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## Natural environment as a silent stakeholder of a socially responsible company. Good business practices in Poland

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**Abstract:** The concept of corporate social responsibility (CSR) is a business response to the expectations of societies demanding business participation in solving and eliminating problems of the modern world, including environmental hazards. The essence of CSR is the stakeholders' theory, according to which each company should build positive relationships with their stakeholders, since its survival and success depend on them. One of the key stakeholders of the company is the natural environment. The purpose of this article is to present selected environmentally-friendly CSR instruments (the 3R concept, life cycle assessment, sustainable supply chain management) and illustrate their good business practices in Poland.

### Introduction

Mankind began to understand that the natural environment cannot be treated as a free good (i.e. available to anyone free of charge and without restrictions), only when it turned out that the progressing degradation of the environment constitutes a significant barrier to development. Exceeding the limits of sustainability and environmental assimilation made environmental hazards become one of today's most important global megatrends. Because it is widely believed that business, strengthening its importance thanks to globalization, is one of the key perpetrators of external costs, public opinion is increasingly demanding it to participate in eliminating and preventing problems of the modern world, including ecological ones.

A concept that meets the expectations, is the idea of corporate social responsibility – CSR. The aim of the article is to present selected pro-environmental CSR instruments, illustrated with good business practices in Poland.

### The theory of stakeholders as the essence of corporate social responsibility

Published in 2010, the international standard ISO 26000 acknowledges that social responsibility is *the responsibility of an organisation for the impacts of its decisions and activities on society and the environment, through transparency and ethical behaviour that contributes to sustainable development, including health and welfare of society, takes into account the expectations of stakeholders, is in compliance with applicable law and consistent with international norms of behaviour and is integrated throughout the organisation and practiced in its relationships* [11, p.16]. At the core of CSR is, therefore, the theory of stakeholders (i.e. persons or groups of persons interested in any decisions or activities of the organisation), which assumes that each company should build positive relationships with its stakeholders. Taking into account that different stakeholder groups have different expectations (what is more, time varying), and also different possibilities of influence (which are a compilation of their impact strength and the

level of interest) [6], at the core of the theory is the belief that the survival and success of the company depends on the skills of working out compromises to satisfy the often mutually contradictory needs of stakeholders through the formulation of appropriate strategies against them [4, s.274]. This is not possible without a dialogue with stakeholders, which is used to get to know their expectations and to answer them by incorporating them in the company's business strategy. Engaging stakeholders in the common search for compromises and solutions instead of responding to a problem when it occurs contributes to creating a shared value [13, pp. 77-94] and very often becomes a source of social innovation, including eco-innovation.

Although initially CSR was combined mainly with social aspects of business, often in addition only with charity, and the discussion about environmental protection was progressing simultaneously in the trend of sustainable development (initially, on the other hand, interpreted in terms of ecodevelopment), nowadays the idea of corporate social responsibility is considered to be the realisation of sustainable development at the micro level, in business practice. CSR can be considered a "platform" holding together and organising a number of previously dispersed concepts, initiatives and tools undertaken for various stakeholder groups.

One of the key stakeholders of most businesses is the natural environment, called a silent stakeholder, due to the fact that its interests must be represented by environmental NGOs. Nowadays the importance of this stakeholder is growing with the intensified ecological threats and the fact that the environment is increasingly becoming not so much a factor as a barrier to development. The basic "expectations" of the environment are the reduction of a negative impact on the environment by decreasing resource consumption and waste generation, and the protection of ecosystems. Enterprises have a number of tools at their disposal by which they can eliminate their negative impact on the environment, and thus build up positive relationships with this stakeholder.

### **Pro-environmental tools and CSR initiatives - from the 3R concept to sustainable supply chain management**

#### **3R concept**

3R concept (reduce, reuse, recycle) is a tool to minimise the negative impact on the environment and to balance out waste management. In order to result in the reduction of the consumption of raw materials and energy and waste generation, companies should mainly reduce the consumption of products (limit excessive consumption) [Por. 14], once more and even repeatedly use them (including new applications), and only when it is not possible - subject such waste to selective collection and re-use it for production. Only when none of the 3R operations is possible, waste should be subjected to storage or removal [1, pp. 294-296]. An example of the implementation of the 3R concept may be the "Zero Manufacturing Waste to Landfill" strategy of

Procter & Gamble, under which 3 plants of the company in Poland almost ceased to transmit production waste to landfills (e.g. thanks to re-use of plastics to produce everyday household items, transmission of metal waste to steel mills for remelting and re-use in the metallurgical industry and processing of pallets for wooden floor panels) [9].

#### **Product life cycle assessment**

Environmental product life cycle assessment - LCA is used to a quantitative measurement of the size of the product impact on the environment in terms of the process in a broad perspective throughout its life cycle. LCA can be used for eco-design of products, or design with the environment in mind, as a tool to assess environmental consequences of possession of desirable product features or methods of performance of its specific functions [8, pp. 129-133].

Companies can use LCA, inter alia, for determining the carbon footprint or more broadly - the ecological footprint as in the case of Unilever, which in 2013 carried out a detailed analysis of all 1500 products and features in 14 countries for the Sustainable Living Plan, which aims to reduce the ecological footprint of the company products by half [10].

The carbon footprint measures the total greenhouse gas emission caused directly or indirectly by an individual, organization, event or product, and it is expressed in CO<sub>2</sub> equivalent. It is a kind of ecological footprint, which in turn represents the estimated number of hectares of land and sea needed to compensate for resources used for consumption and waste absorption [2, 17].

#### **Sustainable supply chain management**

Sustainable supply chain management - SSCM is the management of economic, social and environmental impact of the supply process throughout the product life cycle for the creation, protection and long-term development of economic, social and environmental value for all stakeholders involved in this process [16]. Therefore, at present more and more is said not so much about the supply chain, but about the value chain<sup>1</sup>. SSCM therefore requires the influencing of both suppliers and customers and other stakeholders.

Within SSCM companies can, inter alia:

- use environmental criteria for selecting suppliers (e.g. like Danone, whose more than 70% of the main suppliers are registered in the SEDEX database, i.e. a platform containing information on more than 28 thousand suppliers and on labour, health and safety, environmental and ethical norms observed by them [20]);
- introduce codes for the suppliers (e.g. SABMiller Supplier Code of Conduct [7], describing obligations of suppliers also in terms of a sustainable approach to the environment and promotion of the Code principles in their own supply chains);

- conduct audits of suppliers (e.g. Danone, which within the FaRMs programme evaluates farmers cooperating with the company during audits conducted every year and a half, inter alia, in the area of the environment and animal welfare) [20];
- educate stakeholders (e.g. DB Schenker eco-calculator offered to customers for monitoring energy and fuel consumption and basic environmental pollutants emitted during the transport of their consignments) [18].

## Summary

At the beginning of year the European Commission proposed ambitious assumptions of the circular economy (in which the products we buy today are the raw materials of the future), which assumes virtual elimination of recyclable waste storage by 2030. [5] However, already in February they withdrew from a legislative package in the contemporary shape [15] and started working on updated circular economy package. Despite the lack of relevant legal requirements and voluntary basis of the CSR, more and more companies, also in Poland, take comprehensive measures to improve their eco-efficiency, realizing that it cannot be limited only to raising recycling rates, since an organic product should not only be designed “cradle to cradle”<sup>2</sup>, ensuring adherence to the highest environmental standards at every stage of the product life cycle, but should also ensure compliance with these standards throughout the supply chain. The concept of corporate social responsibility offers a variety of solutions in this field and the economic practice - more and more good examples to follow. ■

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## NOTES:

<sup>1</sup> The traditionally understood supply chain related only to contractors providing core products or services to the company. Nowadays it is believed that the supply chain includes all phases and functions associated directly or indirectly with satisfying customer needs, which is de facto the entire product life cycle. Such a comprehensively understood supply chain is defined as the value chain, as it contains all the elements of the business, which together determine the value that the company supplies to the surroundings. In the concept of the value chain more attention is focused, therefore, on the creation of added value for all stakeholders [19], [3].

<sup>2</sup> According to this approach, all materials from which a product, which ended its life cycle, is made can be used to create a different product - waste becomes raw material [12].

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