



BSR

The Business of a Better World

CSR & Strategic Philanthropy

— Trends, Opportunities and Social Impact

BSR

31 March 2010

Overview

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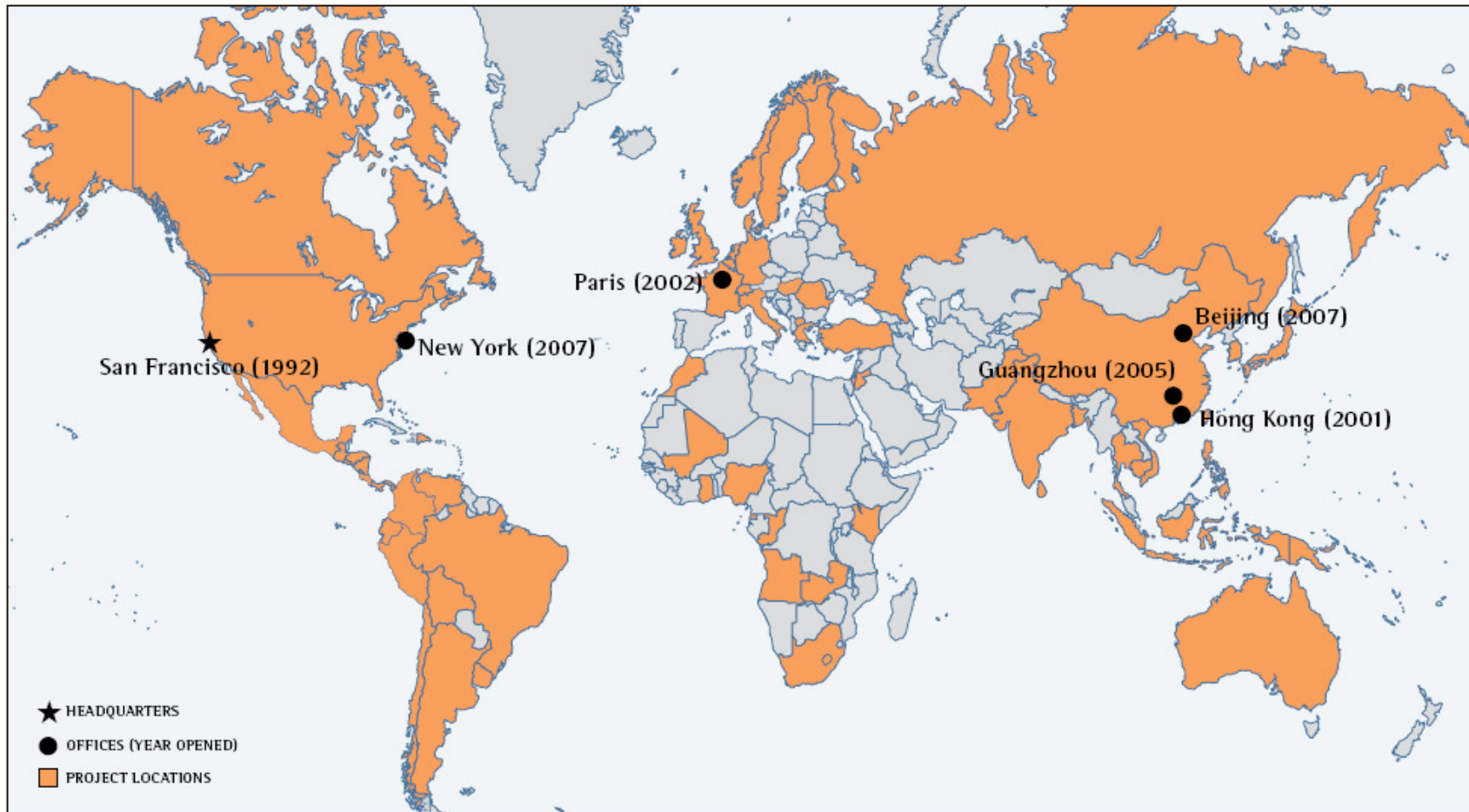
IV. Strategic Philanthropy Case Studies

About BSR

- **Brief Introduction**
- **Our Expertise and Experience**

About BSR

Mission of BSR: Work with Business to Create a Just and Sustainable World



BSR– Brief Introduction

- Established in USA in 1992
- Membership – based international NGO;
- Over 250 member companies, mostly Fortune 500 companies, coming from retail, energy, pharmaceutical, IT & communications, agriculture and transportation, etc.
- Our board members are from Fortune 500 companies.
- So far BSR is the largest CSR organization in the world.
- The Annual Conference of BSR is regarded as **one of the most 12 influential annual conferences in the world** by Fortune Magazine.

Our Expertise and Experience



- **Sustainable supply chain**



- **Environment: water + climate change**



- **Establish platform for CSR dialogue**

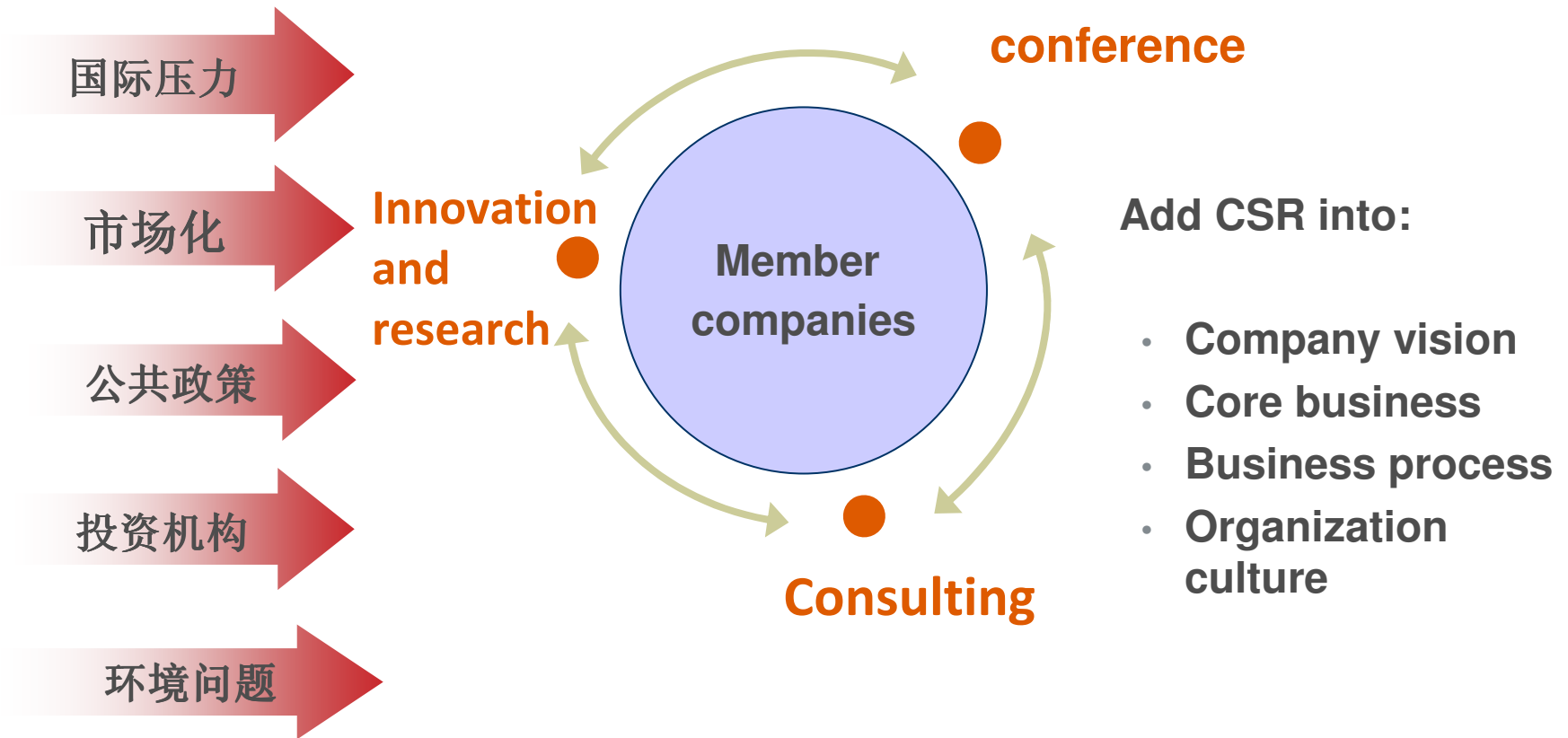
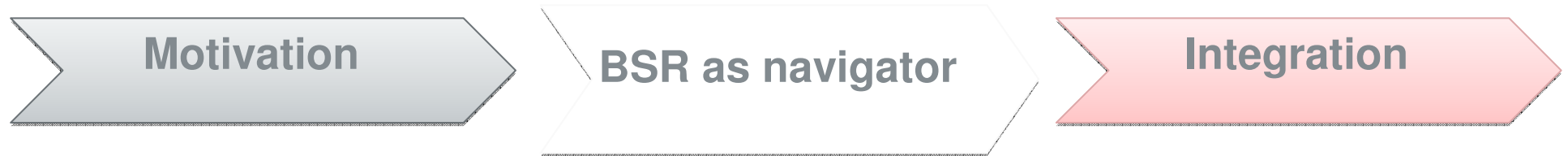


- **Strategic Philanthropy and Partnership Building**

Our clients in China



Help Enterprise to Promote CSR



CSR:

Definition and Misunderstanding

Misunderstandings: CSR and Company Operations are separate

- “Misunderstanding: CSR means conducting philanthropy events by using shareholders’ money.”
- “Misunderstanding: CSR is something the government needs to worry about; the only responsibility of a company is to make profit.”
- “Misunderstanding: There is doubt in the relationship between CSR and the company performance”
- Misunderstanding: CSR is about a company donating money.

What is Corporate Responsibility?

Corporate Responsibility is...

- Being energy efficient
- Publishing a sustainability report
- Employee volunteering
- Greening the supply chain
- Healthy working conditions
- Donating to philanthropic causes
- Having a social mission statement
- Partnering with nonprofits
- Socially responsible investing
- Enforcing a code of conduct

...but what's behind all these activities?

What is CSR?

- “CSR is about working with business to create a just and sustainable world.”

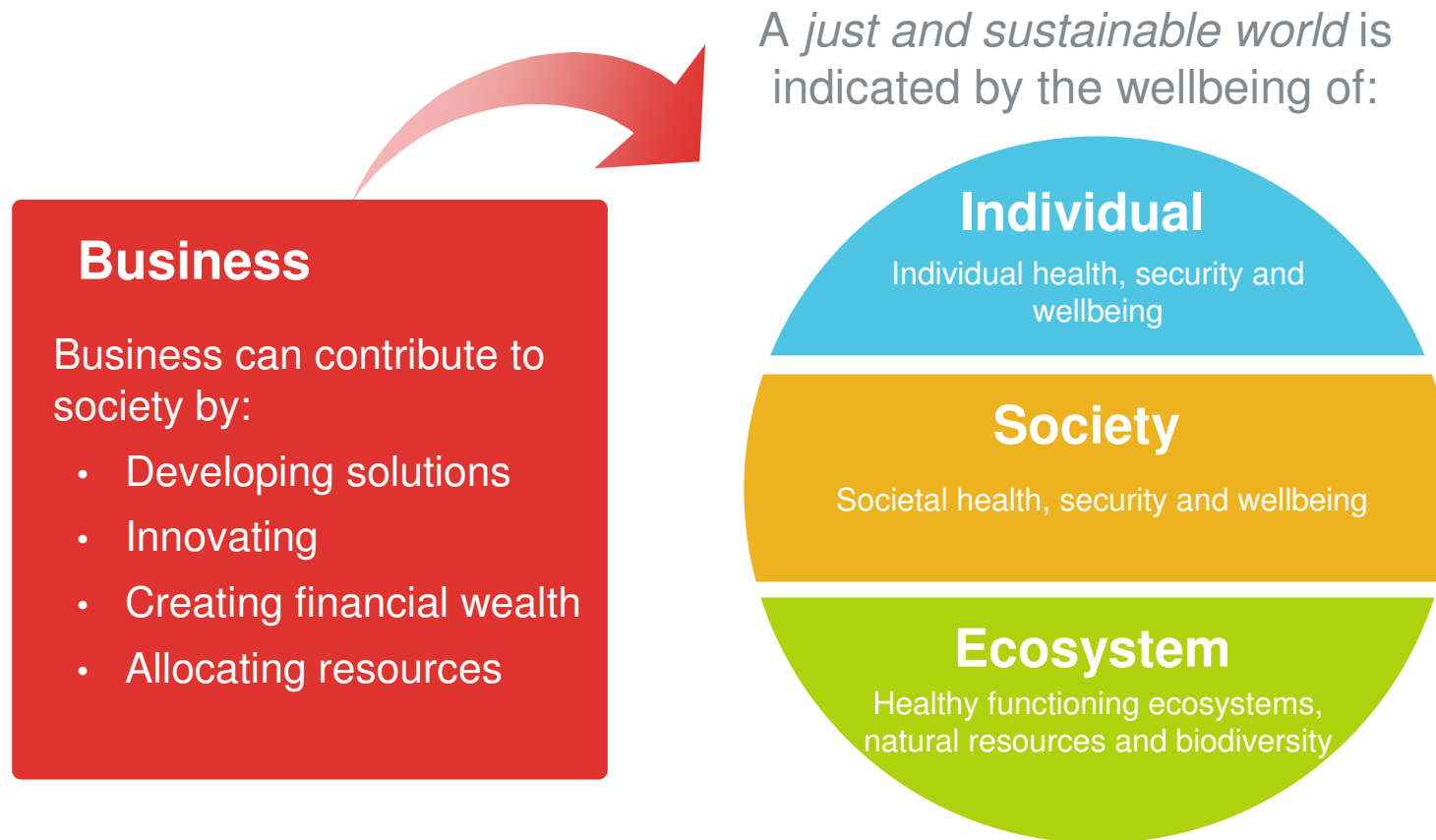
-- Business for Social Responsibility (BSR)

- “CSR is about ... smart partnering focuses on key areas of impact between business and society, and develops creative solutions that draw on the complementary capabilities of both.”

-- McKinsey & Co.

CSR is aligning business with the world's needs

Business has the potential to promote the wellbeing of the world through problem solving and wealth distribution.



CSR is solving problems through value creation

Corporate leadership is not just about “reducing risk” but using business and markets to deliver social and environmental solutions.





Strategic Philanthropy: Opportunities, Challenges and Solutions

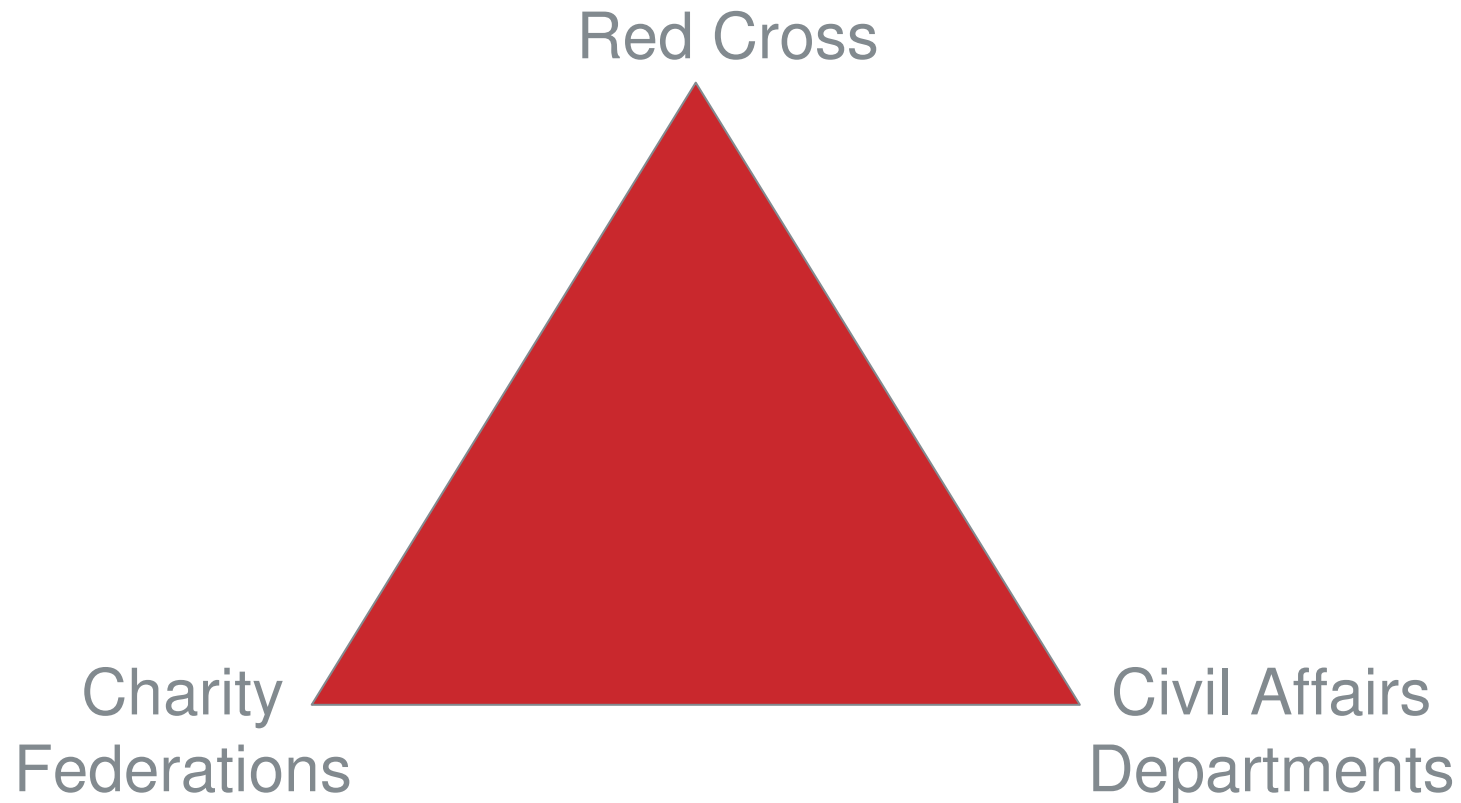
Opportunities: Philanthropy in China is Growing

Total charitable donations in China in 2008 reached 107 billion RMB (\$US15.7 billion), three times what it was in 2007

- Corporate Philanthropy
 - In 2008, 20 enterprises donated over 100 million RMB;
 - 313 enterprises over 10 million RMB;
 - Total corporate donations over 12.1 billion RMB.
- Foundation Philanthropy
 - >1,245 foundations with total capital exceeding 10 billion RMB.
- Individual Philanthropy
 - Top 100 philanthropists in China total donations since 2004: 15.7 billion RMB.

Current Challenges: Few Donation Channels

- 89.2% Donated to 3 Institutions:



Other Challenges

- Lack of collaboration system between NGOs and business, therefore there are blocks in the channels between the two;
- **Narrow focus:** nowadays, most of the Chinese companies only focus their charity activities on three fields: disaster relief, poverty alleviation and education.
- **Lack of strategic plan:** most of the companies implement charity events when accidental events come up. Less than 40% of companies include philanthropy in their annual business plan.
- **Internal structure not healthy:** less than 1% of companies have special department for philanthropy or charity activities.



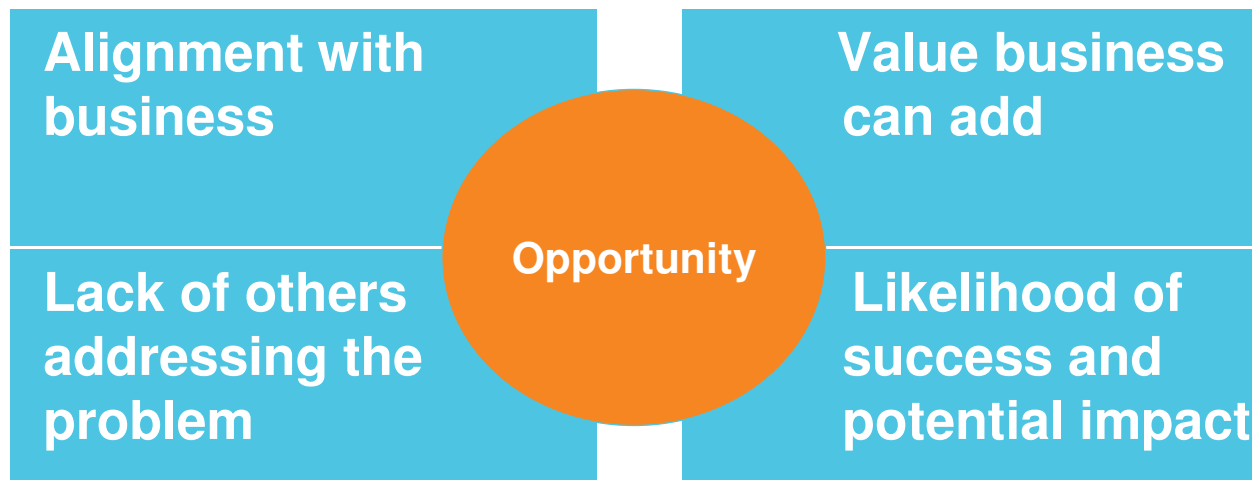
Public Opinion on Corporate Philanthropy

- Over half of people believe that companies should engage in CSR activities and would feel more loyal towards that company for doing so.
- Two thirds think more highly of a company that support a charity.
- Over half indicate that this would influence their purchasing behavior when choosing between two similar goods.
- A third of Chinese would pay a price premium for a product that supports a charity over a similar product that didn't.
- Two thirds of Chinese feel the company they work for should do more to support a charity.

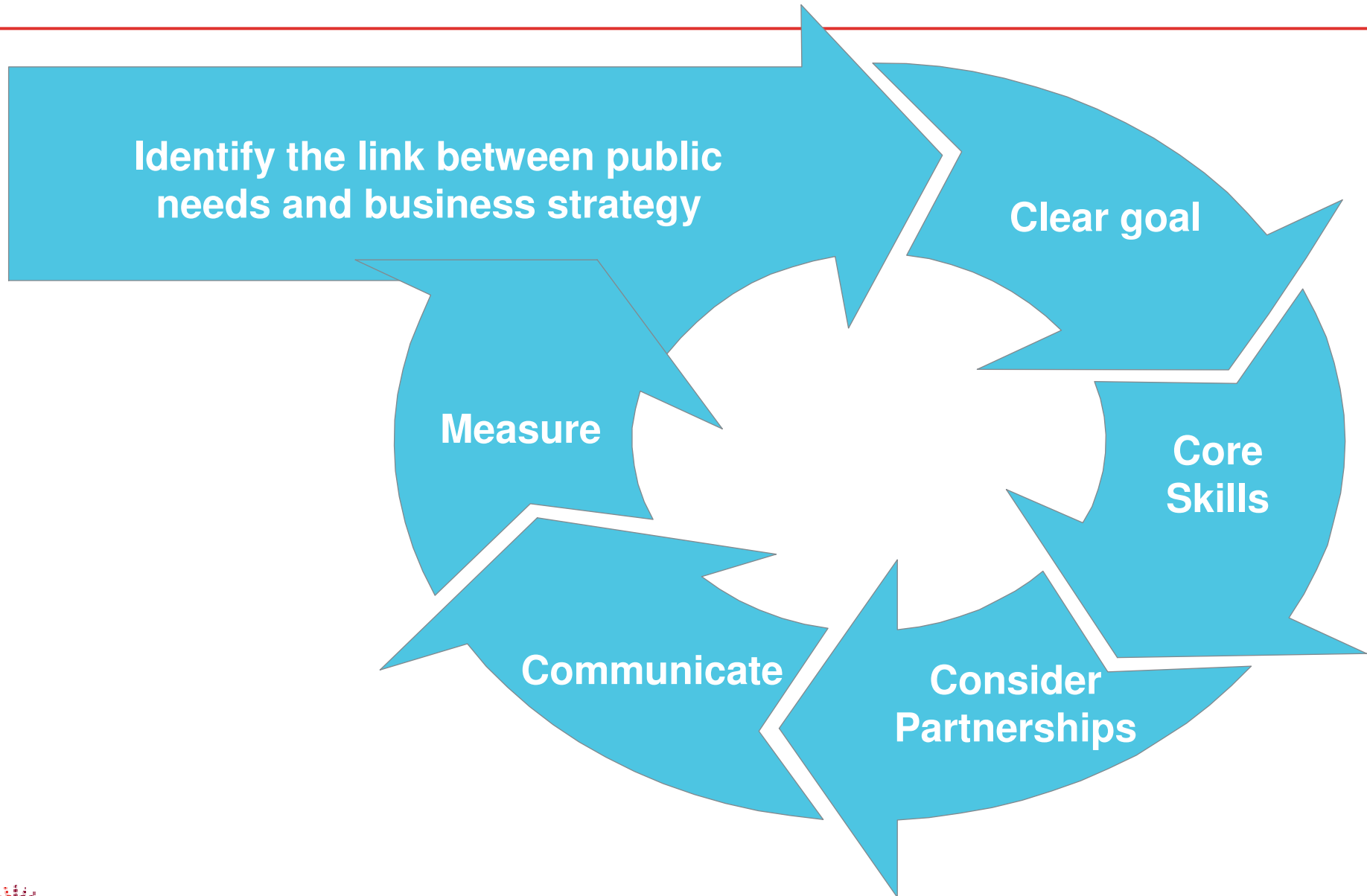
Challenges With Traditional Philanthropy

- Do the public know which companies do what programs?
 - Are companies getting the brand recognition?
- Do companies know the impact of their philanthropy?
 - Are companies making an impact?
 - Should companies select other programs?
- Are companies using their full resources as part of their philanthropic programs?

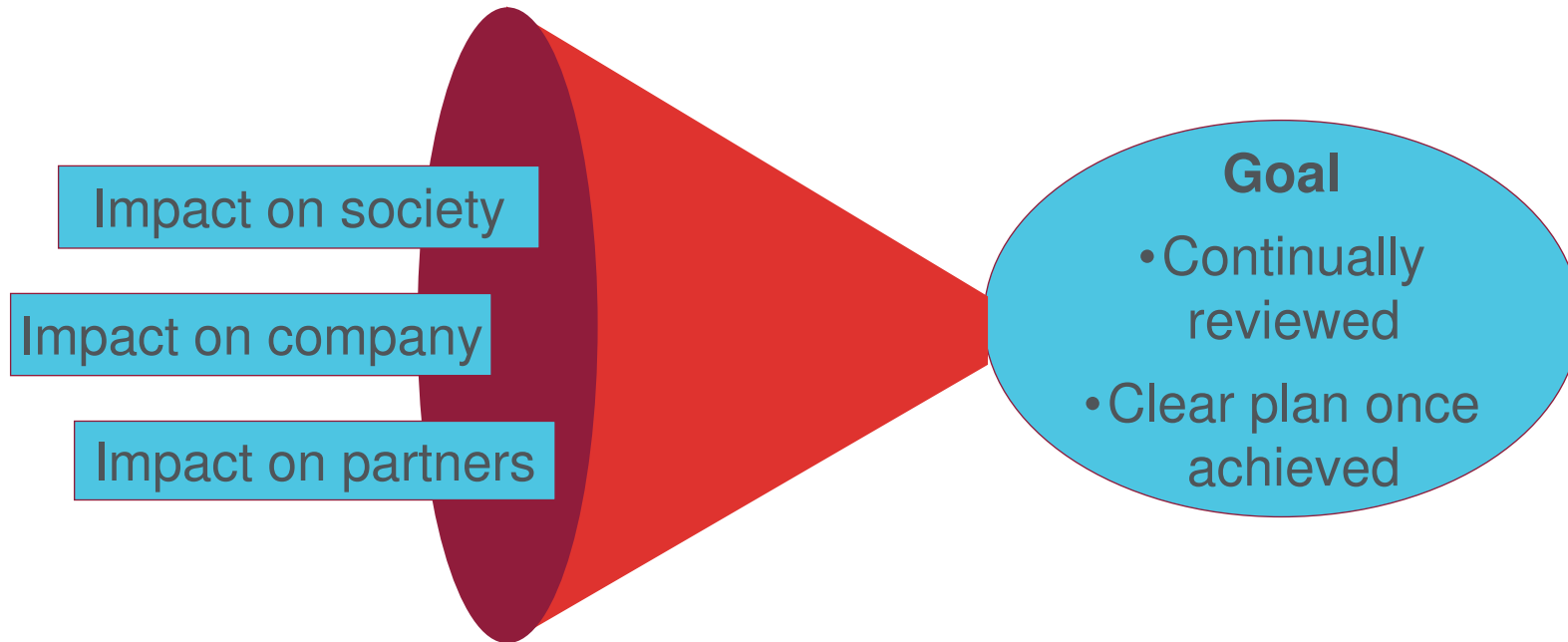
Develop the link between business strategy and public purpose



Strategic Philanthropy Programs: How?



Have a clear goal



Utilize core competencies



- Knowledge and Skills
- Products and Services
- Contacts and Networks
- Reach and Relationships

Look for the right partnerships

Competitive partnership selection process



Understand partners' strengths/weaknesses



Utilize and leverage combination of partners



Align partners' goals



Clear accountability, roles and responsibilities



Clear lines of communication and reporting



Devote resources to managing partnerships
and build partners' capacity

Communicate



Gain internal support from management and staff

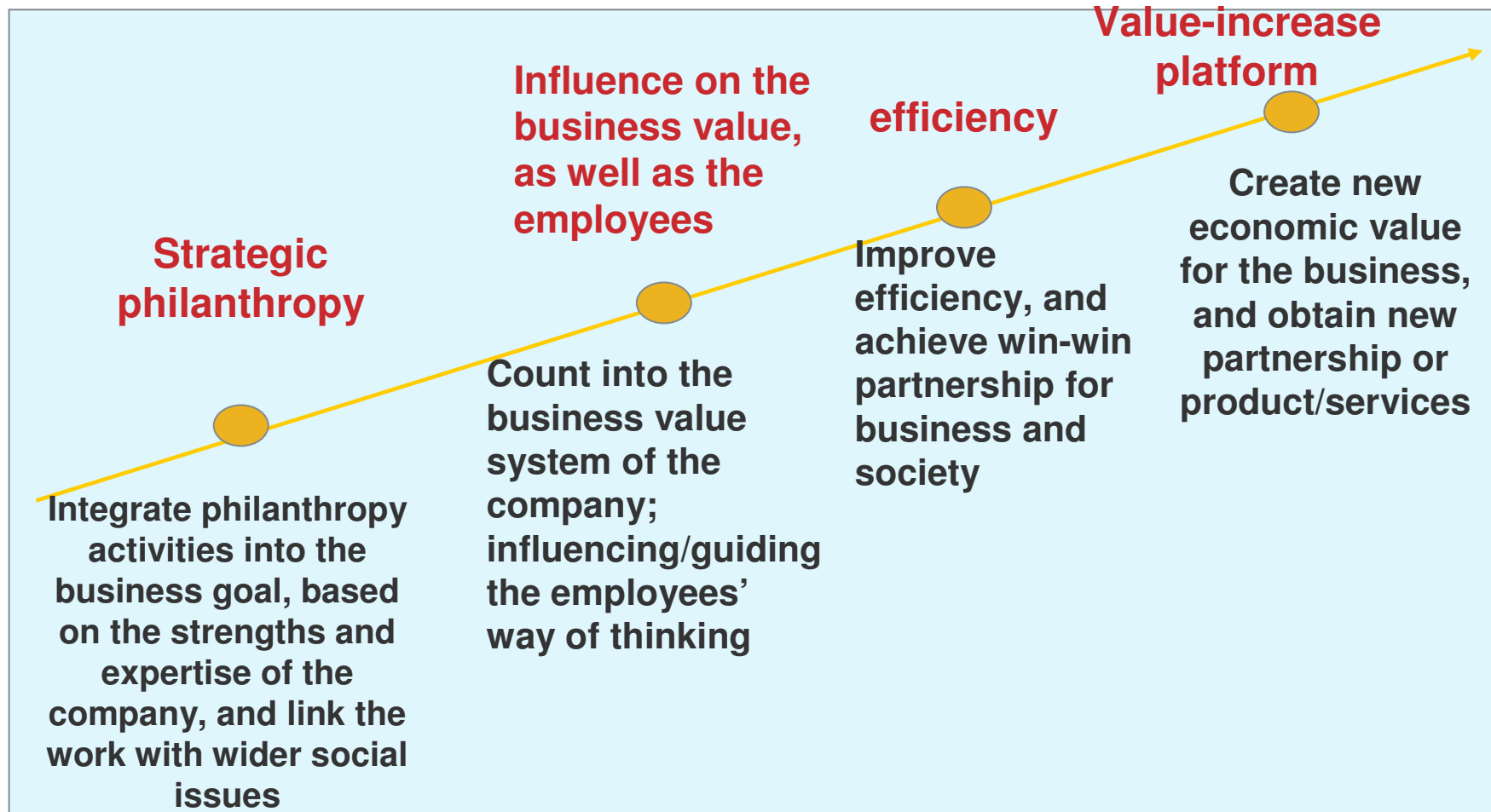
Instill pride amongst employees towards company

Connect your brand/customers to the program

Advocate for change in line with program

Manage expectations and only communicate the truth!

Value Curve of Strategic Philanthropy



Reference resource: IBM Institute for Business Value

Strategic Philanthropy: Solutions

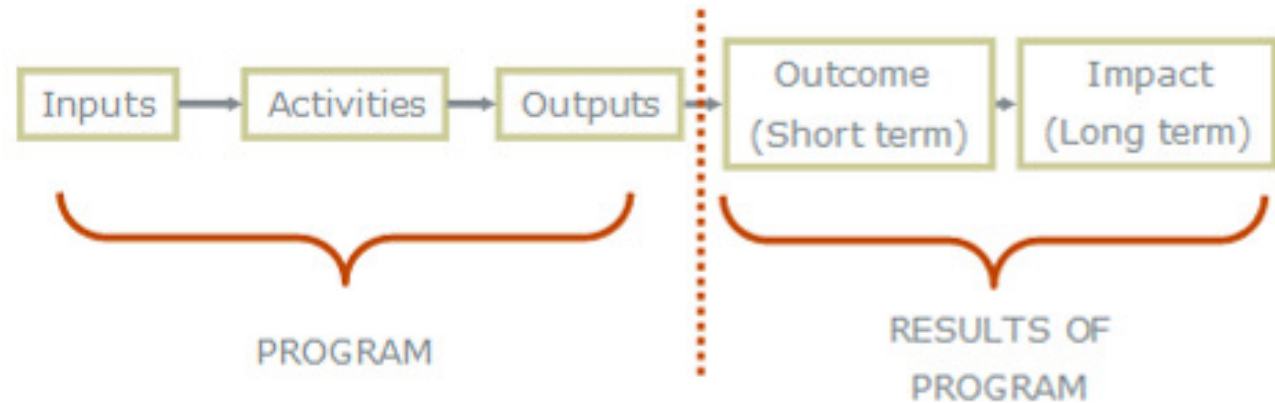
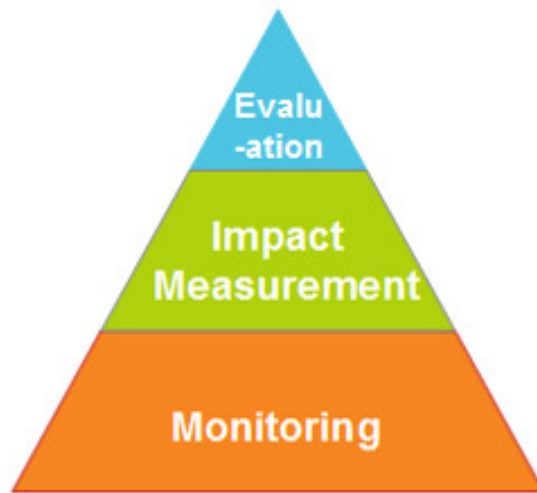
- **“The entrepreneurs should integrate the work about strategic philanthropy into the whole operation of their business, instead of letting it as an attachment. For the companies, the best way to do philanthropy, is to provide innovative solutions based on the strengths and expertise of their own.”**

-- Ms Gan Yicui, Director, IBM Institute for Business Value

Strategic Philanthropy: Solutions

- Integrate strategic philanthropy plan into the long-term plan of the business, so that it becomes an important part of corporate goals;
- Maximize the specialty and strengths of companies, and integrate it with social needs;
- Based on the needs of each other, the companies can form creative partnerships with NGOs or other organizations, becoming a win-win situation.

Monitor, Measure and Evaluate



Inputs	Activities	Outputs	Short Term Outcomes	Long Term Impact
Amount of money invested in vaccine program	Vaccination clinics in rural communities	Number of children that have been vaccinated at clinic.	Incidents of infection for which children were vaccinated	Improved child health in the area.

Monitor, Measure and Evaluate


- Regularly monitor
- Measure impact on business as well as society, e.g.
 - PR
 - Employee Engagement
 - Product ideas
 - Build social capital
- Evaluate in order to learn how to improve
- Share what you learn about impacts

Strategic Philanthropy: Case Studies

Case Study One: Cisco

- **Cisco has a unique opportunity to really make a difference. I have believed the most successful companies should be the best at corporate social responsibility.”**

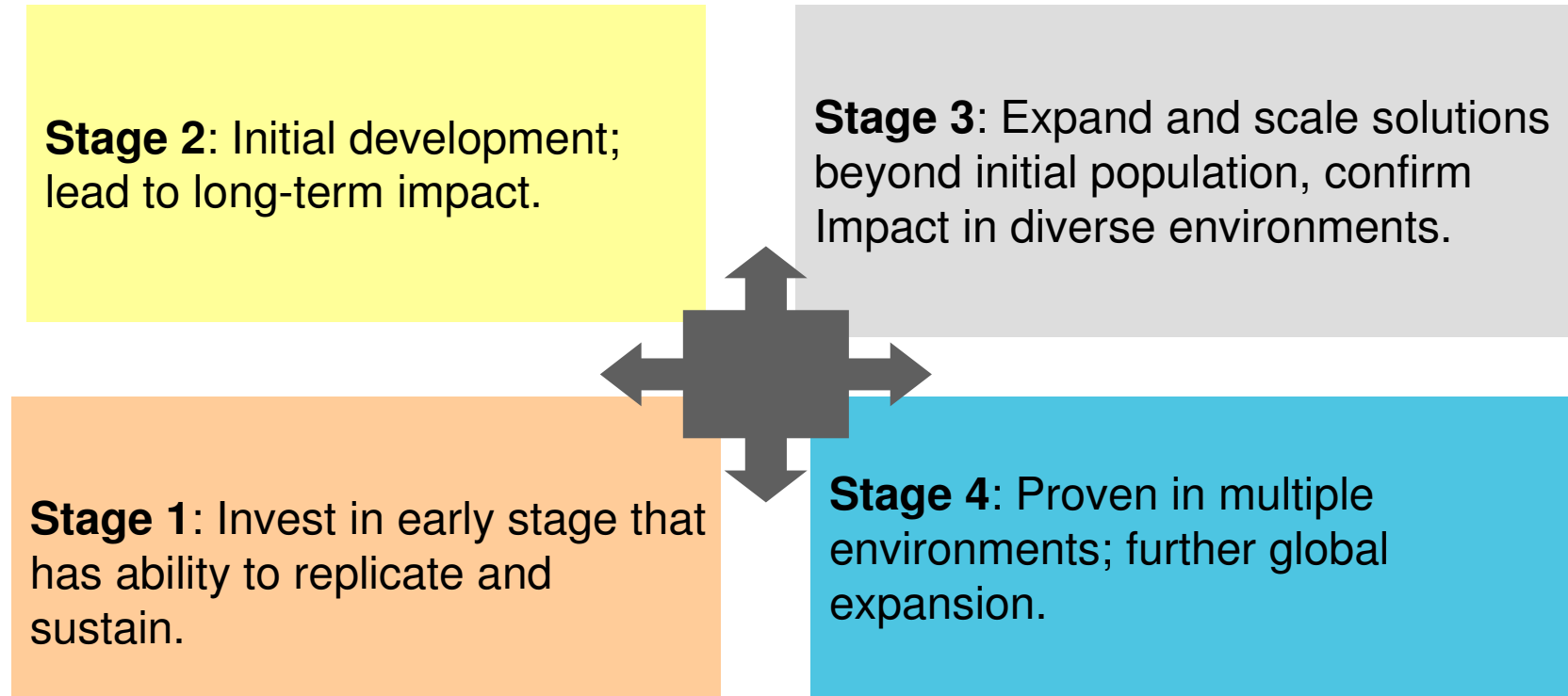
-- John Chambers, Chairman and CEO



Solution provided by Cisco: the enterprises should provide unique and sustainable solutions/plans to those in need, by integrating their own specialized technical skills and core business strengths.

Case Study One: Strategic Philanthropy of Cisco

-- Program Development Solution --



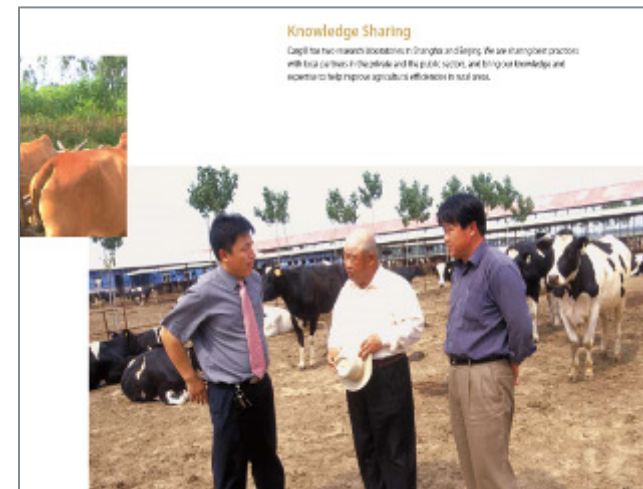
地震灾后恢复重建

> 我们在行动



Case Study Two: Cargill's Project on Farmer Training

- Many farmers based in Cargill's market do not have professional training.
- Most farmers do not have enough knowledge on agricultural management.
- The practitioners in the agricultural field do not realize the risks in this market, therefore cannot act well on the risks.



Case Study 2: Methodology

- Community training: the training covers wide range of topics, such as leverage the soil quality, agricultural economics, food safety and food quality, etc. The training courses were implemented by industry experts from Cargill as well as local experts and officials. Some of the training courses were broadcast through local TV stations.
- Cargill will add another 20 training centers, providing trainings on breeding and planting and other related farming skills;
- Risk management

Ever since 1996, there have been around 500,000 farmers attending such training, and 21 agricultural training centers have been set-up.



Where should a business start?

- What are the biggest risks that face your business (vary by sector, location, size etc)?
- What opportunities are there for your business?
- How do you prioritize them?
- What should you do?
 - On your own
 - Collaboratively... with who?
- What are you able to do?
 - How will you do it?
 - How will you measure the benefits?
- How can you be prepared internally for external changes (can you spot trends)?

Thank you very much!

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