

Social Responsibility at Honest Tea

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Honest Tea's Mission Statement

Honest Tea seeks to provide bottled tea that tastes like tea – a world of flavor freshly brewed and barely sweetened. We seek to provide better tasting, healthier teas the way nature and their cultures of origin intended them to be. We strive for relationships with our customers, employees, suppliers and stakeholders which are as healthy and honest as the tea we brew.

Table of Contents

Executive Summary _____	1-2
Assessment of Current Status and Recommendations for the Future	
Packaging and the Environment _____	3
Labels _____	3
<i>Recyclability</i> _____	3
Glass _____	3
Ingredients _____	4
Spring Water _____	4
Sweeteners _____	4
<i>Organic Sweeteners</i> _____	4
<i>Sucanat</i> _____	4
<i>Unrefined Sugar</i> _____	5
<i>Honey</i> _____	5
<i>High Fructose Corn Syrup</i> _____	5
The Tea – Labor Issues in Assam _____	5
<i>The History</i> _____	5
<i>Today</i> _____	5
<i>Division of Labor</i> _____	5
Tea and the Environment _____	6
<i>Chemicals and Pesticides</i> _____	6
<i>The Implications</i> _____	6
Honest Tea’s Relationship with its Service Providers _____	6
Monitoring _____	7
Policies _____	8
Contracts _____	8
Recommendations Regarding Employee and Community Relations	
Employees _____	8
Transparency and Written Policies _____	8
Employee Inclusiveness and Developing Policies _____	9
How Can Honest Tea Be an Employee-Inclusive Company? _____	9
Remuneration _____	10
Transparency in a Remuneration Program _____	10
Goals and Performance Evaluations _____	10
Goal Setting _____	10
Performance Appraisals _____	11
Benefits _____	11
<i>Equity</i> _____	11
<i>Family Friendliness</i> _____	11
<i>Career Development</i> _____	12
Diversity _____	12
Grievance _____	12
Sexual Harassment _____	12
Occupational Safety and Health Policy _____	13
The Environment _____	13
Code of Ethics _____	13
Community Involvement _____	14
Donations _____	14
Volunteerism _____	15
Other ways to support the local community _____	15
Partnering with a non-profit _____	15

Executive Summary

The attached report and set of recommendations is intended as a guide for the management of and investors in Honest Tea. There are many areas such as environmental awareness, product quality, management style, and stakeholder relations that are analyzed. Honest Tea should build on this research and form a comprehensive set of company standards.¹

This report is broken into two sections.

Part One

Part One deals with the components of Honest Tea, their environmental impact and health benefits. Part One also includes an analysis of Honest Tea's relationship with its service providers.

Honest Tea values respect for the environment in its operations and production. Part One explores the components of the packaging: the bottles and the labels and their impact on the environment. This section also lists the ingredients of the products, from where they are derived and their health benefits. Honest Tea is an all-natural product containing only:

- Real tea leaves, spices, herbs
- Natural sweeteners
- Spring water
- Malic or citric acid

Honest Tea is lower in calories and a generally healthier product than other bottled teas on the market, but Honest Tea must ensure that any claims the company makes on the healthiness of its products are factual and documented.

Honest Tea would benefit from true partnerships with key service providers such as bottlers, brokers, and raw-materials suppliers. Honest Tea should monitor itself and its partners in many areas such as cost-saving, technological innovation, and fair and transparent pricing. Honest Tea should reserve a distinct policy for its partnership with tea gardeners. There are special labor and environmental issues that must be addressed with these suppliers.

Part Two

Part Two Focuses on Honest Tea's relationship with its employees and the community. This section contains recommendations regarding where the company should go and how it might get there.

¹ It is suggested that this report be used as a template and expanded into a human resources manual, as well as a set of guidelines for dealing with all stakeholders – suppliers, costumers, the community, investors, etc. However, this report is not to be used as a replacement for federal and state laws. Honest Tea should obtain and understand a set of relevant and federal laws and ensure that all of its policies and practices are in compliance.

Two overriding themes are consistent throughout this section: transparency and inclusiveness. For example, it is suggested that Honest Tea develop human resources and company policies with the full input of employees.

Once these policies have been developed, Honest Tea should ensure that everyone is aware of their existence and clearly understands them. When faced with choices that affect the local community, it is recommended that Honest Tea should actively seek out the opinion of the community and allow it to be involved in making the decision. Throughout the report are explanations of why transparency and inclusiveness will be an advantage to Honest Tea.

Employees

This report addresses the following issues:

- Remuneration
- Goal development and performance evaluations
- Benefits, with a focus on equity, family friendliness, and career development
- Grievance
- Sexual harassment
- Occupational safety and health
- Diversity

There is also a section on how and why Honest Tea should develop a company code of ethics, and what types of office environmental policies Honest Tea may want to consider.

Community Involvement

With respect to the community, this report recommends that Honest Tea's involvement be genuine, inclusive, and transparent. Utilizing this approach, Honest Tea will gain more respect and community support than if it makes decisions in a vacuum. The report addresses how and why to develop policies on donations and volunteering, other ways to support the local community, and what Honest Tea should consider when partnering with a non-profit organization.

Assessment of Current Status and Recommendations for the Future

Packing and the Environment

Honest Tea has stated the goal of maintaining integrity and a commitment to honesty concerning environmental issues. According to the company founders, Honest Tea will never claim to be a perfect company, but will address difficult issues and strive to be honest about their ability or inability to resolve them. The following is an overview of Honest Tea's current practices and suggestions for the future.

Labels

The labels on the Honest Tea bottles are made of 55-pound paper, ultraviolet inks, ultraviolet (matte) varnish, and an acrylic adhesive. The printing process is done with a UV rotary letterpress. The inks are solvent-based, but the solvents are burned off by the UV treatment. The ink manufacturer, Akzo Nobel Inks, has a policy stating that their internal environmental and safety standards shall be better than those required by legislation and regulations. No heavy metal components are used in out ink.

Recyclability

The label paper is made of 10% recycled components in the pulp. Fully recycled pulp is not used because recycled paper cannot be flattened enough to print labels on. By using a front and back label instead of industry standard wrap-around label, Honest Tea uses about 50% less paper than the average bottle, but it also used more backing adhesive. Because the bottles are made of recyclable glass, the labels are boiled off in the bottle cleaning process. Once the label is separated from the bottle, the adhesive is no longer volatile, and there is very little solvent content remaining.

Honest Tea should continue to seek out environmentally friendly options for its label inks and adhesives. This may include exploring soy-based inks, less adhesive, or a printing process that allows for fully recycled paper. The relationship with the printer/labeler should be based on shared information concerning new environmental discoveries and technology.

Glass

Honest Tea currently only uses 16-ounce glass bottles for its tea. Not only is glass more aesthetically pleasing than plastic, but it is also fully recyclable. Most bottles and jars contain at least 25% recycled glass, and unlike plastic, glass never wears out – it can be recycled forever. Not only is glass 100% recyclable, but it maintains 100% of its qualities – that is, one pound of used glass yields one pound of recycled glass.

Even more environmentally friendly than recycling is the use of returnable glass bottles and jars which can be reused after a cleaning process. A glass bottle can be reused in this way between 40 and 60 times. The power consumed by cleaning bottles in this way is only 5% of that of recycling. This is an option Honest Tea should consider implementing when feasible.

Honest Tea should establish clear environmental operating principles. Honest Tea should continue to respect the environment in the design, production, and sourcing of its tea, and monitor its use of resources and energy.

Ingredients

Honest Tea is an all-natural product. It contains no additives, preservatives, or high fructose corn syrup. The only ingredients in Honest Tea are real tea leaves, spices, herbs, natural sweeteners, spring water, and malic or citric acid. Honest Tea is lower in calories and a more natural product than other bottled teas on the market. Though currently conservative in its environmental and health claims, Honest Tea must ensure that any future claims the company makes on the benefits of its products are factual and documented.

Spring Water

Honest Tea uses only pure spring water in its teas. The source of the water is Faraway Springs, located in Pennsylvania. Faraway Springs develops a spring by locating an outcropping of rock along a ridge (usually glacial) close to the bottom of a mountain. The spring water is kept free of outside water and runoff and is piped to a storage tank. Honest Tea receives the water only after it has gone through particle filtration, and before the water goes into the tank where it is ozonated. The ozone would attack the sugars in the tea and greatly affect the taste.

Honest Tea should strive to ensure that any spring water company it uses in the future does not do extensive environmental damage in sourcing the water. This includes undue excavating, build-up around the site, and excessive filtration processes.

Sweeteners

Honest Tea uses unrefined organic cane sugar, organic brown sugar, raw sugar, sucanat, and white clover honey as sweeteners for its flavors. Raw and minimally processed sweeteners contain more nutrients than highly processed sweeteners like high fructose corn syrup.

Organic Sweeteners

Organic sweeteners, including those that Honest Tea uses, are grown and processed without using harmful chemicals, pesticides, or herbicides, making them more environmentally friendly. Organic standards do not allow for crop burning.

Sucanat

Sucanat is a combination of sugar and molasses. Unlike brown sugar, which is made from adding molasses back, in the process of making Sucanat, the two are never separated. Sucanat contains all the vitamins and minerals of the sugar cane plant and contains less sucrose than refined white brown sugar.

Unrefined Sugar

Unrefined sugar is made from sugar cane juice. It is 50% less processed than refined sugar, and contains more molasses.

Honey

Honey is sweeter and has more calories than sugar. Honey contains enzymes and small amounts of minerals and B-complex vitamins. Children under the age of 18 months should not be given foods with honey. Since their digestive tract and immune systems are not developed enough to handle bacteria that may present in honey.

High Fructose Corn Syrup

By contrast, high fructose corn syrup is highly refined and devoid of nutrients. Some people may experience health problems from heavy consumption of high fructose corn syrup, such as increased LDL cholesterol levels, uric-acid levels in the blood, and triglyceride levels. Honest Tea uses no high fructose corn syrup in its teas.

The Tea – Labor Issues in Assam

The History

In order to understand the labor issues involving tea farmers, it is important to know the history of the industry in India. The farming of tea has a long history in Assam. Initially, the British set up the tea infrastructure in India and the colonist moved Indian laborers around at will. British planters were not popular with the Assamese laborers; therefore the British imported laborers from other parts of India. These workers had no knowledge of their new homes – the language and culture was foreign to them. The differences between regions of India are as significant as those between different European countries. These workers' conditions were unsatisfactory and they held no societal rights.

Today

The tea garden laborers today are primarily descendents of these original laborers and have become a subculture in Assam. Over the years, their various languages have been adapted into a mixed language, but the people have retained the last names of their ancestors. They also hold festivals celebrating their original cultures. After India's independence, tea garden labor slowly unionized. Eventually they gained fair representation in the Assam state legislature and in the Indian parliament.

Division of Labor

Laborers in the tea gardens are made up of permanent laborers – who are provided with many medical and academic benefits – and temporary laborers. These temporary laborers are hired on for the peak season. They are provided with free childcare and food ration cards. By Indian standards the temporary tea laborers' lives are adequate, but by American standards their lives are mediocre at best. They are the working poor. It is with these workers in particular that Honest Tea should concern itself if a representative of the company visits the gardens.

The relationship between a company-owned tea garden's manager and his/her laborers has been historically tenuous. The management of these gardens usually consists of fewer than ten people, with a few hundred laborers, by contrast, in private gardens with a limited work force like the one from which Honest Tea sources its Assam and Chai teas, the relationship is more symbiotic.

Tea and the Environment

It is in the private garden owner's interest to keep the environment as intact as possible. Some businesspeople and other investors who have come in to the region to make money from the tea have learned the hard way that clearing forests indiscriminately to plant new sections can be dangerous. The deforestation leads to soil erosion as well as unwelcome attacks by displaced leopards and panthers. The Indian government had programs in place to the lush Assamese environment, but according to one of the company's tea suppliers, more must be done.

Chemicals and Pesticides

Tea is a lucrative cash crop in India, and the growers are well aware of the degree to which they must protect their bushes. Over-fertilization damages the bushes so most tea estates are quasi-organic. Some of the bushes from which Honest Tea sources its tea are over eighty years old.

Tea is traded as a commodity in auctions. The small tea farmers are in a similar situation to farmers in the United States – they are dependant on government loans and subsidies, where corporations that own their own garden can finance themselves. Small garden farmers must have quick turnover of the crops and pay back the loans. If the market is poor one year, the farmer must post losses. The comparison to U.S. farmers is evident also in the buyout arena - failing estates are prime targets for outside buyers to move in and buy gardens out (much like developers move in on farmland close to urban centers.) Because of the fast turnaround requirements and farmers' dependence on funds raised at auction, some chemicals are used on the bushes.

The Implications

There are clearly factors here that Honest Tea will need to weigh. If Honest Tea wished to go completely organic and cater to a very specific market, it must employ a very small garden that does not depend on a domestic market for its tea. That is, it has a guaranteed market of direct foreign buyers who pay the farmers as quickly as they would be paid if they auctioned their tea to an Indian buyer. The second option would be to actually purchase a garden in the region and self-finance, avoiding the Indian market altogether.

In Darjeeling, the tea farms are government subsidized, so the owners can easily export all their tea. This enables the farms to grow organic crops because they know they can be assured of foreign buyers who will pay the high prices to keep the garden viable year after year.

Honest Tea's Relationship with its Service Providers

Just as Honest Tea strives to implement a socially responsible relationship between the company and its employee, the communities in which it operates, and the natural environment, the company should also encourage partnership relationships with its service providers. Key partners include distributors, bottlers, brokers, and raw materials suppliers. This partnership approach should several ways in which Honest Tea and its service providers work together. This may include:

- Ensuring the highest quality product
- Each party doing the best it can to reduce costs
- Maintaining the highest possible level of customer service
- Maintaining a safe work environment
- Always looking to improve technical ability
- Dedication to getting Honest Tea quickly to market
- Dedication to Honest Tea's competitiveness in the market
- Transparency in all dealings

Honest Tea's management should have a long term perspective on its relationships with its service providers. This relationship should be one of mutual trust, integrity, shared objectives, effective communication, and clear understanding. Honest Tea prides itself on the high quality of its tea and the natural ingredients. Its service providers should share this commitment to quality. Both must have the flexibility to change when improvements are needed or standards are not being met.

Monitoring

Clearly Honest Tea needs a monitoring system to ensure that both the company and its service providers are fulfilling their obligations. What Honest Tea should expect and monitor from its service providers is:

- On time deliveries
- Correct deliveries
- Price stability
- Professional customer service
- Adherence to the shared values

In turn, Honest Tea should also adhere to the agreed upon values. Additionally, Honest Tea should monitor itself concerning prompt payment to service providers, good communication, and efficient paperwork.

Honest Tea should move toward developing an in-house monitoring and audit system for ensuring that its service providers maintain standards of employee treatment are consistent with Honest Tea's values. This is especially important for Honest Tea in its buying of tea from countries such as India and China where abuses of human rights are prevalent. Honest Tea should also strive to hire smaller and minority-owned service providers and to ensure that these companies are given a fair chance to compete for Honest Tea's business.

Policies

Honest Tea should develop a clear, written policy on Honest Tea/Service Provider relations.

- A specific payment schedule
- An ethical code for Honest Tea purchases
- Safety and environmental standards
- Human and civil rights policies particularly covering suppliers located in India and China and other countries where these rights may be denied.

Contracts

Contracts should include references to Honest Tea's code of ethical standards as well as the company's high quality standards and service requirements. Several elements of a contract should be tracked. These include:

- Speed of payment
- Transparency of pricing and margins to both parties
- Documentation of partnership arrangements
- Trade with minority suppliers and with small producers in developing countries

Recommendations Regarding Employee and Community Relations

Employees

Honest Tea should develop fair, written human resources policies that fully cover remuneration, goal setting and performance appraisals, diversity, grievance, sexual harassment, and transparent throughout the company. Employees need to know where they and the company stand on all relevant rights and responsibilities. In addition, management must vocalize its full and complete buy-in to the company's policies.

The importance of formal, written, and clear policies is critical, even in an organization with an informal culture such as Honest Tea. The ability for employees to easily and comfortably verify the company's policies regarding human resources is essential, especially when a case of misconduct or unfair treatment arises. The presence of fair written policies could potentially

protect Honest Tea should the company find itself in a legal dispute regarding a human resource incident.

Employee Inclusiveness and Developing Policies

Honest Tea should develop and update its policies with the full input of employees. By generating a sense of inclusiveness, Honest Tea will benefit in many ways.

- Employees will not respect policies because they have helped develop them
- Inclusiveness will encourage teamwork and a sense of ownership and responsibility
- Organizational goals will develop from a shared vision of all involved in the company
- Individual and team objectives will be in line with company objectives

How can Honest Tea Be an Employee-Inclusive Company

Honest Tea should strive for a genuinely participatory environment where employees at all levels are fully included in policy making. It is not enough just to ask employees what they think about a policy when it is developed or changed.

Because Honest Tea has a very small staff at the present time, it is possible for the company to involve each individual in the policy process. The company should develop, with its employees, a simple set of procedures stating exactly how employees will be involved when a new policy is being considered. The following is an example of what this procedure might look like:

1. The potential policy will first be discussed in an open group setting.
2. Once reasons for the policy have been clearly explained and are understood by all employees, a period of time, such as a week, should be set aside for employees to further consider the potential policy. During this time employees should be able to talk freely about the policy and/or submit anonymous feedback (if desired by the employee, not Honest Tea) to the President.
3. Once the period has expired, all employees should meet to discuss whether the potential policy should be changed, kept the same, or eliminated. All employees should recognize that the President has the authority to make a decision regarding the policy, but should feel that he will consider sincerely the options and feeling of those who will be affected by it.

The above procedure is only one suggestion. Honest Tea should develop and modify its own procedures with full employee input.

As the company grows larger, and it becomes cumbersome for all employees to be involved in every decision, it should implement a representation and committee system. Employees would therefore volunteer or be elected to represent the interests of others in a procedure similar to what is in the attachment. Honest Tea should write clear terms of reference for these committees and make available training for employee representatives and management.

Employee inclusiveness should not be burdensome or bureaucratic. Honest Tea should approach employee inclusiveness with the attitude that any time “lost” developing fair practices that involve everyone, will be more than gained back as the company realizes higher levels understanding efficiency, and respect by its employees.

Remuneration

First and foremost, Honest Tea must follow these two guidelines:

- Equal pay for equal work
- Anomalies in remuneration must be addressed

To create a remuneration system that benefits both Honest Tea and employees, Honest Tea should consider which activities and attitudes it wants to reinforce, and then design a system that is in line with these goals.

When designing the system, here are some questions to ask:

- Does honest tea want to reinforce individualistic or team-focused behaviors?
- How can Honest Tea reward and encourage crisis prevention?
- How can Honest Tea link both poor and good performance in the reward system?
- How will Honest Tea reward employees for making ethical choices?
- Will Honest Tea reward creativity? If so, how?

Honest Tea may want to reward different behaviors in different ways. One excellent resource is *1001 Ways to Reward Employees*. This book contains suggestions for both large and small rewards, as well as non-monetary awards.

Since only certain behaviors will be rewarded, the remuneration system that Honest Tea designs will directly influence the culture that develops within the company.

Transparency in a Remuneration Program

Transparency is one of the keys to a fair and appropriate remuneration system at Honest Tea. The company should have a written and well documented reward system that is available to all staff members for review at any time. Honest Tea should ensure that all employees know broadly the pay scale that the company uses, as well as what they have to do to advance. When the company gets larger, it should strongly consider posting the ratio of top to lowest salary.

Honest Tea should ensure that pay and benefits match or exceed industry averages. Satisfied employees feel that they are compensated fairly within the industry for their experience, skills, and performance.

Goals and Performance Evaluations

To fairly evaluate employee performance, Honest Tea should develop a two-way system of performance evaluations and goal setting.

Goal setting

The supervisor and employee should determine measurable goals in an open and honest manner. The supervisor should carefully explain to the employee why each of the goals and the employee's performance is important to the company. The employee should feel safe telling the supervisor that he/she believes they will need additional training.

Goals should have a clear and specific reward or range of rewards attached. The focus should also be on rewarding employees for excellent performance, rather than penalizing them for mistakes. An example of system might be as follows: If an employee satisfies their goal overall, they could get their full bonus. If they exceed their goal, they might get a larger bonus. This type of system helps employees to focus on what they did really well and were rewarded for, rather than the mistake that they made and were punished for.

Performance Appraisals

Performance appraisals should be done on time and regularly (generally every 3-6 months). The supervisor should write up an evaluation on the employee's performance on specific goals, general skills, and ethics. The employee and supervisor should review the goals together and come to an agreement of the performance on each goal. This interaction should be genuinely two-way. The supervisor should then allow the employee to evaluate him/her supervisor, providing positive feedback as well as suggestions for change. It should be noted that the supervisor is responsible for ensuring a timely appraisal. Any salary increase that results from the evaluation should be paid immediately. If the appraisal is done late, any pay raise should be made retroactive to the date when the appraisal was originally scheduled.

Benefits

Honest Tea should develop documented benefits and leave arrangements. Honest Tea should be as generous as possible with medical and leave benefits. Vacation time, sick and personal days should be comparable to or better than the industry and regional standards.

Equity

Everyone should be able to participate in the short-term financial success of the company. All levels of staff should be encouraged to take a longer term financial stake in the company.

Family Friendliness

In order to be a family friendly company, Honest Tea may want to consider the following

- Very generous maternity, paternity, family, and personal leave
- Flexible work schedules (flextime, compressed work week, etc.)
- Supporting daycare and other special care needs
- Telecommunicating and working at home should be encouraged where appropriate
- Dependant care assistance
- Education allowance

In addition, Honest Tea should refrain from policies and practices that interfere with the personal and family lives of employees such as after-hours meetings or travel on short notice.

Career Development

Honest Tea should offer basic skill training. In addition, the opportunity for personal learning and career development should be built into the benefits system and employees should have access to impartial advice on their careers at Honest Tea.

Diversity

Honest Tea should develop policies that allow equal opportunity for all. Honest Tea should strive for true diversity – diversity of thought and experience – not simply diversity in terms of race or gender. Human resources laws forbid any company to make hiring and terminating decisions based on gender, race, or ethnic background. In order to develop a truly diverse staff, Honest Tea must ensure that talented individuals regardless of background are identified and developed. This means that the company may want to advertise job opportunities in places where minorities will come in contact with them. However, Honest Tea should not exclusively advertise in this manner, since this significantly restricts the applicant pool.

In addition, Honest Tea should be creative in its approach toward diversity. Honest Tea may want to create employment opportunities for groups that have been previously disadvantaged by designing job descriptions that appeal to these groups. For example the availability of part-time work allows women with families to work and telecommuting allows both men and women to work from home. Honest Tea's "teawallah" program can be especially appealing to parents who only want to work part time.

If Honest Tea develops flexible work schedules, it should be aware that these programs have side effects. For example, those who take advantage of flexible work programs are often seen as having a lower level of commitment to the company. In addition, because they are in the office less, they can be excluded from participating in decisions that may affect them. Honest Tea will have to determine ways that ensure that those who do not work a traditional schedule are treated equally. It should be pointed out too, that if flexibility is only available in lower skill jobs, the company is not promoting genuine equality of opportunity. A highly skilled woman who wants to work part time because she has a family should not have to take a clerical position because that is all that is available on a flexible schedule.

Some companies measure their commitment to diversity in the following quantitative ways:

- Proportions of women and minorities in each employee grade
- Average pay for women and minorities compared to average pay for all workers
- Numbers of employees trained in equal opportunities
- Costs of pro-diversity benefits, such as daycare

Grievance

Honest Tea should develop and document fair grievance and disciplinary procedures.

Sexual Harassment

All companies are legally required to have a strong policy against sexual harassment. Honest Tea should develop a policy that states clearly and gives examples of the kind of behavior that is prohibited. Once the policy is established, it must be clearly communicated to all employees. In addition, Honest Tea must enforce its policy on sexual harassment; it is not enough just to have a policy. For instance, all companies must be investigated immediately. *Honest Tea should*

carefully review Maryland State Laws for guidelines on policies and to ensure that it is in compliance with the law.

Occupational Safety and Health Policy

Honest Tea should promote healthful habits to employees, creating a culture where health and safety are values. Honest Tea may want to consider rewarding a healthy lifestyle by subsidizing gym memberships, among other approaches.

Honest Tea should also promote health work habits and ensure that employees have the right tools to do their jobs. An employee's desk, chair, computer screen, mouse, keyboard, and lighting can all affect their health and performance. The company should encourage employees to take a short break at lunch or another time from their work.

The Environment

Honest Tea should create a set of environmental principles, establishing commitments and standards for the company.

Some suggestions of how Honest Tea can be more environmentally friendly, as well as create an attitude of respect for the environment in the office:

- Conduct a green audit and learn what the company can do differently to reduce consumption and waste. For example, determine how much paper the company uses in one month or how much the trash weighs.
- Create an ethic of reuse and recycling. Encourage employees to find creative ways to reuse materials and then recycle them when you can no longer be reused.
- Continue to reduce paper consumption.
- Motivate employees to think about the environment in their daily work lives. Create incentives, bonuses, or awards for those who find alternatives to wasteful practices or who show leadership in environmental efforts.
- Used recycled paper products and buy other recycled products. Set a policy that all white paper used must be at least 50% recycled.

Code of Ethics

Honest Tea can benefit from developing a code of ethics. A code of ethics will help employees to make decisions that are consistent with Honest Tea's mission and values and is especially valuable when employees are faced with challenging decisions.

A code of ethics can be general, but must be clear. Once again, inclusiveness is key with respect to ethical issues. All employees should be able to express their views about what they believe the

company stands for, how it falls short and how collective values and behaviors may be improved and reinforced. Employees should feel free to express both negative and positive views, however uncomfortable the issue.

After writing a code of ethics, Honest Tea might want to develop some or all of the following:

- A training program that reinforces values awareness and ethical codes of behavior
- Explicit company commitments to the protection of those who speak out against wrong doing
- Formal mechanism for channeling private complaints to senior levels
- Audit and survey systems to test employee and manager attitudes toward core values.
- Formal statements in contracts and job descriptions that reinforce ethical behaviors

Community Involvement

Honest Tea's involvement with the local community should be genuine and inclusive. Honest Tea should develop, with the community, a set of objectives that helps to meet the needs of and empowers the community. This approach will logically follow the cycle of inclusion that the company has already begun with its employees.

Honest Tea's community involvement should also be completely transparent. Honest Tea will be well respected in the community if it is involved because it truly wants to make a difference. This means that Honest Tea should stay active in the community in both good and bad times. At various times, Honest Tea may give in-kind donations, volunteer, and donate the use of company facilities to the community.

One of the traps that companies fall into is becoming involved with the mentality that anything the company does for or donates to the community is a "gift" and must be appreciated or used. Some companies also become involved with the community for PR purposes, perhaps making an in kind donation and then overstating the cash value of that donation. The public almost always sees through this type of behavior, recognizing when a donation is genuine and when it is for the sake of PR.

Donations

Honest Tea has already decided that it will donate tea to various functions. At the current time, most of those donations are to increase the visibility of the company and product and are coupled with sampling. Once Honest Tea becomes larger, it will be appropriate to make straight in-kind donations of tea without any sampling or sales pitch about the tea. At that time, the company will need to develop a policy on these types of donations.

Once these questions have been answered, Honest Tea will need to screen those asking for donations. These days, many companies require that an application or letter be sent by the group requesting the donation, explaining why the donation is important for the overall mission of the group or project. A project budget may be required too. The company then makes a decision on how much to donate based on how the group or project fits into the company's guidelines. There

are many local companies (Ben & Jerry's, Safeway, Fresh Fields) that utilize this kind of program. Honest Tea may want to contact them to see what they do.

Honest Tea may also want to commit a percentage of its profits to specific charities or develop a matching plan for employees.

Once Honest Tea does decide what type of donation policy it will have, it should ensure that it is clear. Having a clear policy makes it easy for employees to know when and how much can be donated. In addition, a clear policy makes it easy for an employee to say no when they are being pressured into donating more than they think the company can afford or is appropriate.

Volunteerism

Many companies have a volunteer program. If Honest Tea decides that it wants to support volunteerism, it must develop a clear policy. The opportunity to volunteer must be made available to all employees, but employees should never be forced to volunteer in order to be promoted or receive a pay increase or bonus. Volunteering is a right for employees if the organization supports it; it is not a requirement.

If Honest Tea develops a volunteerism program, the following are a few things that it can do to support the initiative:

- Provide information about volunteerism opportunities to employees
- Allow time off for volunteers
- Allow employees to lend their expertise to a local nonprofit

When Honest Tea becomes larger, it should share its experience with small businesses in the local community. The local Small Business Development Center can arrange this.

Other ways to support the local community

- Buy tickets to local events to help support a cause. Give the tickets to employees as a reward for volunteering, or use as a reward for something else.
- Bank with a company development bank or minority-owned bank
- Support local schools (usually a cash donation or donation of supplies is appropriate)
- Locate and work in low-income communities. This would apply when Honest Tea expands outside of Bethesda.
- Support local merchants by purchasing their products.
- Encourage procurement from minority-owned and women-owned businesses

Partnering with a non-profit

If Honest Tea wants to partner with a non-profit, it must consider how the non-profit will benefit from the relationship. Honest Tea could simply choose one or several non-profits and donate

cash. If the company wants to have more of a relationship it will need to carefully consider what it wants to get out of the relationship and what it will give to the non-profit. Because of their guiding principles, non-profits must be very careful about the types of companies with whom they partner.