppinen and Korhonen-Kurki (2013) argue that “improved disclosure has not alleviated major corporate-civil society conflicts,” because when private corporations are working on these issues, there are no, or very few, regulations, checks, or balances in place (p. 205). This can result in the meaningless window dressing for companies and their reputation.

While this is a risk, I think that the Global Reporting Initiative and their reports should be looked at as a tool to manage and assess the overall environmental, social performance, and organizational culture. If used properly and in compliance with GRI standards, sustainability reporting is an asset meant to enhance the company and a vehicle to inform key stakeholders. Analyzing how these measures can help companies to identify new and different ways to improve performance and help with “strategic planning, risk assessment, and public relations” (Woods, 2003. p. 60). They can be used as a strategic tool to create strategy, direction, and as an assessment tool for the company, revealing information that would otherwise remain hidden and unquantifiable. However, it is important to remember that this tool is a “starting place, not an ending place” for reporting companies (Ashbaugh, 2012). CSR Reporting is a tool for companies, but without information gathering and substantial investment on the part of the company, the tool has little effect.
One thing that sets the Global Reporting Initiative framework apart as a tool for companies is the measures and performance indicators that they use. For example, the GRI uses several economic performance indicators: energy, materials, land, water use, emissions, effluents, waste, biodiversity, and any environmental issues associated with use of the company’s products and/or services (Woods, 2003). For less economically based performance indicators the GRI uses: health and safety practices, nondiscrimination, training and education, child and forced labor, freedom of association, human rights, security, customer health and safety, and any social issues associated with use of company’s products and/or services (Woods, 2003). The use of these types of performance indicators will help companies track progress, not only from multiple angles, but also over time. Using these GRI performance indicators allows for a very qualitative analysis of impact, growth, and efficiency when it comes to sustainability practices.

There are 5 components needed for a report to be in accordance with the Global Reporting Initiative: first, a statement from the CEO or another C-suite executive, addressing the vision and strategy of the company, information about the organization including its structure, management systems, governance policies, and stakeholder engagement efforts, and the scope of the report. Second, a content index is needed that cross-references each element of the report to the GRI guidelines. Third, a response to each core indicator or an explanation of why it was omitted is necessary. Next, the report must be in accordance with the 11 accounting principles. Lastly, the prescribed statement signed by the board or the CEO (Woods, 2003). Once all of these are complete, they are in accordance with GRI principles.

The GRI reports are stored in the searchable Sustainability Disclosure Database. Within the database there is a summary page for the report that gives information such as the publication
year, report type, adherence level, which comes in the form of a letter grade, as well as associations with other organizations such as the UNGC. This gives those outside the company a way to interpret the report, and make comparisons from report to report, and across industries.

One example of GRI company summary page is ExxonMobil, a very interesting GRI company (see Figure 5).

The Global Reporting Initiative has many members from varying geographic regions and sectors, including ExxonMobil. ExxonMobil is an interesting case because of the nature of their business and scrutiny on the oil industry. When looking at a company, like Exxon, it is hard to look at all of the sustainability practices they are currently participating in and not think about
their past mistakes. I think some of the practices and especially environmental sustainability goals of Exxon are to help repair the damage, both environmental and reputational that are a direct result of the Exxon Valdez incident in 1989. In some ways I’m sure they are still atoning for the horrific tragedy that took place that day in Prince William Sound. However, I think it could be argued that some of their sustainability practices displayed in their GRI report show they are striving to learn from their past and move passed merely atoning for it.

In ExxonMobil’s “Corporate Citizen Report 2013” they show movement from compliance to efficiency and innovation. Compliance is a major issue in industries such as oil, because of the major risks and impacts they have, on the environment in particular. ExxonMobil does a good job of addressing the potential risks they bring to the world. In this report, they begin by framing the challenges and opportunities facing ExxonMobil. They outline six major categories: human rights and community impacts, safety, health and the workplace, corporate governance, economic development and supply chain management, environmental performance, and managing climate change risks as seen in their “Key Corporate Responsibility and Sustainability Issues” graphic (see Figure 6) (ExxonMobil, 2013, p. 16). These categories make sense in the overall framework of the GRI.
(ExxonMobil, 2013, p. 16). The rest of the issues covered in the report fit within these categories.

The Global Reporting Initiative framework is more about companies revealing and reporting on their preexisting sustainability practices than the other two CSR Reporting platforms I explored. The GRI has revealed and provided a platform for Exxon to measure and analyze their CSR practices rather than creating practices or requiring certain activities from Exxon as a user. ExxonMobil’s report shows that Exxon is not only compliant with the GRI standards but has moved to efficiency, and in some cases innovation. Compliance is a major issue for ExxonMobil because of the major risks associated with their industry. They not only deal with compliance in CSR Reporting by complying with the GRI standards for their report, but they must comply with product safety regulations including those by: United Nations Globally Harmonized System of Classification and Labelling of Chemicals (GHS), Registration,
Evaluation, Authorization and Restriction of Chemicals (REACH), United Nations Global Product Strategy Program, and clean fuel standards in the United States and European Union (ExxonMobil, 2013). Exxon also complies with both regulatory safety standards and OIMS guidelines (ExxonMobil, 2013). They also obey all environmental laws and regulations, and “apply responsible standards where laws and regulations do not exist” (ExxonMobil, 2013, p. 34). While a good amount of the report and ExxonMobil’s effort is dedicated to compliance issues, they have also integrated sustainability issues into their company and have created cost reducing, efficiency practices.

Exxon has tackled efficiency from many angles because of the many facets of their business. Because of the nature of their business, especially on the oil rigs, safety is a major issue for Exxon. They have created a measurement called the “diamond analysis” that shows that just because near-misses did not result in an injury does not mean they do not need to be addressed (ExxonMobil, 2013, p. 16). They use this diagram to show the importance of continually updating the safety procedures to ensure that near-misses do not become incidents. It is not only themselves that they hold accountable to higher safety standards, they also hold all of their suppliers and vendors to the same safety standards by requiring that this is part of the bid for the job (ExxonMobil, 2013). Safety is not the only area where Exxon has carried CSR Reporting into efficiency.

Environmental issues are understandably a large part of ExxonMobil’s sustainability agenda. Exxon has been “conducting exploration and production operations in the Artic for more than 90 years, and are among the industry leaders in oil spill prevention” (ExxonMobil, 2013, p. 24). Each area that Exxon works in, including different areas of the Artic have their own environmental conditions (ExxonMobil, 2013). In order to prevent potential disasters, it is very
important that they understand the settings they are working in. This helps in a preventative capacity, but also in a reactive setting, in which case they would have contingency plans on how to rectify the emergency situation, as it may arise. In addition to the disaster training, Exxon offers business process trainings to their employees teaching things such as “health, safety, and security, business ethics, costing and tendering, finance and credit, and international standards and codes” (ExxonMobil, 2013, p. 47). ExxonMobil has moved from compliance to efficiency in a number of areas, especially when it comes to their considerations around safety and environmental issues. They have taken steps to not only negate current issues, but set up programs that are adaptable to the changing challenges they will face.

Exxon has some examples in its Corporate Citizen Report that show that in some areas they are transitioning from efficiency to innovation. One example is their research into other energy technologies. Since 2009, Exxon has spent nearly $5.2 billion on research and development including: “carbon capture and storage, cogeneration, biomass conversion and biofuels” (ExxonMobil, 2013, p. 57). It begins as research to make their activities more efficient and innovative ideas for their business plan.

Exxon has some innovative initiatives when it comes to their environmental concerns around the globe. In the Artic, Exxon has “assisted an international group of Artic marine biologists and oceanographers—led by Dr. Arne Bjørge at the Norwegian Marine Research Institute in Bergen—to improve understanding of habitats and foraging traits for five seal species” in an effort to better understand the ecosystem in the Artic (ExxonMobil, 2013, p. 26). By doing so, Exxon has found an innovative partnership to help them be more effective, efficient, and less harmful to the environment they are working in. Another interesting and innovative research area they are working with is marine sound, to see how the frequencies their
equipment gives off is affecting the environment (ExxonMobil, 2013). In Papa New Guinea they have begun a biodiversity program with five components that seem to move through efficiency to innovation. Components 1 and 2 are to work with the Department of Environment and Conservation in the “development of a protected area system for the Kikori River Basin” and further objectives created under the National Biodiversity Strategy and Action Plan (ExxonMobil, 2013, p. 31). The other components have to do with creating and enhancing protected areas, community based protected areas, and connections with the University of Papua New Guinea (ExxonMobil, 2013). Having these innovative to mediate environmental risks is important in a company like Exxon.

Environmental initiatives are not the only examples of ExxonMobil’s movement to innovation. They have also made commitments to the communities that they impact. One example is the community based water program to reduce waterborne diseases and “promote healthier living in the Cepu Block area of Indonesia” (ExxonMobil, 2013, p. 39). In addition, they provide human rights awareness training for people working in high risk areas (ExxonMobil, 2013). Equipping people to deal with the issues that are influencing the high risk areas is an important step. Not only do they have this baseline of training, but they also invest heavily in communities including Women’s Economic Opportunity Initiative, Math and Science Initiative, and the Malaria Initiative (ExxonMobil, 2013, p. 68). These commitments to periphery stakeholders are great examples of using innovation to look outside of the corporation to the affected groups beyond.

ExxonMobil also has some innovative ideas to diversify their company and hear opinions of invested parties. One way is by focusing on creating innovative products with both business and sustainability benefits including industrial, marine, and aviation lubricants and vehicle
engine oils. Direct engagement with their stakeholders, including channels for locals to bring their grievances to the company, is something that Exxon has implemented to bring more people to the table. For example, ExxonMobil had specific information for providing feedback on reactions to the sustainability report. By inviting as many voices as they can into the conversation, they are creating even more space for innovation.

In their report, ExxonMobil’s report has a section to measuring their impact, which falls directly in line with the GRI framework that they are reporting in. Internal analysis of philanthropic activities and measurement frameworks, and other tangible and quantitative measures are very in the spirit of the GRI framework and their aims.

Ultimately, the point of using Global Reporting Initiative reporting is that “a robust sustainability report is far more than a mere data gathering or compliance exercise. It makes abstract issues tangible and concrete, helping organizations to set goals, measure performance, and manage change. These are matters directly related to an organization’s core business strategy” (GRI, 2014, p. 3). The GRI Reports, if used correctly and to the benefit of the company, can be a major resource to companies, organizations, and those who are seeking information about the intangibles of companies, far beyond merely complying with their set standards.

The Global Reporting Initiative has a less obvious ethical or Christian set of principles than that of the United Nations Global Compact. They are more business focused guidelines and framework. However, the framework can be linked to on ethical, moral, or theological principles. The framework ultimately is meant to encourage companies to care for and communicate with their stakeholders, be more efficient with respectful with their resources, and caring for those dependent on them. All of these are more ethical ideas of how to conduct a business. I think the
framework is presented in such a way that is meant to show the mutual benefit for companies and the world.

The Global Reporting Initiative has created the most used and recognized CSR Reporting framework in the world. The framework has more specific guidelines than the ten United Nations Global Compact principles, but is still based in ethical business practices. These standards are meant to create an avenue for efficiency, ethical business practices, and communication between corporations and stakeholders. The framework is means to disclose and measure some of the ways that companies are transitioning from merely filling out the reports to more efficiency and innovation in their companies. While the United Nations Global Compact provides a foundation for their members to fulfill certain principles, it seems to me that the Global Reporting Initiative is more of the scaffolding. They work to help companies to more objectively measure and reveal these practices and to see their impact more clearly.

Certified B Corps

There is some confusion when it comes to Certified B Corps because of the similarity of the terms Certified B Corp and Benefit Corp. Though they are both concerned with sustainability and changing corporate culture, they are unrelated. Thus a distinction needs to be made, because of the common misconception that Benefit Corps and B Corps are the same thing.

A Benefit Corp is a legal status given by the state, whereas a Certified B Corp is a certification given by B Labs. A Certified B Corps has been assessed as having high standards in social and environmental performance (The Benefits of Being a B Corp, 2013). However, Benefit Corps and Certified B Corps are similar in several ways. Both hold companies accountable for their actions. Both platforms work to help companies be more transparent in
their public reporting, however, for the purposes of this paper, I will be exclusively talking about Certified B Corporations, given its similarity in structure to the other CSR platforms discussed.

B Corps, is a certification given by B Labs, “certifying that the corporation has committed to expand the ‘[r]esponsibilities of the corporation to include consideration of the interests of employees, consumers, the community and the environment’” in order to promote socially aware business (Halsey, Tomkowicz, & Halsey, 2013, p. 78) (Hiller, 2013, p. 290). This certification is meant to help to distinguish between companies that are committed to doing good, through business and those who committed to good advertising or window-dressing (CSR Wire, 2016). B Labs is hoping to drive change in four parts:

1. Building a worldwide community of Certified B Corporations that meet the standards set out by the B Labs.

2. Promoting the Mission Alignment, or the aligning the interests of the business with societal interests.

3. Helping businesses measure and manage their impact.

4. Inspiring others to join the movement (B Labs, 2016). These four parts of the cycle of change are meant to create a network of similarly motivated businesses. B Labs’ seal of approval is meant to indicate that the companies and organizations that they certify have committed to using their business as a force for good. Some well-known B Corps include Patagonia, Etsy, and Method Products (B Labs, 2016).

To uphold the ideals of their certification, B Corps has created their own “Declaration of Interdependence” calling for “a global economy that uses business as a force for good” (B Corps, 2016). The purpose of which is to create benefit for all stakeholders, not only the stockholders (B Corps, 2016). It outlines their beliefs: that they “must be the change we seek in the world,” “that
all businesses ought to be conducted as if people and place mattered,” and that “businesses should aspire to do no harm and benefit all” (B Corps, 2016). B Corp ends their “B Corp Declaration” with the idea that to achieve their aims we must “act with the understanding that we are each dependent upon another and thus responsible for each other and future generations” (B Corps, 2016). Certified B Corporations are based on the idea that all stakeholders should benefit from the practices, products, and decisions made by companies. It shows their commitment to creating a community of similarly motivated corporations. Their declaration proves that their focus is not on profit alone, but on all the decisions that are made, for they will inevitably affect others.

B Corporations have created B Corp Benchmarks to certify and assess companies. Certified B Corps are required to file B reports that are in accordance with B Lab standards subject to random annual review (Hiller, 2013). These types of checks protect the reputation of Certified B Corps, given this standing by B Labs. To create an overview of the company and what makes them worth of B Corp status each company has a page on the website. There is an “about” section, generally describing the company and their sustainability goals. “The Change We Seek ®” section is a statement from the company that aligns with the change that they want to see. In addition there are some quantitative scores such as Community Impact Score, each of which include about six scores (B Labs, 2016). They then compare these scores to the individual score benchmark. This overview and scores helps users to assess the performance of a B Corp without having to read the entirety of their reports.

One example of a Certified B Corp is Method Products. The home and personal care company has been a Certified B Corp since May 2007, with great commitment to sustainability practices, especially environmental practices. For the CSR Reporting of the B Corp Method,
there are three sources of information. The B Lab Report: Method, the 2015 B Impact Report, and the information that is on the Method website. The B Lab Report involves answering explicit questions, with no real room to show Method’s commitment to efficiency or innovation. It asks questions in five categories: governance, workers, community, environment, and socially and environmentally-focused business models. The Impact Report poses most of the questions in a multiple choice setting or in a way that say check all that apply. For example “please describe how your company engages its external stakeholders regarding its social and environmental performance” with options to check all that apply: annual stockholder meeting, stockholder forum, third party surveys, other, or no formal stakeholder meeting (B Labs, 2014, p. 2). An example of a multiple choice problem is “what percentage of the company’s facilitates is LEED certified?” (B Lab, 2014, p. 21). With the questions being asked so pointedly and specifically, it is easier for B Labs to administer quantitative scores but harder for reporting corporations to show any progression past the compliance stage, into efficiency and innovation.

B Labs takes this information and creates a report with the company’s score and the median score of all companies that filled out the B Impact Assessment. This gives users a point of reference for the score given. For example, Method Products has an overall score of 132, while the median score was 55 (see Figure 7).
Method Products, PBC 2015 B Impact Report

<table>
<thead>
<tr>
<th>Overall B Score</th>
<th>Company Score</th>
<th>Median Score</th>
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<td></td>
<td>132</td>
<td>65</td>
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**Environment**
The Environment section of the Assessment evaluates a company’s environmental performance through its facilities, materials, resource, and energy use, and emissions. Where applicable, it also considers a company’s transportation/distribution channels and environmental impact of its supply chain. This section also measures whether a company’s products or services are designed to solve an environmental issue, including products that aid in the provision of renewable energy, conserve resources, reduce waste, promote land/wildlife conservation, prevent toxic/hazardous substance or pollution, or educate, measure, or consult to solve environmental problems.

- Environmental Products & Services (e.g., Renewable energy, recycling) 16 N/A
- Environmental Practices 52 6
- Land, Office, Plant 7 3
- Energy, Water, Materials 11 1
- Emissions, Water, Waste 3 1
- Suppliers & Transportation 13 N/A

**Workers**
The Worker section of the survey assesses the company’s relationship with its workforce. This section measures how the company treats its workers through compensation, benefits, training, and ownership opportunities provided to workers. It also focuses on the overall work environment within the company through management/worker communication, job flexibility and corporate culture, and worker health and safety practices.

- Compensation, Benefits & Training 19 12
- Worker Ownership 3 1
- Work Environment 4 3
 Customers
The Customers section of the Assessment measures the impact a company has on its customers. The section focuses on whether a company sells products or services that promote public benefit, and if those products/services are targeted towards serving underserved populations. Questions in this section will measure whether a company’s product or service is designed to solve a social or environmental issue (e.g., improves health, preserves environment or creates economic opportunity to individuals or communities, promotes the arts/sciences, or increases the flow of capital to purpose-driven enterprises).

<table>
<thead>
<tr>
<th>Customer Products &amp; Services</th>
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<tbody>
<tr>
<td>Products &amp; Services</td>
<td>N/A</td>
<td>N/A</td>
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<tr>
<td>Serving Those in Need</td>
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<td>N/A</td>
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 Community
The Community section of the survey assesses a company's impact on its community. The Community section evaluates a company’s supplier relations, diversity, and involvement in the local community. The section also measures the company’s practices and policies around community service and charitable giving. In addition, this section includes if a company’s product or service is designed to solve a social issue, including access to basic services, health, education, economic opportunity, arts, and increasing the flow of capital to purpose-driven enterprises.

<table>
<thead>
<tr>
<th>Community Practices</th>
<th>21</th>
<th>15</th>
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<tbody>
<tr>
<td>Suppliers &amp; Distributors</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Local</td>
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<td>5</td>
</tr>
<tr>
<td>Diversity</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Job Creation</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Civic Engagement &amp; Giving</td>
<td>6</td>
<td>3</td>
</tr>
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 Governance
The Governance section of the Assessment evaluates a company's accountability and transparency. The section focuses on the company’s mission, stakeholder engagement, and overall transparency of the company's practices and policies.

| Accountability               | 14  | 3   |
| Transparency                 | 4   | 3   |

 Overall

| Overall Score | 132 | 55  |

80 out of 200 is eligible for certification
*Of all businesses that have completed the B Impact Assessment [1]
Median scores will not add up to overall

Print Impact Report [2]


Links
It is clear that Method has commitment to the CSR Reporting process, transitioning into at least efficiency, if not innovation programs, as a result of their CSR initiatives. On their website, Method has several categories of information about the safety of their products, having LEED certified buildings, and being a B Corporation which “allows Method to build that ethos” into the “backbone of the company” (Method, 2016). These, to me, all sound like signs of innovation.

On the B Corps website there is place to showcase an organization’s efficiency and innovation, the “Company Highlights Section”, as seen in the Methods “Company Highlights Section (see Figure 8).
The highlights for Method show both efficiency and opportunities for innovation as a part of Method’s CSR Reporting. Some examples of efficiency are the their commitment to the use of 100% recycled plastic in their products, commitment to renewable resources, and environmentally conscious operations, like their LEED certified San Francisco office and the payments to supplier to reduce their emissions (B Labs, 2016). They do not stop at efficiency however; Method has transitioned to innovation as well. Some examples of innovation are their involvement in the community through the Method Cares program, 20 hours of paid time off for community service work, and biodiesel fleet of trucks for customer shipments (B Lab, 2016), (Method, 2016). While the B Lab Report and Impact Report are very much about compliance, there is still opportunities for companies to display their move through compliance to efficiency and innovation.
Certified B Corporations, as a group, are more likely to give back to their employees and communities in a variety of ways, both as corporations and individual people. When compared to other sustainable businesses, Certified B Corps are 68% more likely to donate 10% or more to charity, 47% more likely to use on-site renewable energy, 18% more likely to use low-income community suppliers, 55% more likely to cover at least some employee health insurance, 45% more likely to give bonuses to non-executive employees, 28% more likely to have women and minority executives, and 4 times likely to have paid professional development opportunities (Wilburn & Wilburn, 2014). This shows that Certified B Corporations are committed to having positive effects on those around them and the communities that they service.

B Labs certifies companies based on sustainable and ethical practices. The framework is created to build a community of similarly-oriented, ethically practicing business that focus on measures beyond profit. I believe that this community building is a theological value, using the community to make themselves and everyone around them better. Working together as people of principles and people of faith in community holds people accountable, while opening up channels for innovative partnerships. The bigger emphasis on the community of values is something that is unique to Certified B Corps.

Some believe that the only way to compete is through profit, and any other emphasis hinders competition. I disagree. Corporate social responsibility and sustainability reporting is a new facet of competition. It is an investment but one that pays off in efficiency and other profit increasing, and cost reducing measures. For instance, as garbage and other disposal costs increase, those who are more wasteful will not only spend more money on materials, but on waste as well. It also created space for innovation within the company, both internally and externally focused. CSR Reporting is an investment in the stakeholders, efficiency, and longevity
of the organization. Reliable recording provides more information for investors. CSR ideals can turn out to be an asset though. After the initial investment in changing the infrastructure of the company, it may actually save the company money.

The United Nations Global Compact, Global Reporting Initiative, and Certified B Corps are all working toward changing the way that business is considered and how to integrate sustainability into the business plan. The Global Reporting Initiative is the most committed to reporting in a manner similar to existing accounting reports. Their guidelines progress with the times, evolving as necessary and as the corporate sustainability reporting movement progresses. The United Nations Global Compact and Certified B Corps have more overarching goals, with members submitting reports. The Global Compact has partnered with the Global Reporting Initiative so that many of their members use the GRI Guidelines for their reports. The United Nations Global Compact has a particular and unique focus on anti-corruption in its guidelines that is not as explicit in the other two. The Certified B Corporations are certified by B Labs. Their main concern is the organizations commitment to putting social concerns above profit. The hope is that the certification will indicate companies whose efforts are genuine. All of these organizations’ frameworks draw from ethical and moral foundations. All are built on the idea that profit should not be the only business concern, instead all stakeholders should be considered.

**International Component**

CSR Reporting is a transnational movement; with most platforms having global reach. However, it is necessary to work with countries and governments to make these platforms effective, efficient, and feasible. Even in the countries where CSR Reporting is optional, like the U.S., companies that partake in this type of reporting are linked to the rest of the world. These
organizations link companies who choose to participate in CSR reporting to companies of similar goals around the world who have also chosen to follow these guidelines.

In the United States CSR reporting is voluntary. The cultural ideas of American capitalism make it so that sustainability reporting is a choice, rather than a necessity. The system will define who will win, what is important to companies, and what makes companies successful. If it makes business sense, then it is the right decision for the company. Companies will choose to report on the Corporate Social Responsibility if it is important to them, or if it will provide them with some comparative advantage within the market. There are some exceptions, like industries that are more highly regulated, for example, the financial services industry. Since there are no internal bodies that regulate or enforce CSR reporting, companies must choose to work with outside organizations. As public opinion of CSR has risen and cost reducing practices have been revealed, popularity has increased. The freedom of American capitalism means that companies can choose the path that is most beneficial for their stakeholders and most in line with their particular vision and mission.

While in the United States sustainability reporting is optional, there are several countries where it has become mandatory including: Australia, Canada, Denmark, France, Germany, Italy, Malaysia, Netherlands, Sweden, and the United Kingdom (Ioannou & Serafeim, 2011). Countries where sustainability reporting is mandatory have shown some very positive results. It forces companies to adopt more ethical practices, train employees more effectively, adopt better practices, and have more credibility in the marketplace (Ioannou & Serafeim, 2011). All of these can lead to a higher competitive advantage for labor, product, and capital markets (Ioannou & Serafeim, 2011). It has been shown that government and legal agencies more likely to enforce, there has been less bribery, more investment in employee training, and improved communication
between companies and investors (Ioannou & Serafeim, 2011). The reinforcement of Corporate Social Responsibility Reporting as a priority has improved the efficiency and the ethical nature of the market. It seems that mandating CSR Reports from all companies has made life better in these countries, at least from an economic standpoint for companies, and stakeholders who put their trust in them.

Sustainability development is a priority not only in name in countries such as the United Kingdom. All companies are required to submit CSR reports which look very similar to the voluntarily filed reports. One example is British Petroleum. Like Exxon, BP has much to atone for. In 2010, they were responsible for the worst oil spill in U.S. history when on April 20, a gas release and explosion started a chain reaction that created a massive spill in the Gulf of Mexico (Deepwater Horizon accident and response, 2014). However, in BP’s “Sustainability Report” it seems that they move beyond just mitigating the risks, challenges, and reputational factors to real commitment to making their organization better, safer, and more sustainable.

BP’s Sustainability Report is sectioned into overview, the energy future, how we operate, safety, environment, and society (BP, 2014). Each of these sections describes the challenges, goals, and actions taken by BP in these areas. I think that the emphasis on the challenges shows BP’s understanding to the risks and mistakes made in the past by their company. Meanwhile, the section on their action emphasizes actions beyond just goals or claims. It is this emphasis on the challenges, goals, and actions that really helps to illustrate BP’s movement through compliance to efficiency. To back up their claims of efficiency, BP’s report has many quantitative measures of efficiency and success. This is very in line with the GRI standards they are reporting under. They have also chosen to report progress through some key non-financial performance indicators including: recordable injury frequency, loss of primary containment, tier 1 process safety events,
greenhouse gas emissions, diversity and inclusion, and group priorities index (BP, 2014, p. 9). The use of the GRI performance measures one clear way to back up claims of efficiency.

In the report, it appears that BP has transitioned from efficiency into innovation in some areas: working with local communities, through enhancements in how oil sands facilitate management of emissions, and a remote oil spill sensing system they are testing (BP, 2014). BP is working to create new and innovative ways to engage with the communities they affect and to protect the environment that they work within. Even when CSR Reporting is mandatory, the reports show that corporations still move from compliance, through that to efficiency, and then innovation. Global Reporting Initiative CSR reports filed both voluntarily or mandatorily look very similar and have similar components.

Mandatory CSR Reporting results in many positive factors: more ethical practices, more efficient and cost reducing activities, and innovation. However, there is little difference between CSR Reports filed in voluntary countries and those filed mandatorily. All reporting still show that companies can move from compliance, through efficiency, to innovation.

**Conclusion**

The Global Reporting Initiative, United Nations Global Compact, and Certified B Corps have all set out to change the way that people do business. Their members utilize business to be a force for good, addressing social issues, and using CSR reporting to be more effective and efficient. They strive to be beacons in the world for those who wish to look beyond profit.

Through CSR Reporting we see that corporations begin by merely adopting the standards and being compliant. After integrating the standards into their infrastructure, there is an increase in efficiency and a reduction in costs. After achieving some cost reduction and increase in
efficiency, companies can transition into a space that can facilitate innovation for initiatives in the company and stakeholders affected by the organization’s decisions.

While all have very similar aims, these platforms have some differences in the way in which they carry out the pursuit of changing the way people view business. While the United Nations Global Compact and B Corps have more general guidelines, and the GRI is based more on accounting guiding principles and focused on performance measures. However, all of the organizations are built upon an ethical framework, which can be translated into theological principles. They are all built on the idea that business can be a force for good, protecting and advocating for one another, being a good steward to the earth, considering stakeholders, and framing business and profit within life, rather than framing life within its bounds.

In a world where wealth and greed are often a focus, it is important for there to be serious thought into looking beyond profit, and CSR Reporting provides a way to measure and quantify these other focuses and issues. CSR Reporting platforms have paved the way for the public to begin looking at business in a new way. Some of the goals of these organizations are eradicating the costs that have come because of corruption, labour rights violations, and mitigating negative environmental impacts. They are far from achieving these gains, but they are worthy goals. These movements have the potential to help bring about these types of changes in the world.

In some parts of the world, CSR Reporting is mandatory. This policy has created more efficiency, cost savings, credibility with investors, and more ethical behavior. All of these things come from integrated ideas that promote ethics, respect for human dignity and environmental stewardship, cost effectiveness, and create a framework to think about how actions and decisions affect others outside of the immediate vicinity.
Business need not be used merely for profit; it can benefit all those who have a stake in it. Stake in a company can come in several forms, whether it is as an employee, investor, supplier, or member of society. Ultimately it is these types of organizations that will make these ideas a reality in the for profit sector.

Despite the fact that CSR Reporting is still in its infancy, and voluntary in the United States, we should bear in mind that every major change in the world was started one step at a time. Maybe the question shouldn’t be why should companies participate in sustainability reporting, but rather why not? CSR Reporting is something that has the potential to change the way that business is conducted and perceived. This type of reporting facilitates a more well-rounded approach to business. It creates efficient behaviors and space for innovation. CSR Reporting is an approach that I think will help business become a more ethical environment, using profits as a tool and an ends rather than the ultimate goal.
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