



CSR Initiative Letter

Dear Colleagues,

For years, we have focused on building our business to connect consumers to the best product lines. We've all worked diligently to provide a unique purchasing platform and top-notch customer service experience that keeps our customers coming back to us. Our shareholders, employees, and customers are all reaping the benefits of the value we have created.

Sustaining this level of success, however, requires much more than just delivering quality products and services and being profitable. The next generation of consumers has greater expectations of the companies with which they associate. A company may have a great product or service, but if consumers don't view the organization as socially and environmentally responsible, they will take their business elsewhere.

We Will Create and Commit to a Corporate Social Responsibility Plan

Therefore, we will be committing ourselves to a Corporate Social Responsibility (CSR) initiative. We have always been a company that values our customers and the communities in which we operate. For example, our yearly holiday giving program that matches your donations to a qualified charity up to \$200 is an act of corporate social responsibility.

We now want to extend our definition and reach of CSR to include not just charitable giving, but also efforts throughout our operations. To do this, we will be conducting a triple bottom line analysis for each product line and its strategic and operational plans to create CSR key performance indicators and measures.

The Triple Bottom Line (TBL)

For those for whom it is new, triple bottom line (TBL) is an accounting practice that looks at more than just our profit. In addition to **P**rofits, which of course remain essential, we also want to account for how our actions impact **P**eople and the **P**lanet; these are the three Ps that we will look at when considering our "bottom line."

Going forward, we will consider both financial impacts and opportunities not just for profits, but for people and the planet. If we can successfully navigate this transition over the next three years, we will be among the first in our industry to do so, and this will give us the first-mover advantage we need.

Now I'd like to present some high-level plans for addressing each of these 3 Ps.

People

Recall from our vision statement that we strive to “reward our customers, employees, and shareholders with the value they create.” Consumers and shareholders alike want to be assured they are doing business with companies that honor diversity and treat their employees with respect. As such, we need to focus on building a more diverse workforce and consider how we can reduce employee turnover by reexamining compensation programs and eliciting feedback on employee engagement. We also need to focus on examining new marketing channels that will enable us to build a more diverse customer base that is reflective of ABC as a global organization.

Another aspect of corporate social responsibility we are committing to as part of our vision is giving back to the communities we serve. For example, we could establish programs that contribute a percentage of customer purchases to schools or to non-profit organizations of their choosing. This turns into a win-win for everyone by providing socially conscious incentives for people to purchase our goods and services.

Planet

We all know that every business leaves a footprint on the environment, whether large or small. Given the number of product lines we work with, there are tremendous opportunities for ABC to reduce its environmental impact. For example, we can explore new suppliers who are committed to sustainable packaging for our products. We can continue advancing our “go paperless” initiative. Finally, we can shift our investments toward companies that actively address root causes of environmental issues, including pollution, climate change, and loss of biodiversity. Through our website and other marketing channels, we will make our environmental consciousness known to our customers. Everyone likes a green company!

Profits

Traditionally, profitability has been the only measure of business success, so we’re well versed in measuring it and making strategic decisions that increase revenues while reducing expenses. Now we have the added challenge of quantifying social and environmental measures and examining how they impact traditional financial measures. Keep in mind that social and environmental goals are **not** diametrically opposed to profitability. While there will be some tradeoffs, we need to be creative in the decisions and investments we make to ensure we can sustain growth and profitability while meeting corporate responsibility goals at the same time.

The New Bottom Line

The more we can grow our business, the more we can give back! And the more we give back, the more customers we can attract. TBL will create a cycle of giving and receiving that benefits the business, the people, and the planet, and everyone at ABC Corporation will play a part! I look forward to the years ahead and seeing the contributions you will all make toward this initiative.

Best Regards,
Anne Hernandez
CEO