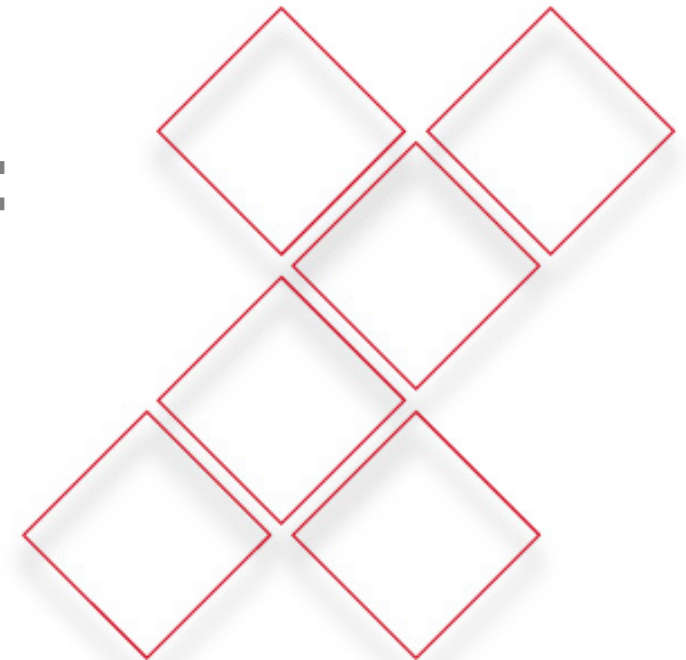


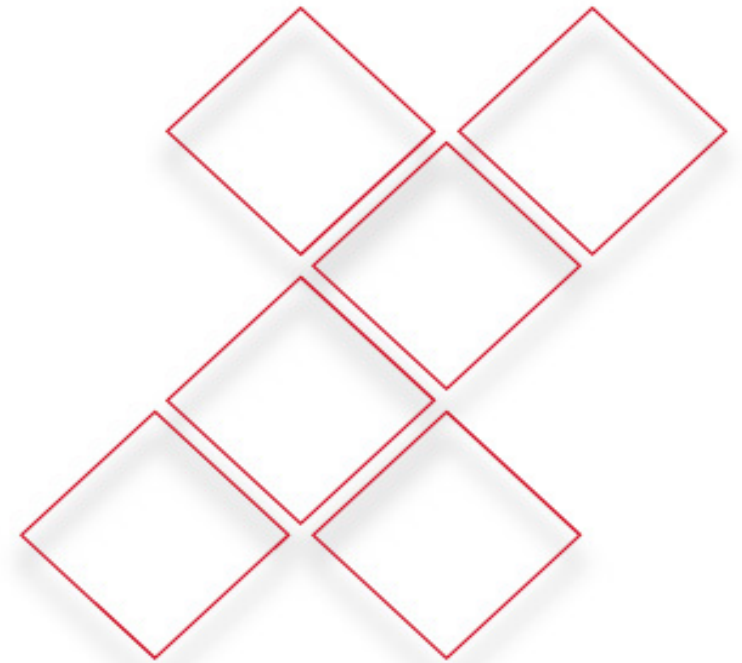
From theory to practice: CSR programmes with results



Presentation structure

- Introductions
- Framework
- Examples
 - Values
 - Who gets the money
 - Employees
 - Government and media
 - Communities
 - Consumers
 - Suppliers
 - Environment
- Conclusions

Part One: Introductions



About Mike Tuffrey

- Co-founder and director of The Corporate Citizenship Company
- Chartered accountant
- Former Parliamentary researcher and not-for-profit director
- Elected member of Greater London Authority
- Member, London Sustainable Development Commission

The Corporate Citizenship Company



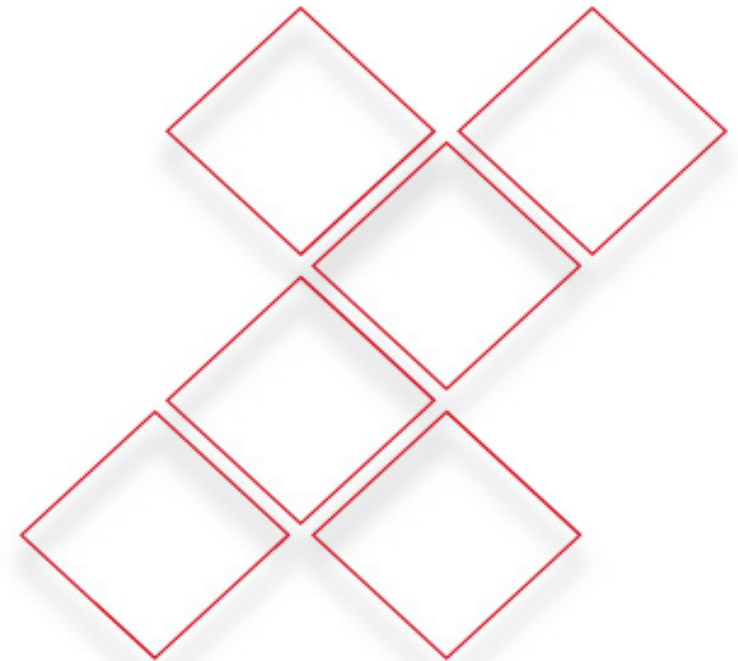
- Our business
 - Leading consultancy on strategic CSR management
 - Founded in 1997, international client base
 - Established team of 20 in London and New York, plus associates
- Our work
 - Consultancy
 - Management briefing
 - Benchmarking
 - Reporting
 - Assurance

Examples of our work

- Reporting: *Unilever, SABMiller, HSBC*
- Assurance: *Barclays, Diageo, BAE Systems, BBC*
- Supply chain: *Cadbury Schweppes, Centrica*
- Benchmarking: *LBG, oil industry*
- Economic impacts: *Diageo*
- Community: *Vodafone, BSkyB, HBOS*
- Management briefing: *Marks & Spencer*
- Stakeholder engagement: *Provident Financial, Nationwide*

Part Two: Frameworks

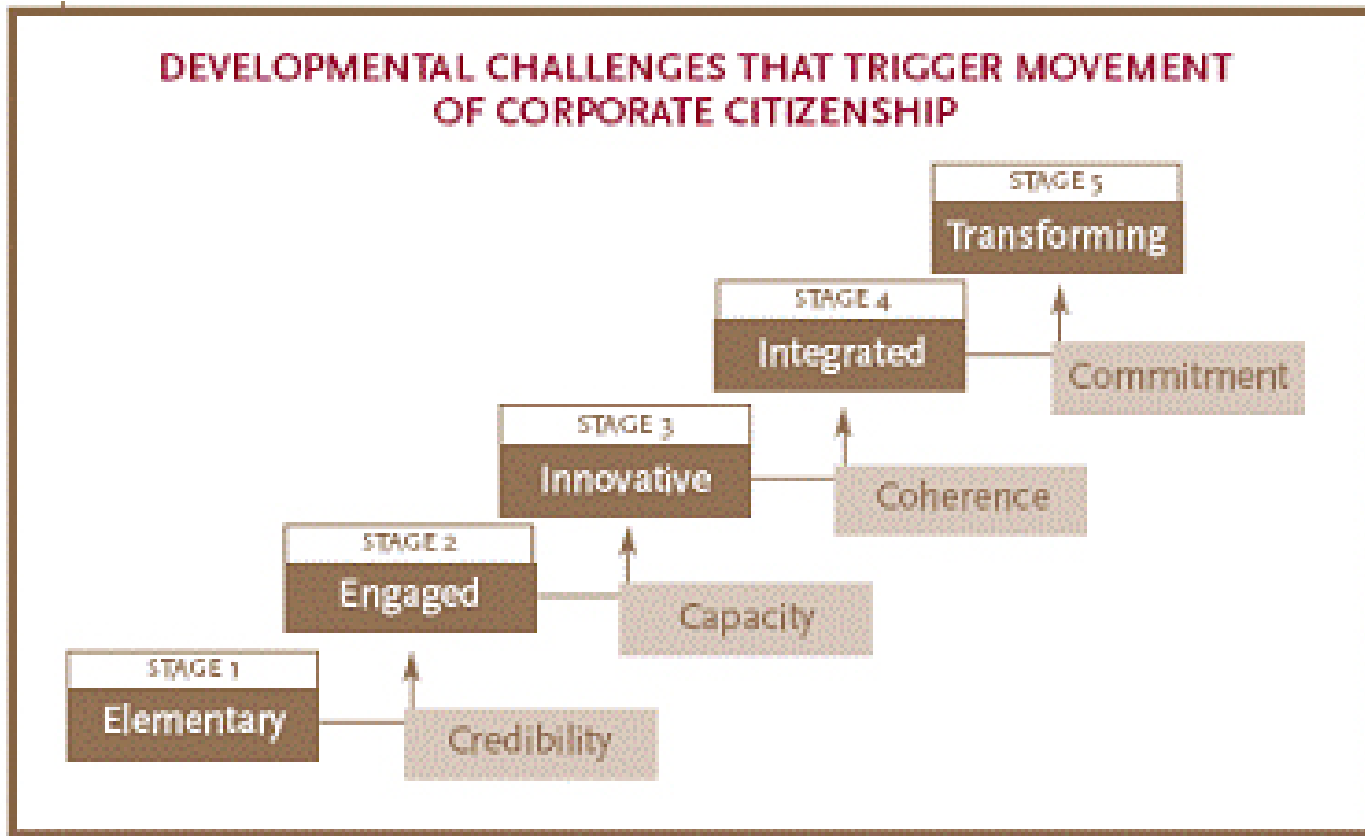
Definitions and models: choose the right framework which will best help you and your colleagues understand your impacts



Some definitions

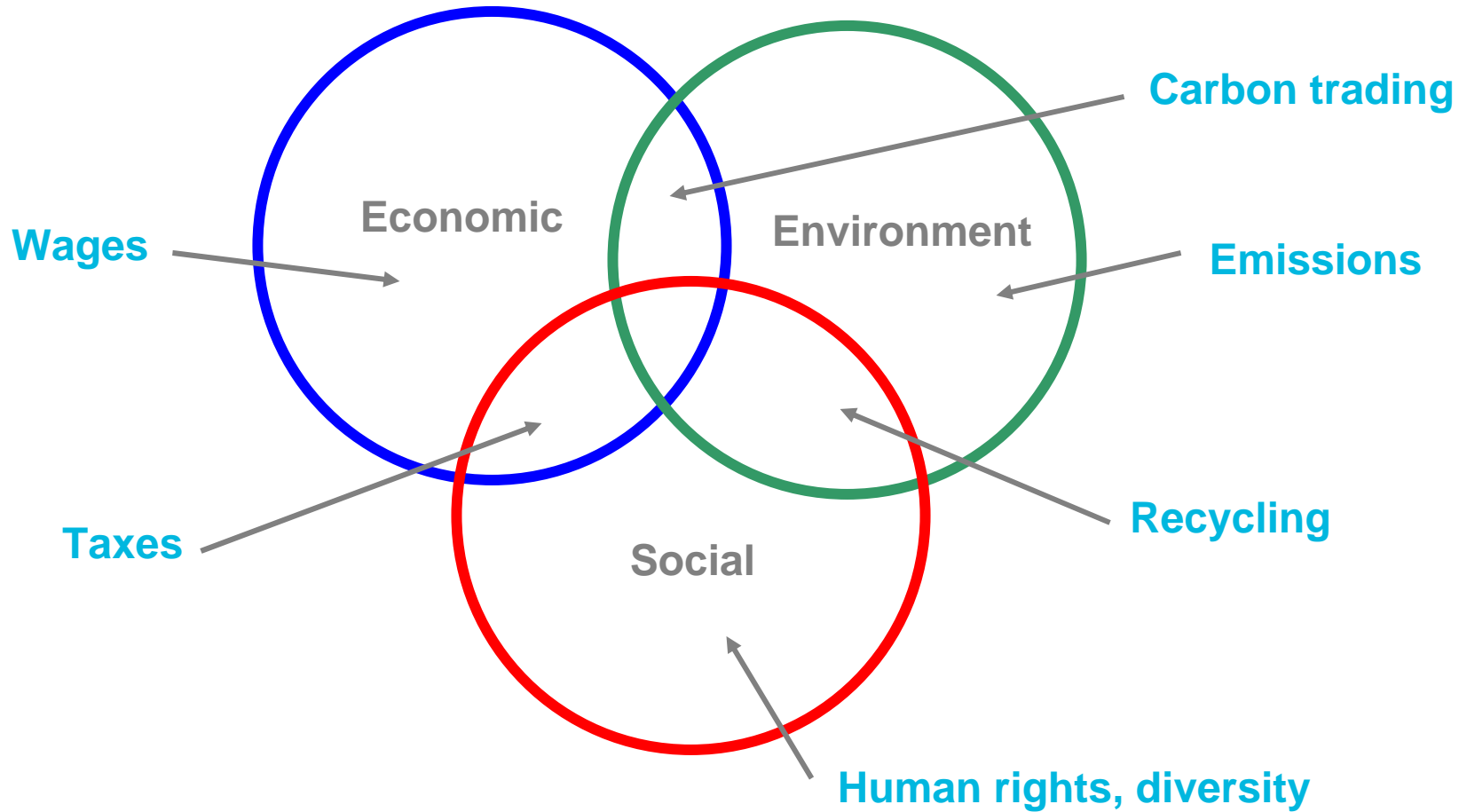
- Corporate citizenship
Companies have rights and responsibilities
- Corporate sustainability
Long term value creation, without damaging the planet
- Corporate (social) responsibility
How companies behave
- Corporate community involvement
Voluntary contributions of the company to the community
- Corporate philanthropy
One aspect of community involvement

The stages of corporate citizenship

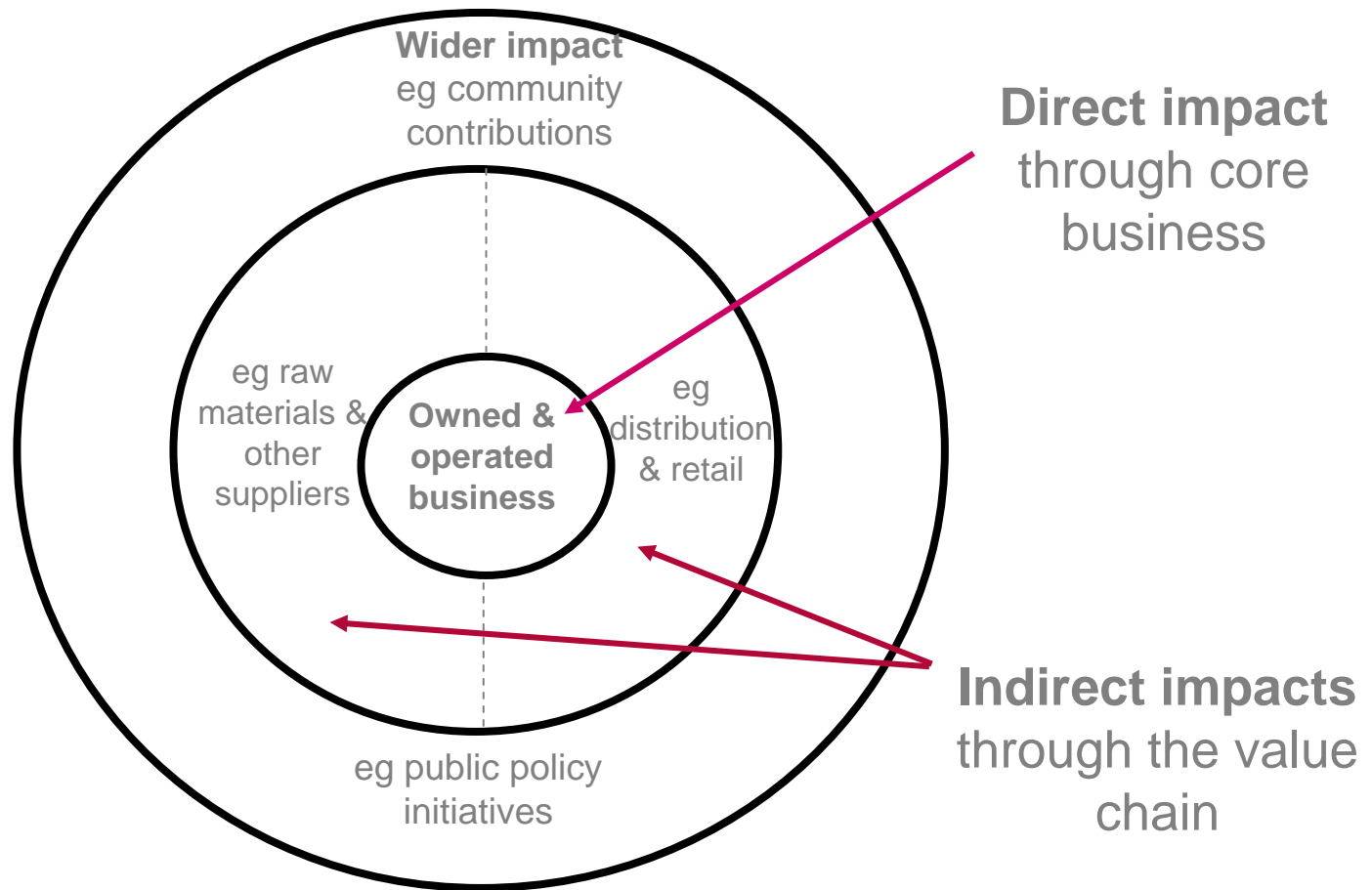


Source: Boston College

The 'triple bottom line'

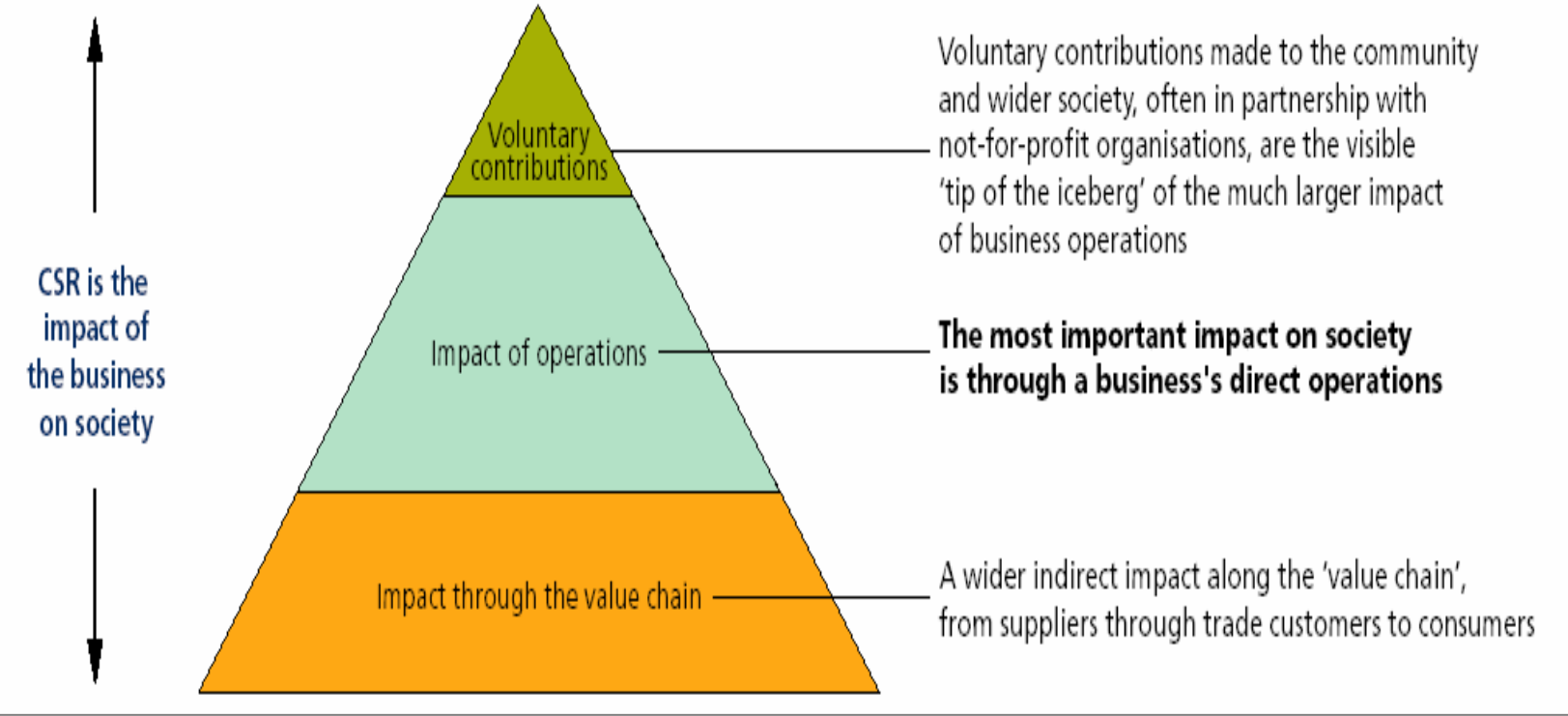


The direct and indirect impacts



Unilever's impact map

> Figure 11: The impact of business on society



Map of stakeholders and issues

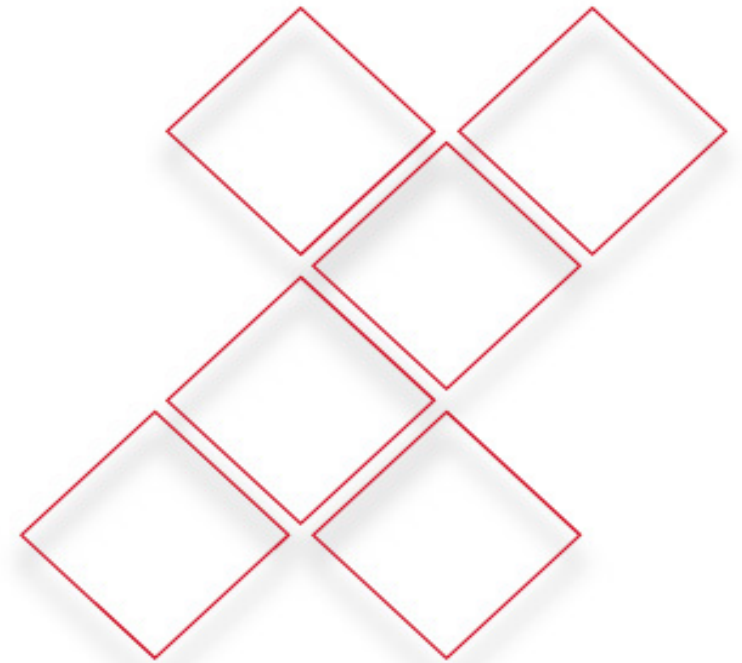
- Shareholders – accurate timely information, competitive return on investment
- Customers – value: quality, price, timeliness
- Consumers – affordability, advertising to children, obesity
- Employees – pay and conditions, fair treatment, health & safety
- Suppliers – bills paid on time, technology transfer
- Government – taxes, jobs, wider goals
- Communities – good neighbour, contributions, partnerships
- Environment – sustainable raw materials, energy, waste

CSR: from theory to practice

- What are your goals as a business?
- What can you achieve within market constraints?
- Map your most important impacts
- Make a start where you will soon see results
- Communicate with stakeholders – two-way
- Engage with partners to achieve more than you can alone

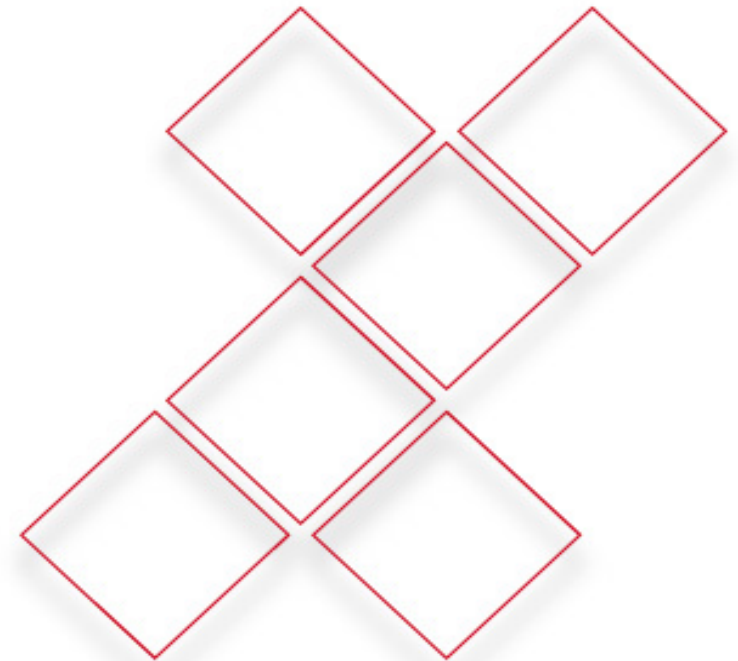
Part Three: Examples

- Values
- Who gets the money
- Employees
- Government & media
- Communities
- Consumers
- Suppliers
- Environment



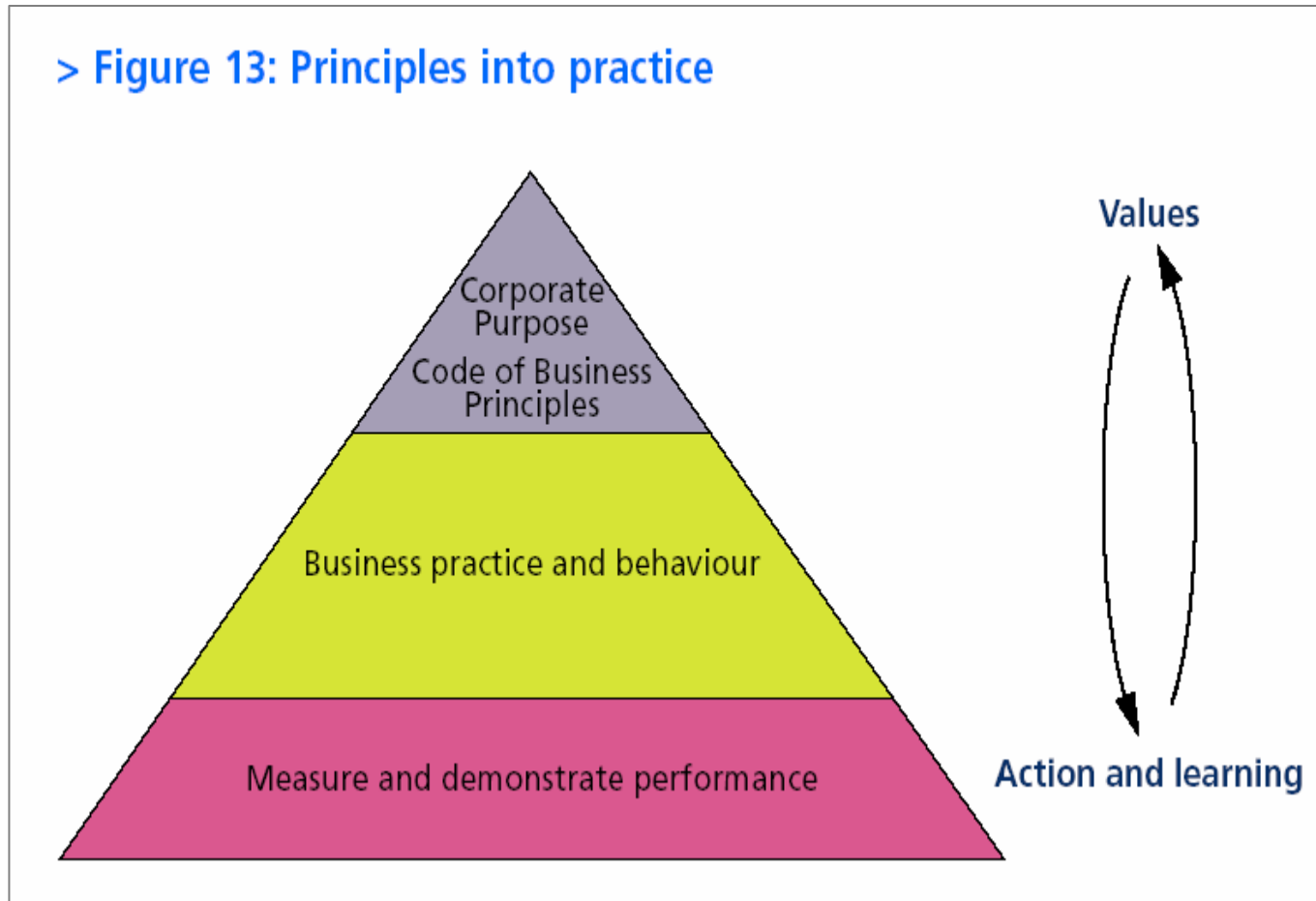
Based on values

CSR will achieve sustainable results only if linked to the core mission of the company



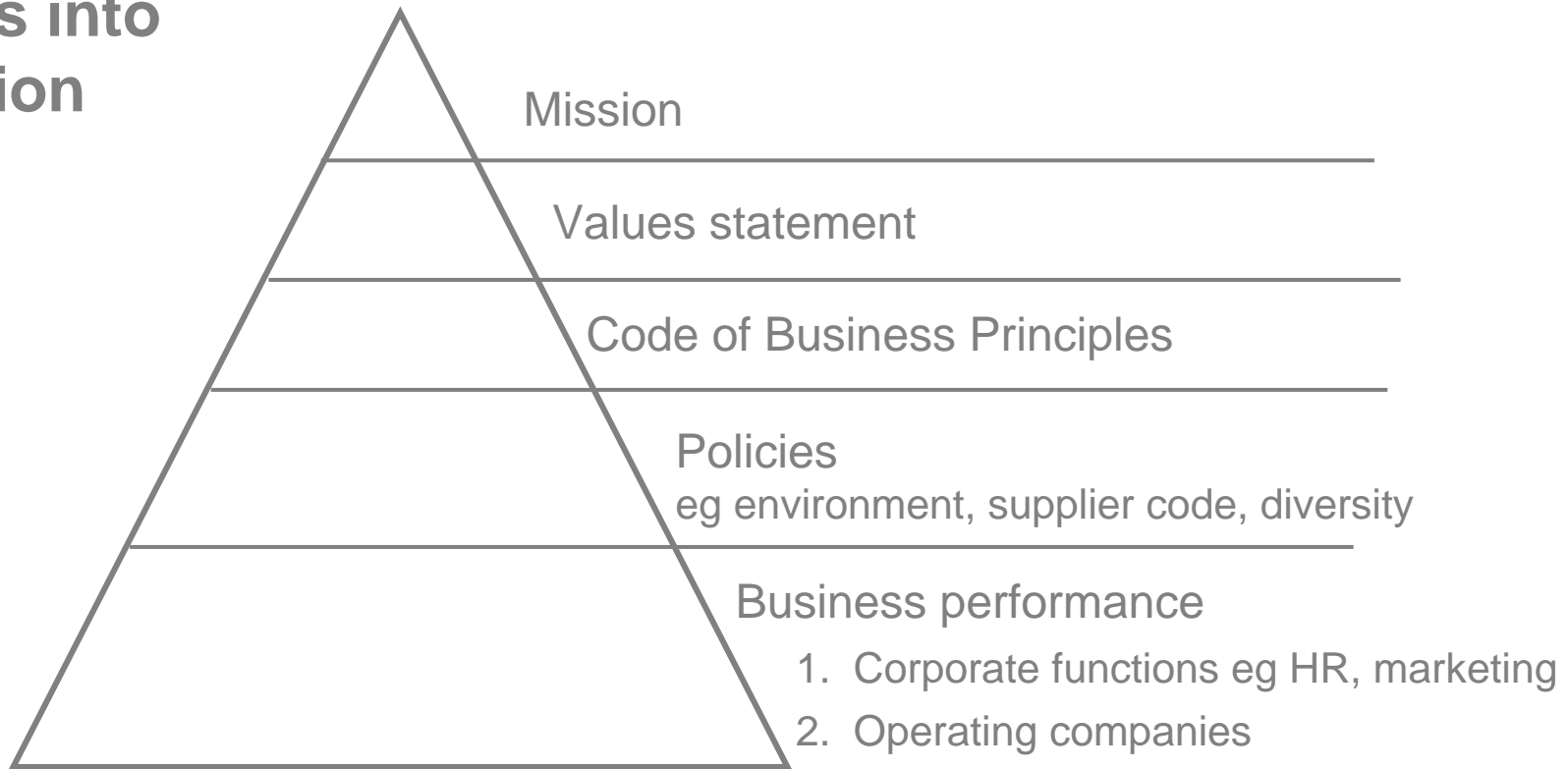
Values into action: Unilever

> Figure 13: Principles into practice



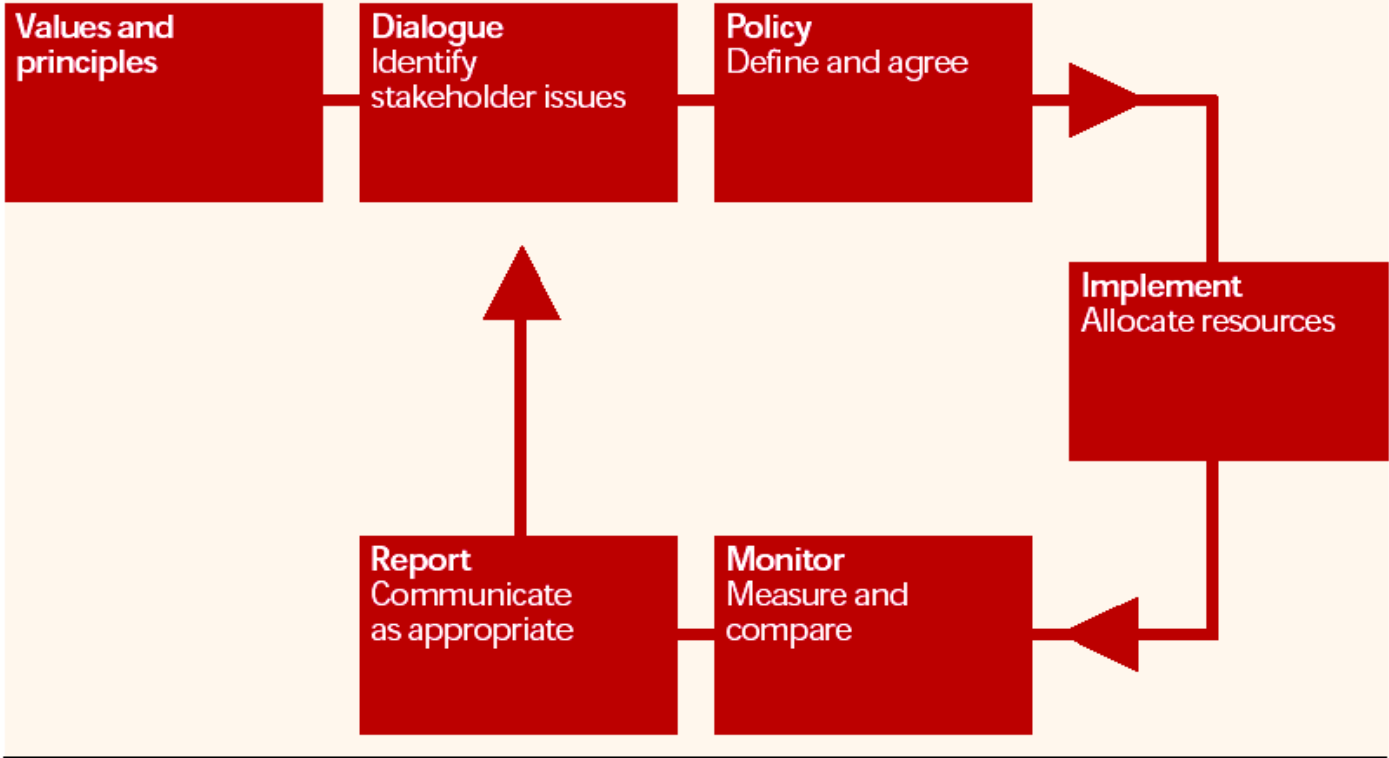
The values cascade

Values into
action



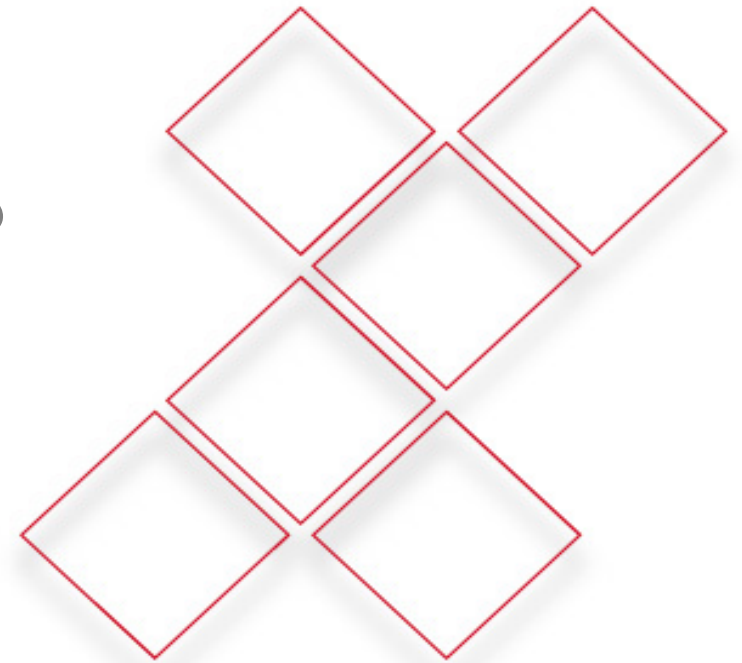
Diageo

Policy development



Who gets the money?

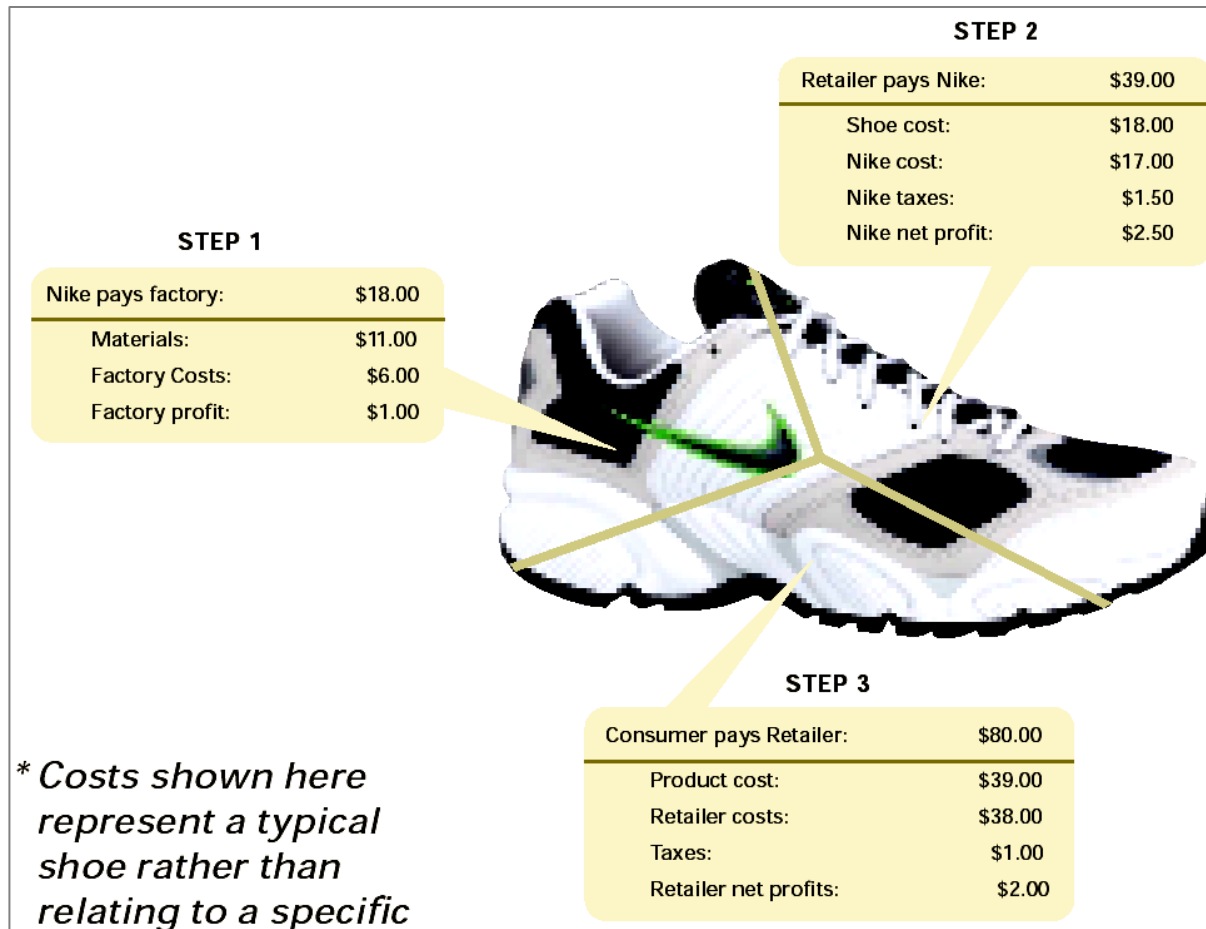
Companies are about making money, so start with a sound understanding of the economics



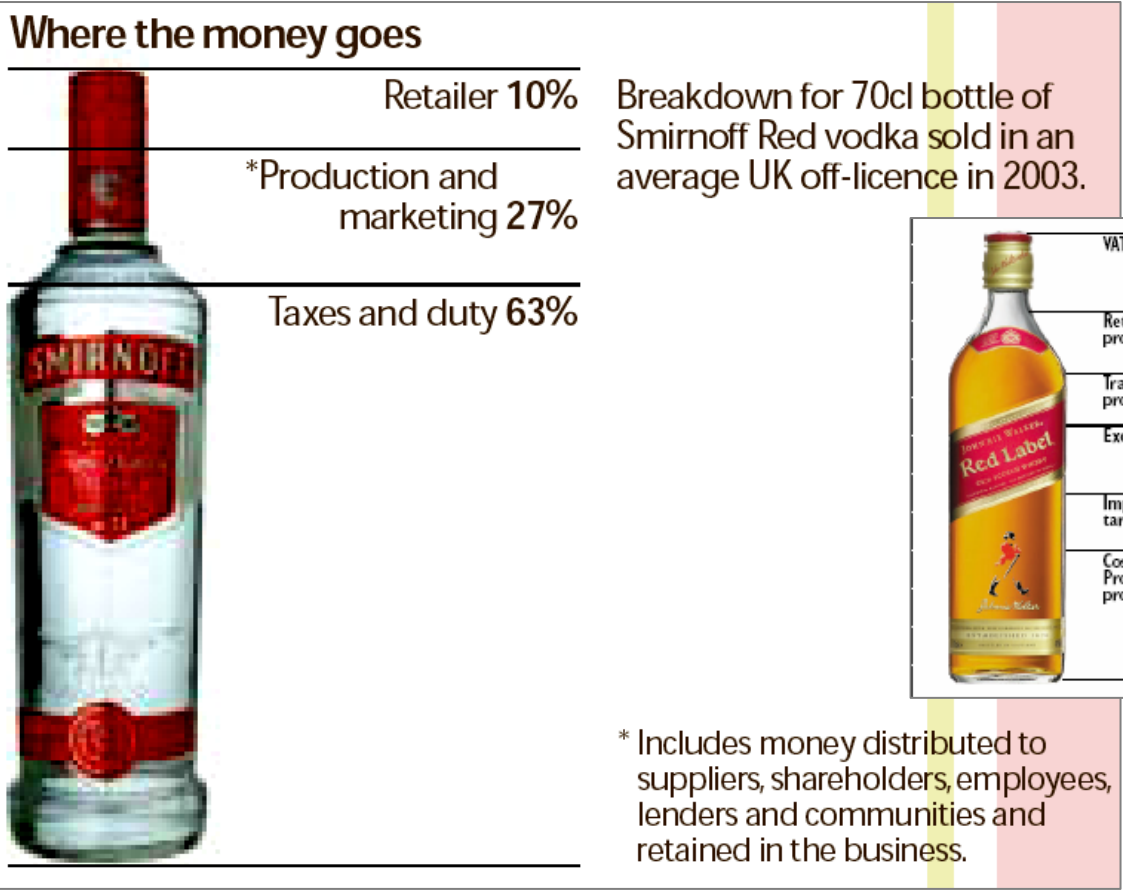
Investor drivers

- Results, results, results
- Steady increase in ethically managed funds
- Sustainability considerations influencing mainstream
- But be realistic about the time frame: CSR has longer timeframes than most investors

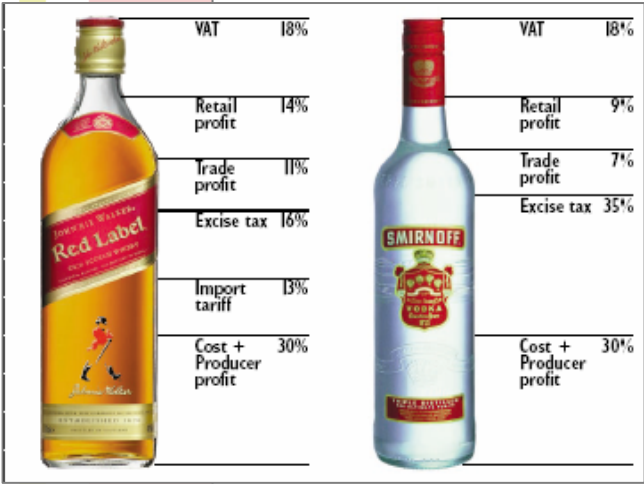
Nike – mapping economic impacts



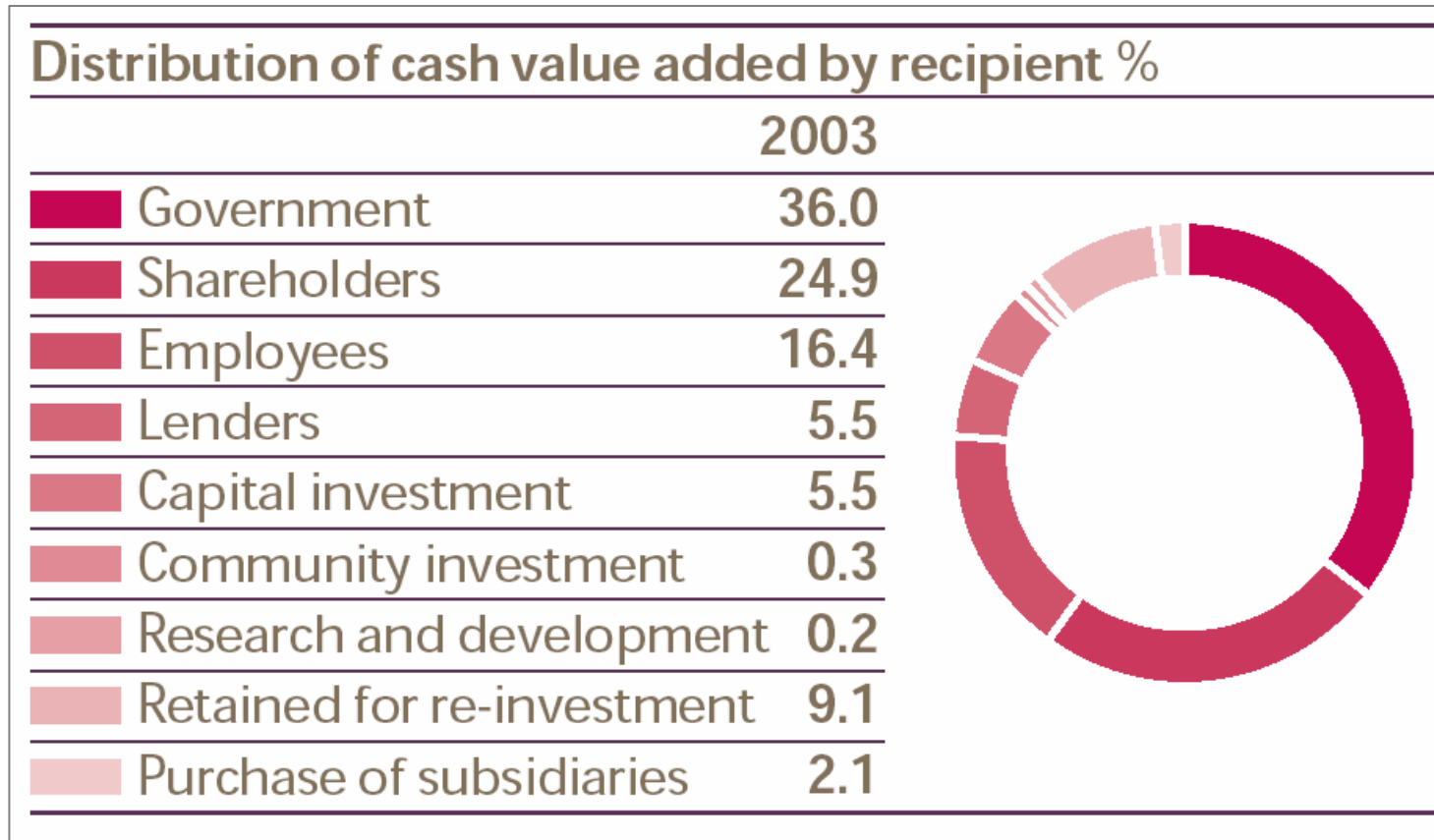
Diageo - product



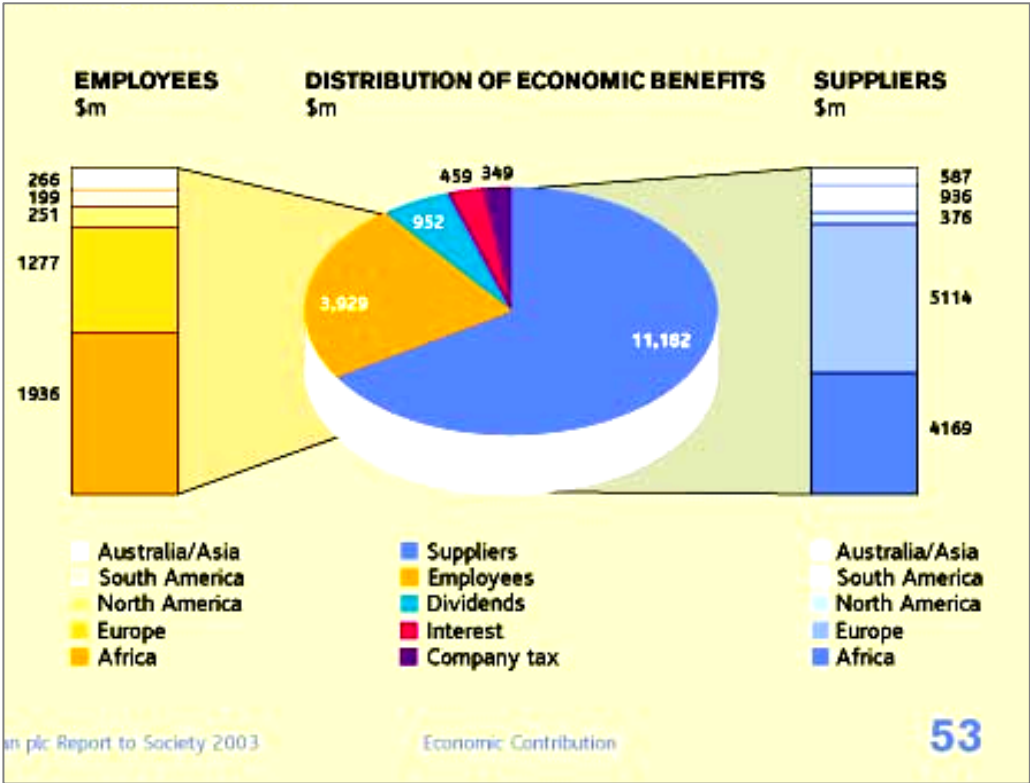
Examples from country reports



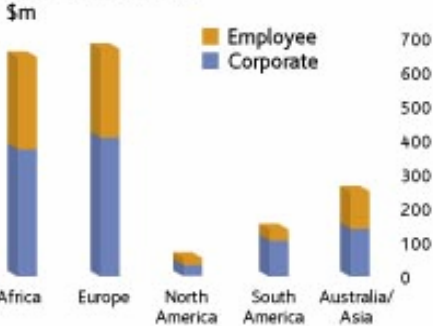
Diageo – company wide



Anglo American: transparency



TAXES AND OTHER PAYMENTS TO GOVERNMENT

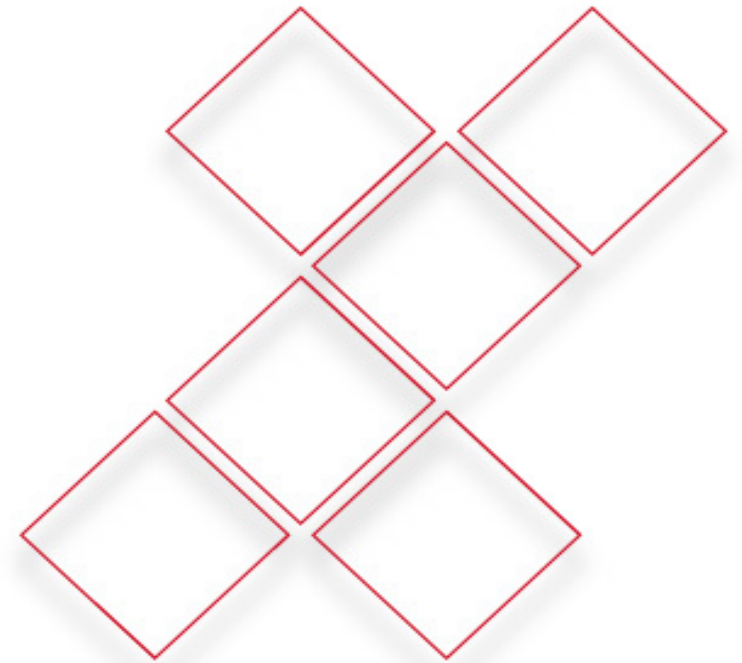


LARGEST TAX AND RELATED PAYMENTS TO GOVERNMENTS

Country	\$m
South Africa	606
UK	383
Australia	231
Russia	94
Brazil	84
France	54
Germany	35
Chile	34
Canada	25
Mali	24
Others	173
Total	1,743

Employees

Employee issues vary, but most people work better if treated fairly and with respect



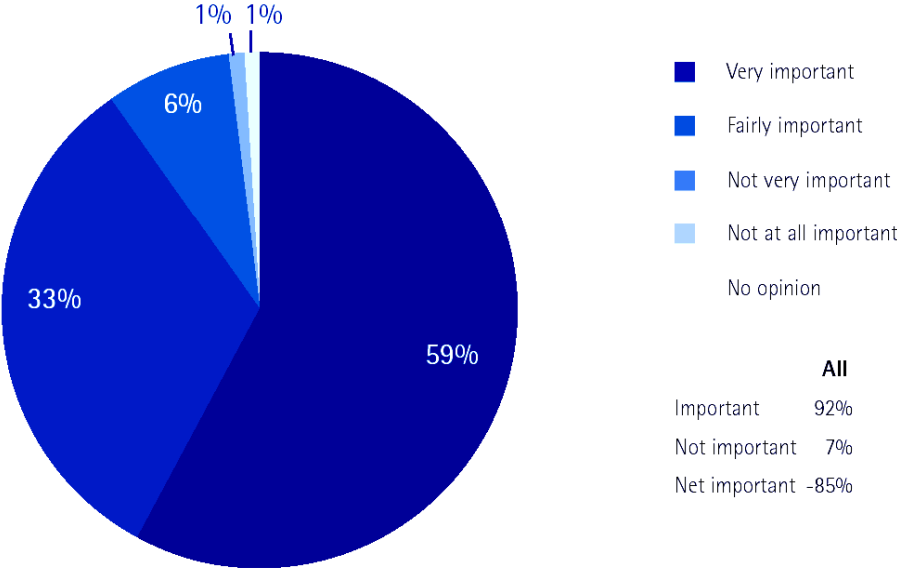
Employee drivers – UK experience

- Demographics/skill shortages a strong influence
- Have growing expectations of employer - want engagement/participation
- Morale and motivation at a time of change - productivity
- Skills and development – better results
- Retention – potentially high cost savings

Employee expectations - UK

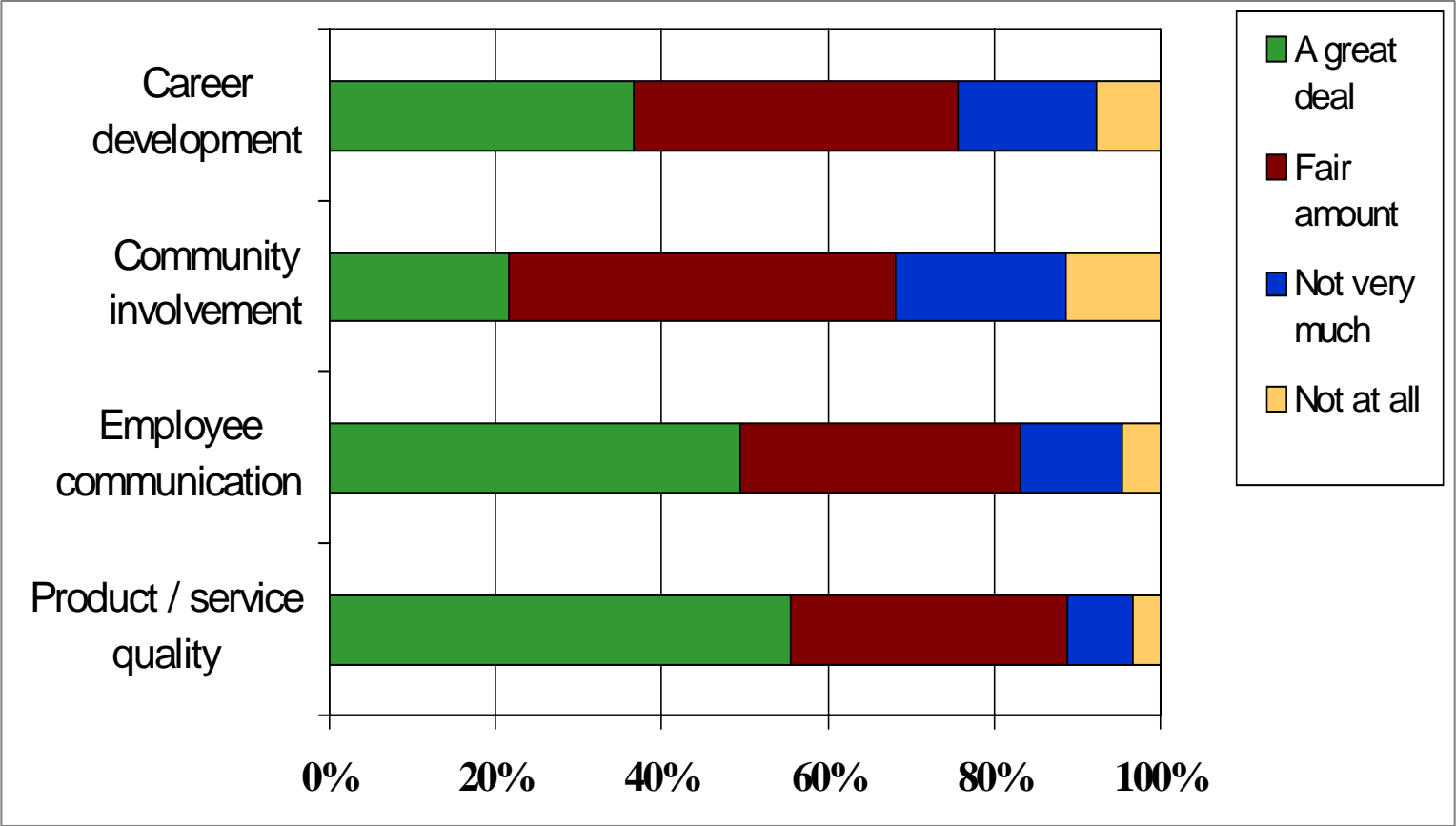
CHART 5: EMPLOYER'S RESPONSIBILITY TO SOCIETY/ENVIRONMENT

Q Thinking now about the organisation that you work for, how important is it to you that your own employer is responsible to society and the environment?



Base: 890 working GB adults 16+.

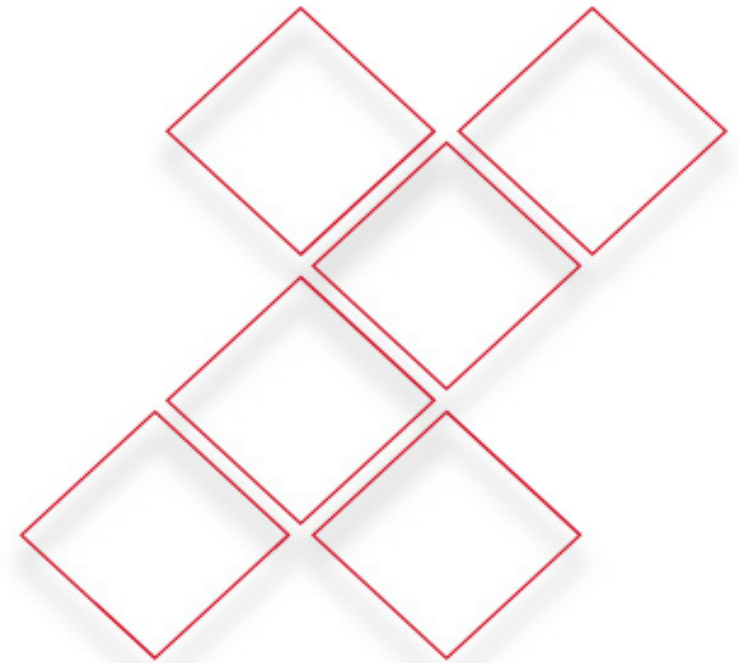
Drivers of 'pride' in company



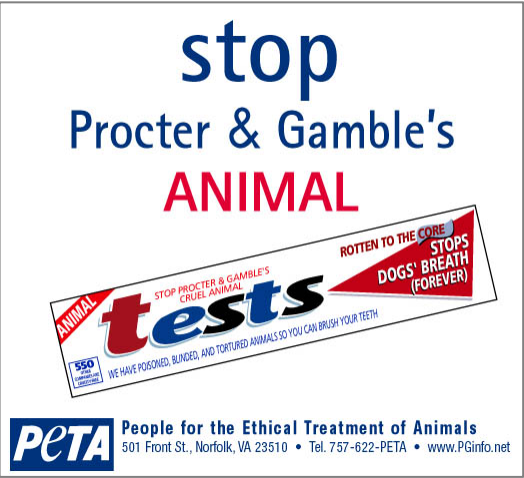
Source: The
Corporate
Citizenship
Company

Government and media

Governments and the media set the context in which companies sell their products and maintain their reputations



Campaigns influence consumers



Headlines

Andrew Young Assesses NIKE Labor Practices



Andrew Young, UNICEF special representative for children and teenagers, visited Nike's factories in Vietnam and Cambodia to assess labor practices. He found that while Nike has made significant progress in recent years, there is still a long way to go in terms of ensuring fair wages, safe working conditions, and the right to organize.

NIKE's labor practices have been a major focus of scrutiny in recent years, with various NGOs and governments calling for greater transparency and accountability.



Workers in the Huyen An factory, which makes Nike clothing, find their lives are not so different from those of other workers in the garment industry.

M&S performs about-turn to back ethical trading drive

Roger Cook

M&S has reversed its position on ethical trading, backing the Ethical Trading Initiative (ETI) and the Ethical Consumer group. The move is seen as a significant step towards greater transparency and accountability in the supply chain.

permitted to contract with organizations such as Amnesty and Christian Aid. The move was a direct result of the pressure from various NGOs and governments.

NIKE has been criticized for its labor practices in Vietnam and Cambodia, with reports of low wages, long hours, and unsafe working conditions. The company has responded by implementing various initiatives to improve its labor practices.

Shirts for the fashionable, at a price paid in human misery

Systematic racism at car plant 'was ignored by Ford'

Black workers who demand equality of treatment in the workplace are being ignored by Ford.

By Harriet Robinson
Labour Editor

Black workers at Ford's car plant in Detroit have suffered systematic racism for decades, but the company has ignored their demands for equality.

INDONESIA INTERNAL MEMORANDUM HIGHLIGHTS 'ETHNICIST LEAKAGE'

World Bank loans 'hit by corruption'

By Joseph Kahn
Washington

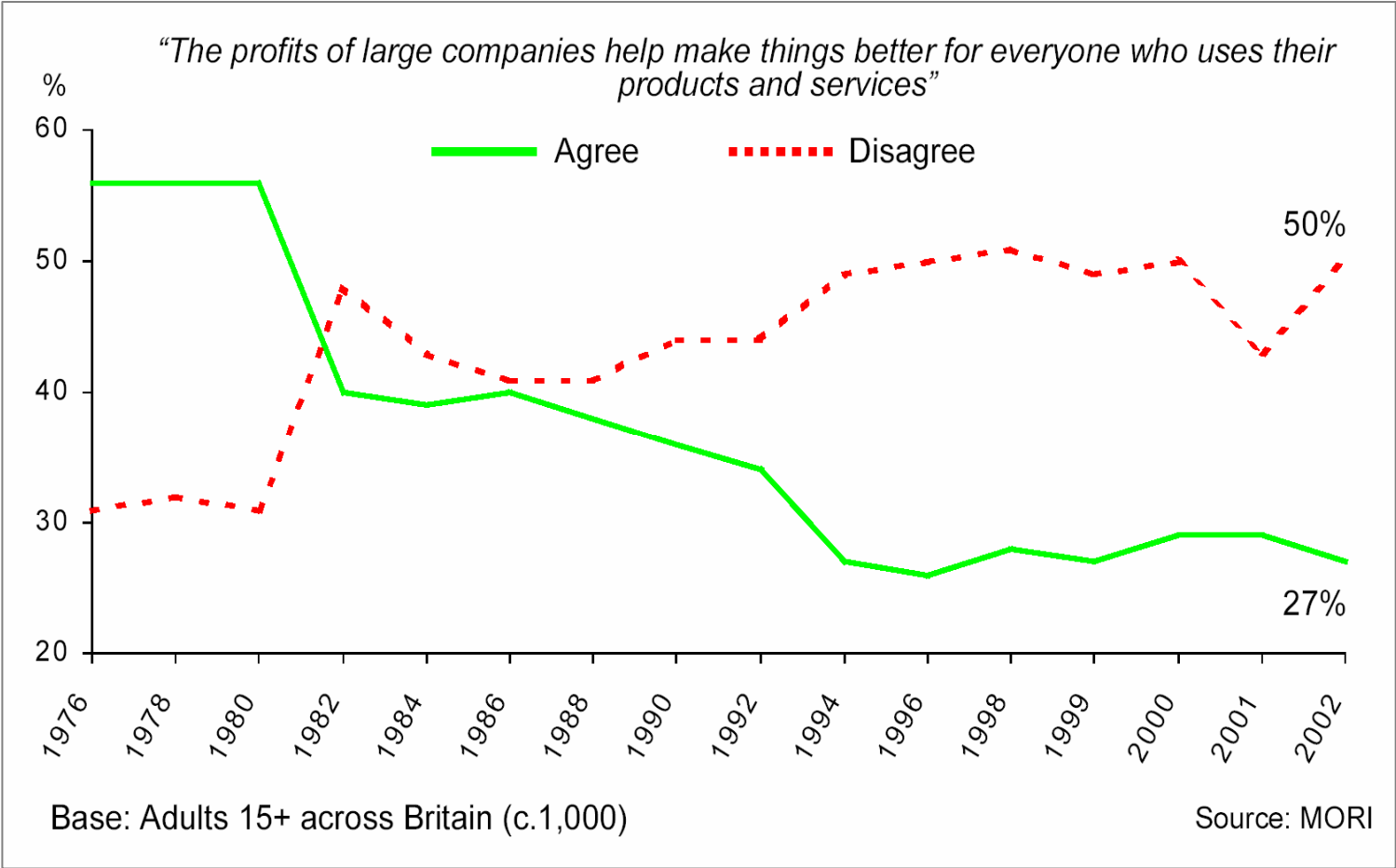
The World Bank's loans to Indonesia are being hit by corruption, according to a report from the bank's internal auditors.

The report highlights the need for greater transparency and accountability in the use of World Bank funds.

Media drivers - UK

- Companies have become the new 'enemy'
- Held to account for things they don't control
- Brands are the flash point for many unrelated fears
- Global village – nowhere to hide from accusations of double standards

Result: loss of trust in business - UK

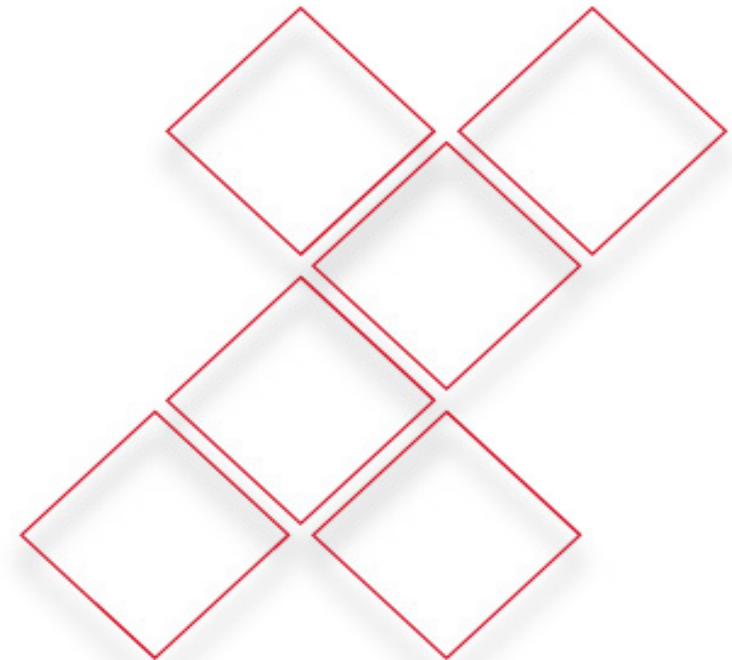


Government drivers - UK

- Still want social results, but reluctant to tax or regulate
- Vulnerable to media and pressure groups
- Exhortation and ‘naming & shaming’
- UK: CSR minister, reporting eg OFR, CORE coalition
- EU: CSR communication, creeping legislation
- US: Sarbanes-Oxley
- Australia: pensions policy disclosure
- Many other examples

Communities

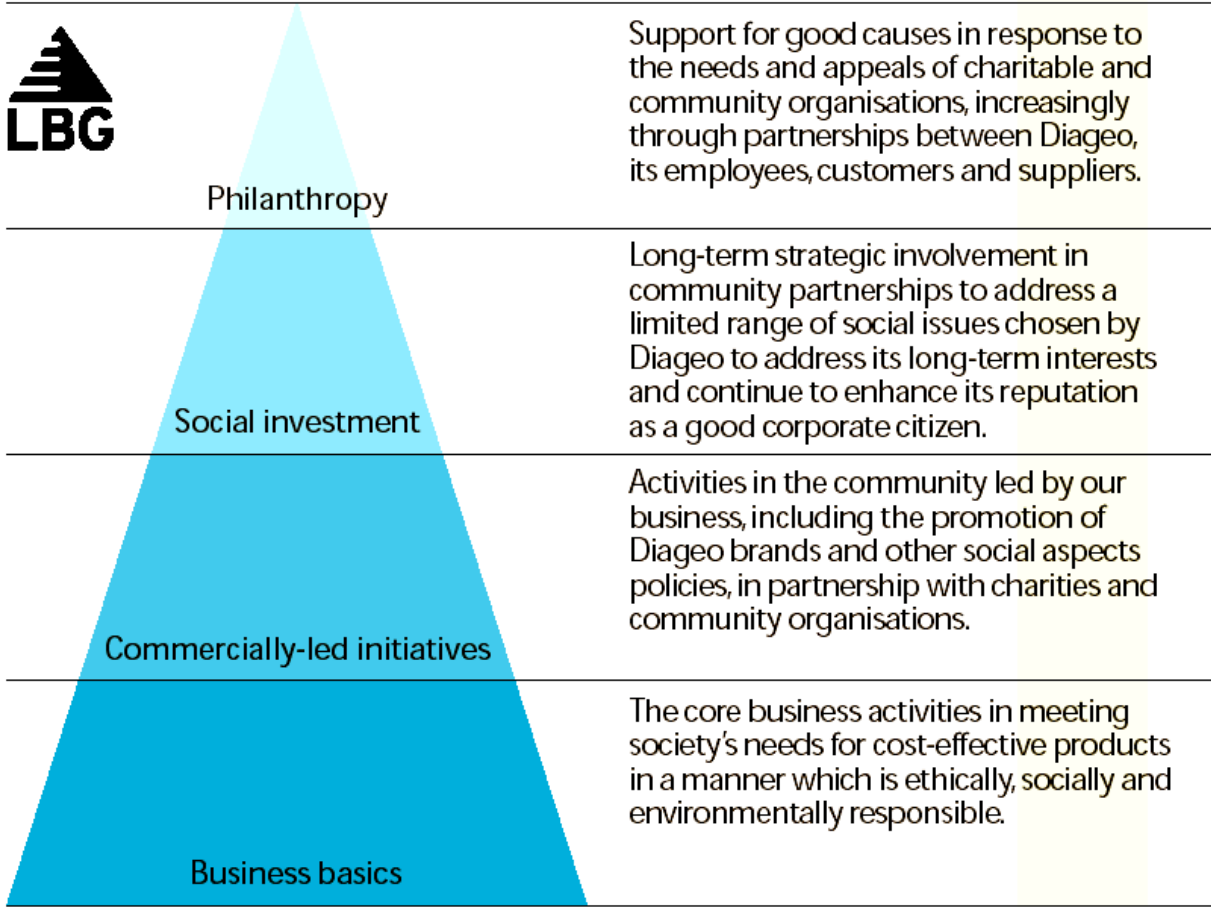
Communities of geography and interest are more important than ever: companies increasingly adopt a 'strategic' approach



NatWest Face2Face with Finance

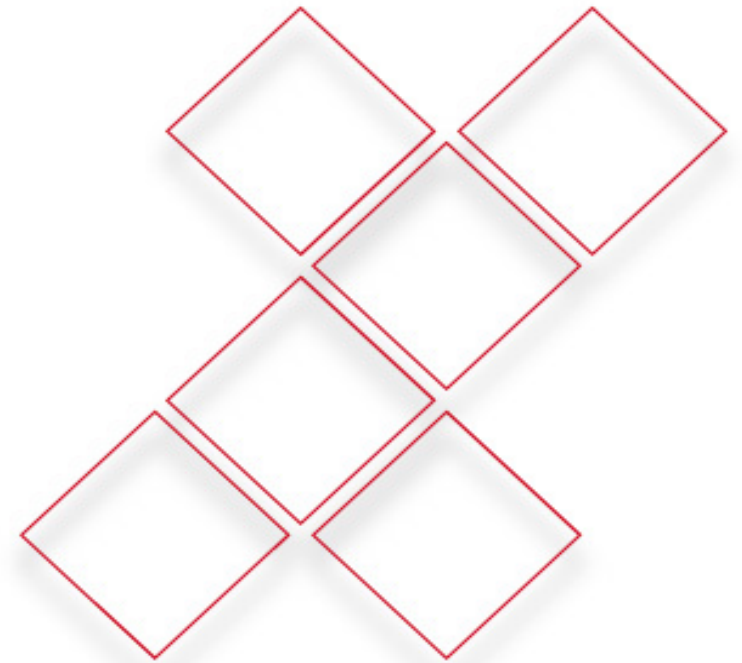
Inputs over five years	Annual outputs		
	Leverage	Community benefit	Business
Set up costs: £2m Annual running cost: £500,000 Staff time: Unquantified Total over five years: more than £4.5m	Employee volunteers (4,000 + involved) Teacher input	Nearly 150,000 students participated in 8,165 sessions across 2,400 schools	Improved reputation (£2m equivalent advertising) Enhanced staff skills (17% proficiency gain) Input to marketing
		↓	↓
		Community impact	Business impact
		NFER evaluated impact on financial literacy skills	New business generated say branch managers

London Benchmarking Group



Consumers

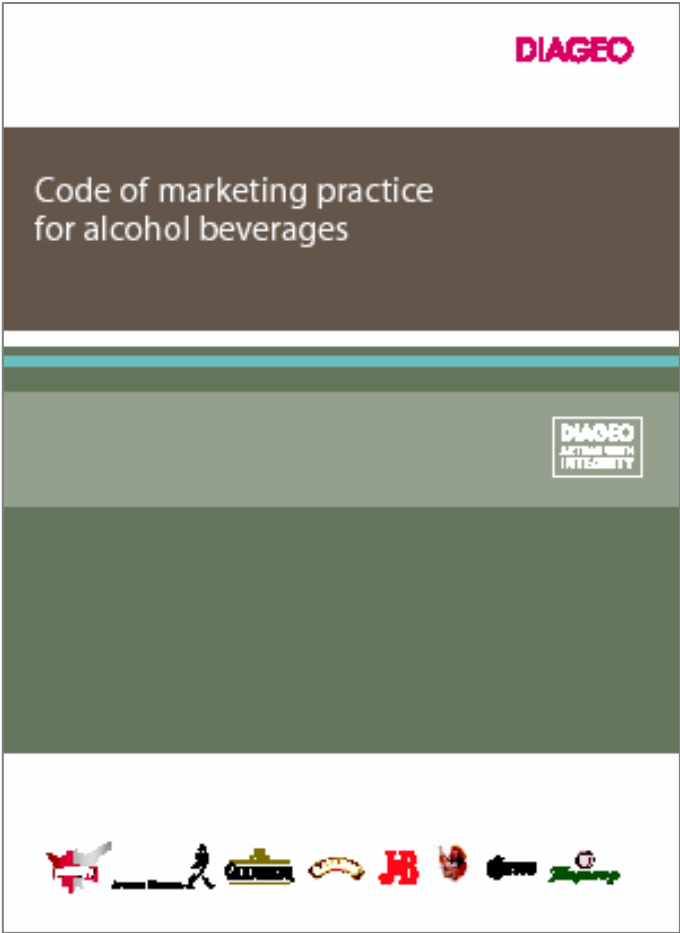
Only a few chose on CSR grounds,
but CSR-driven initiatives can still
be profitable



Customers and consumers - UK

- Choice: fundamentally on price and performance
- Increasing interest in company behind the brand
- A clear differentiator for some
- Some evidence of business case:
 - BT: 25% of 'image and reputation' driver of customer satisfaction due to social responsibility
- Market responsibly and empower consumers
- Consider accessibility and affordability

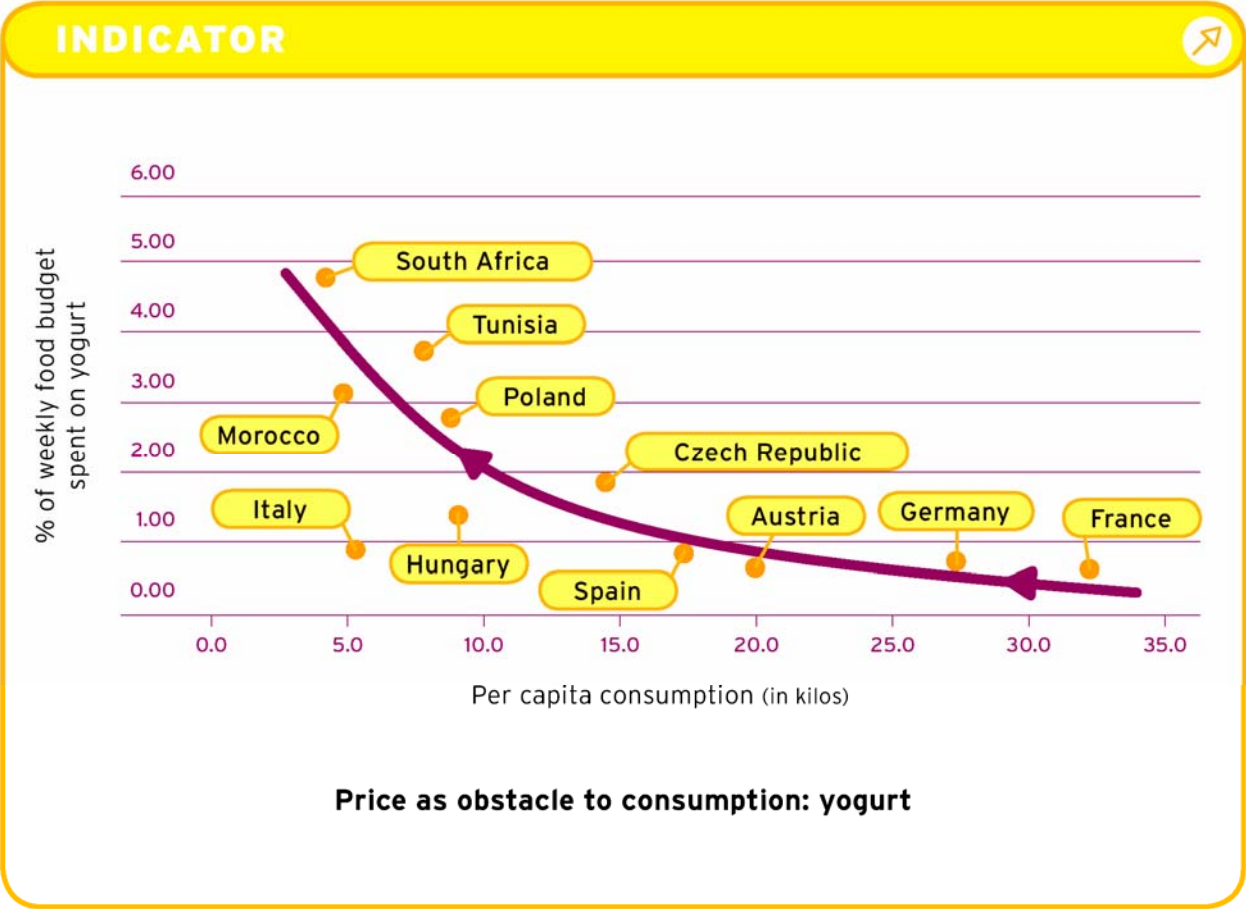
Diageo – responsible marketing



Unilever – nutritional composition



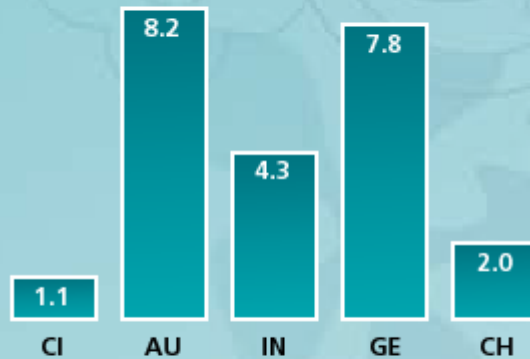
Danone – price as a barrier



Unilever – affordable and accessible

Lowest-priced spreads in five countries 2005

Equivalent cost in terms of number of eggs



Côte d'Ivoire (CI) – *Blue Band*
 Australia (AU) – *Flora*
 Indonesia (IN) – *Blue Band*
 Germany (GE) – *Rama*
 Chile (CH) – *Margarina Dorina Pan*

Diverse routes to market

Australia (AU), South Africa (SA), Philippines (PH)

	AU	SA	PH
Population (million)	20	44	88
Distributors	84	30	118
Wholesalers	420	720	1,423
Retailers	7,771	9,158	606,229
Small outlets and kiosks	53,000	177,500	849,717

Cadbury Schweppes

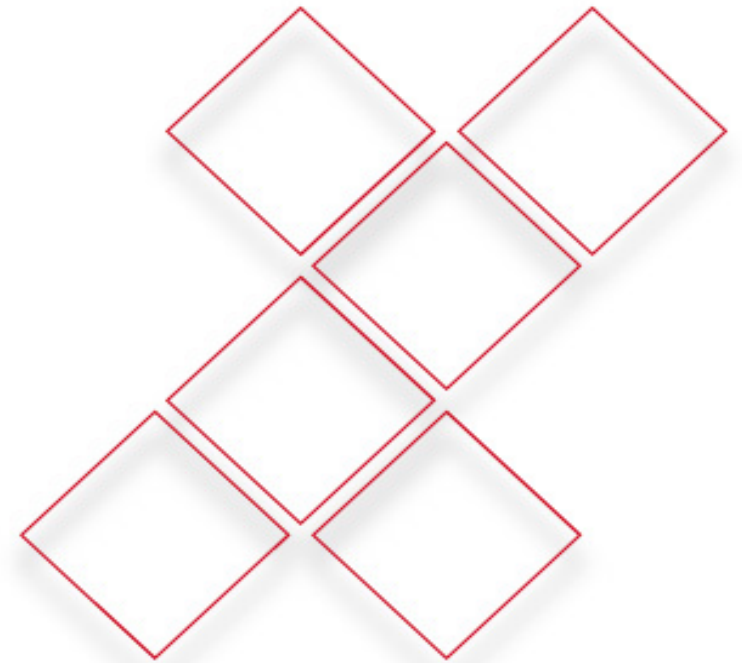


“We see CSR as a positive contributor to our competitive strategy. Increasingly we think of it as more about doing responsible things profitably than just doing profitable things responsibly”

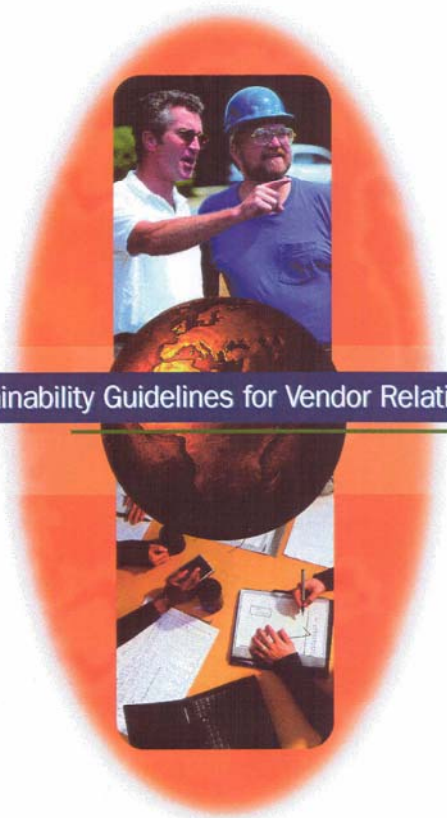
Corporate and Social Responsibility Report 2006

Supply chain

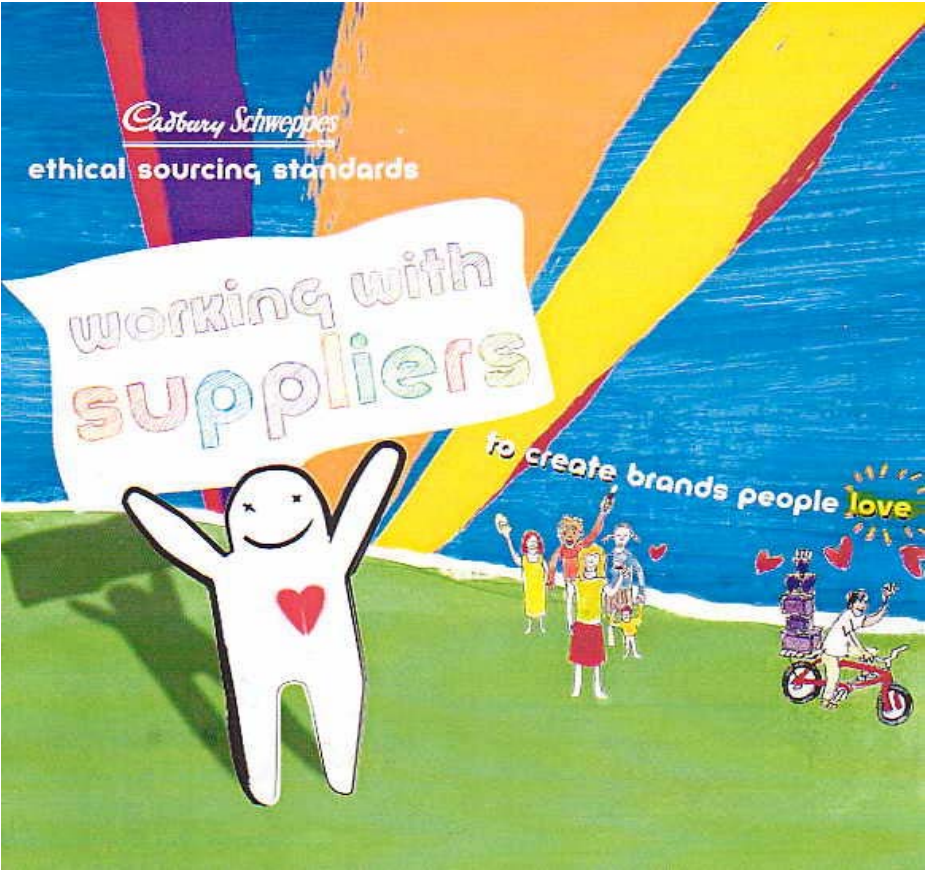
Reputational risk in the supply chain can damage sales



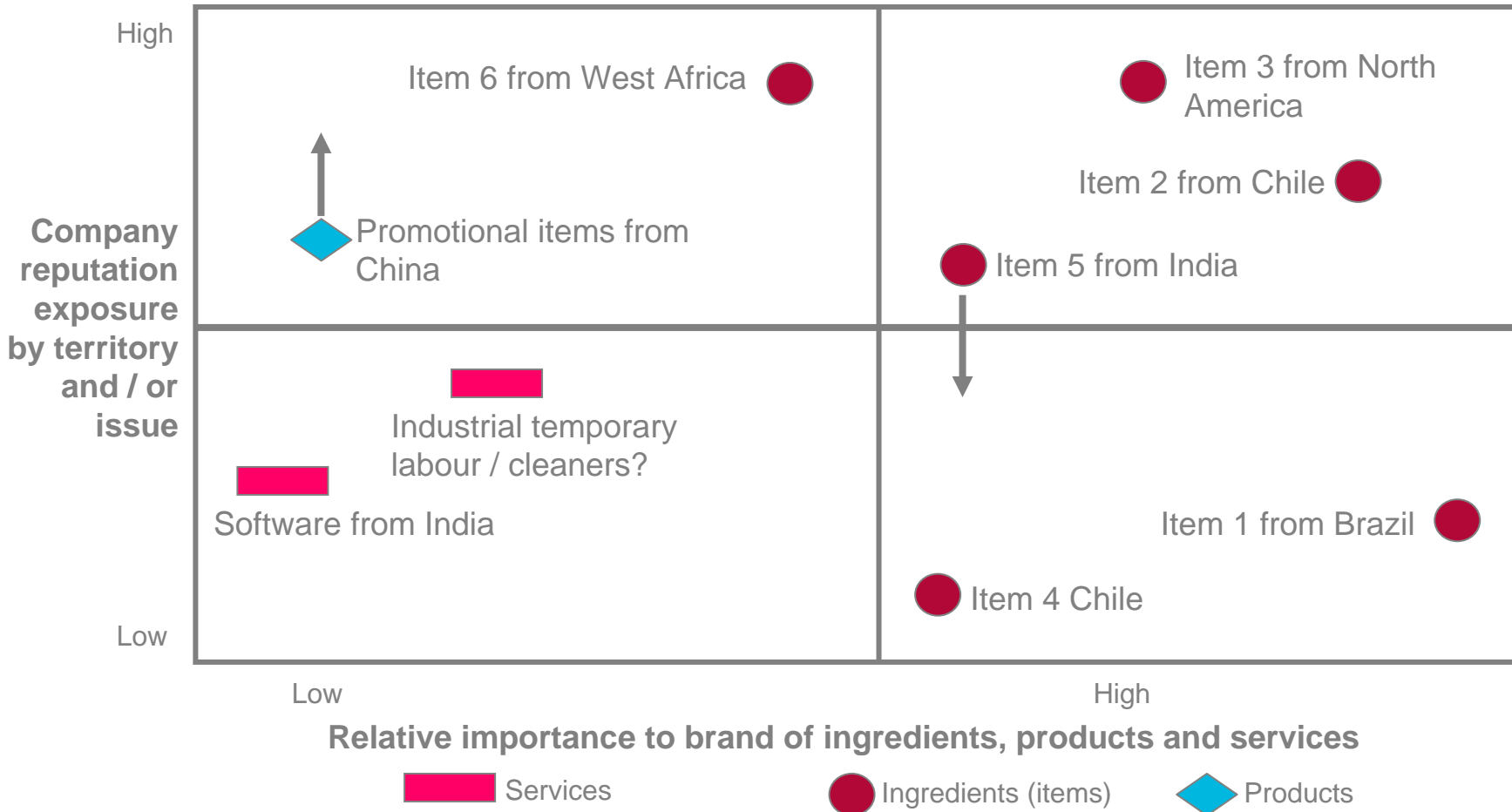
Setting standards for suppliers



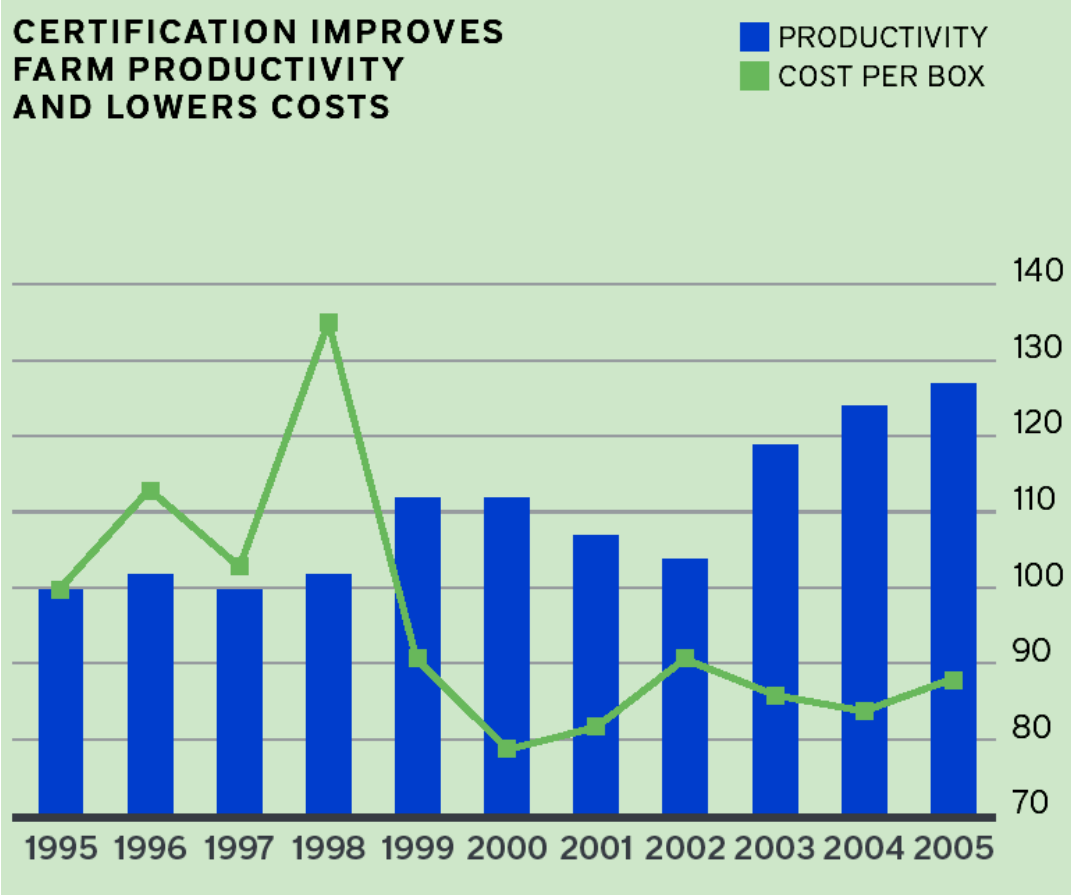
Sustainability Guidelines for Vendor Relations



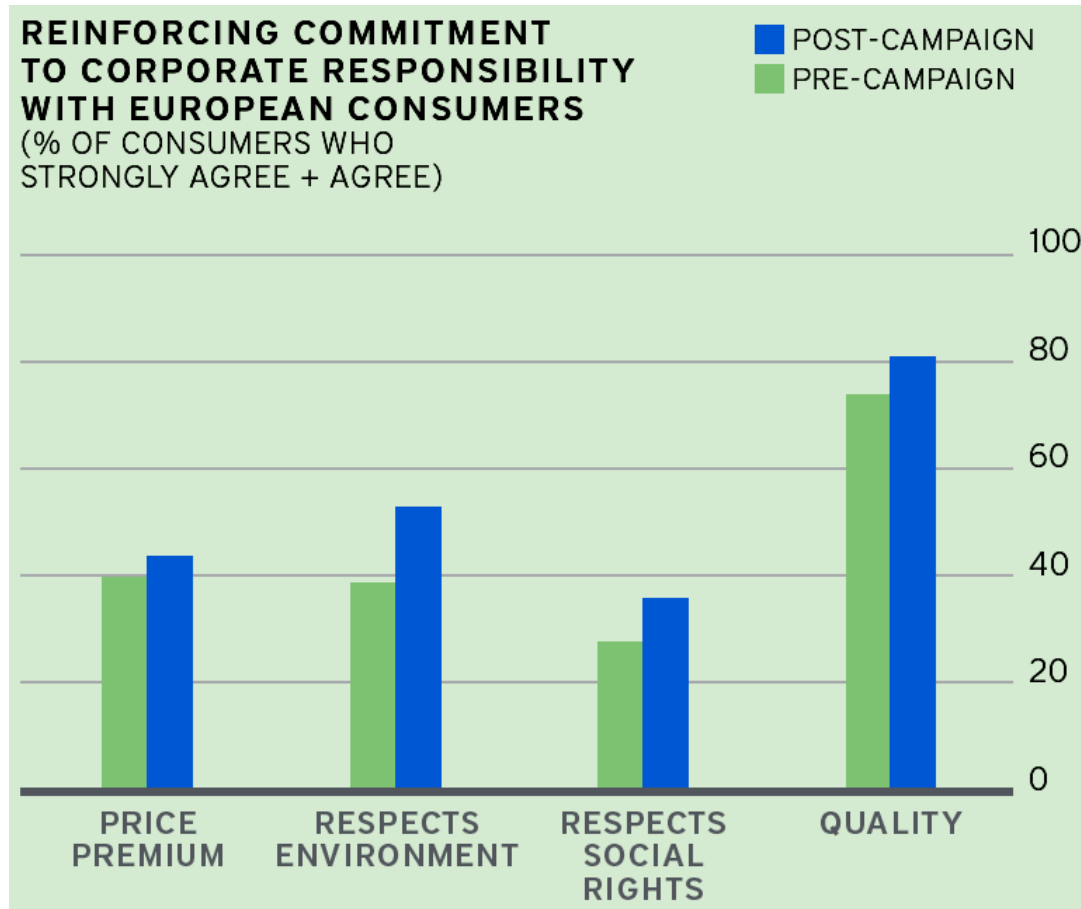
Supply chain risk analysis: snack food



Chiquita: results – costs down

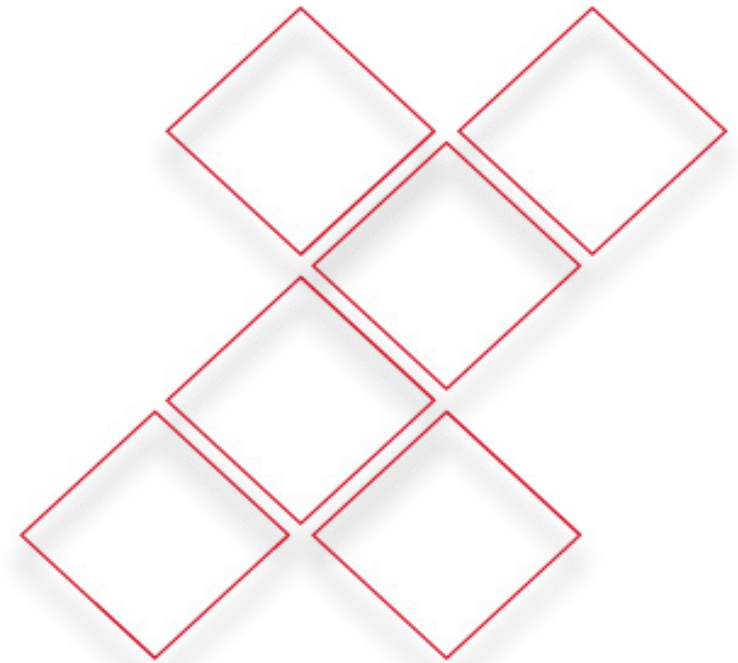


Chiquita: results - sales up

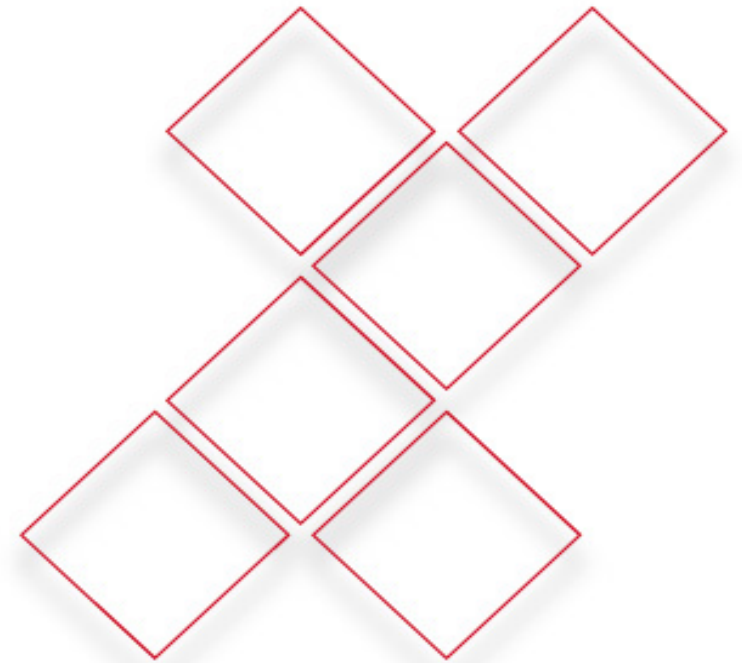


Value chain: Indonesia study

Looking along the value chain to
see the impact of a multinational on
poverty at country level



Environmental footprint

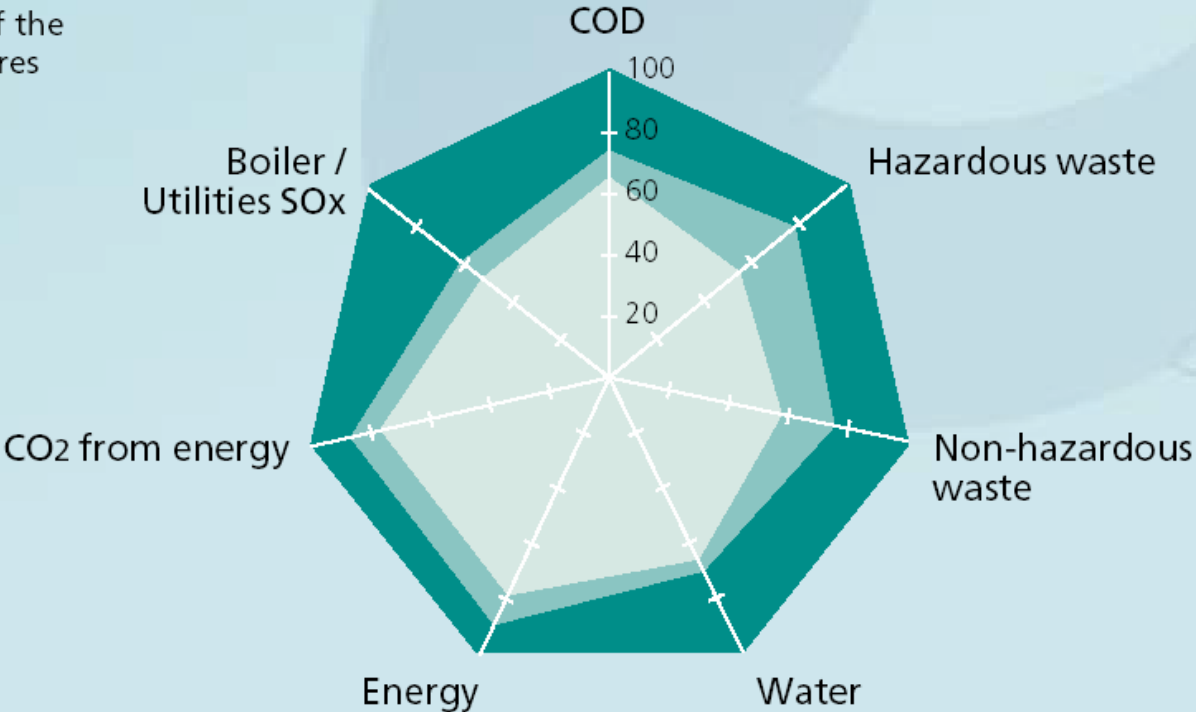


Unilever: eco-efficiency

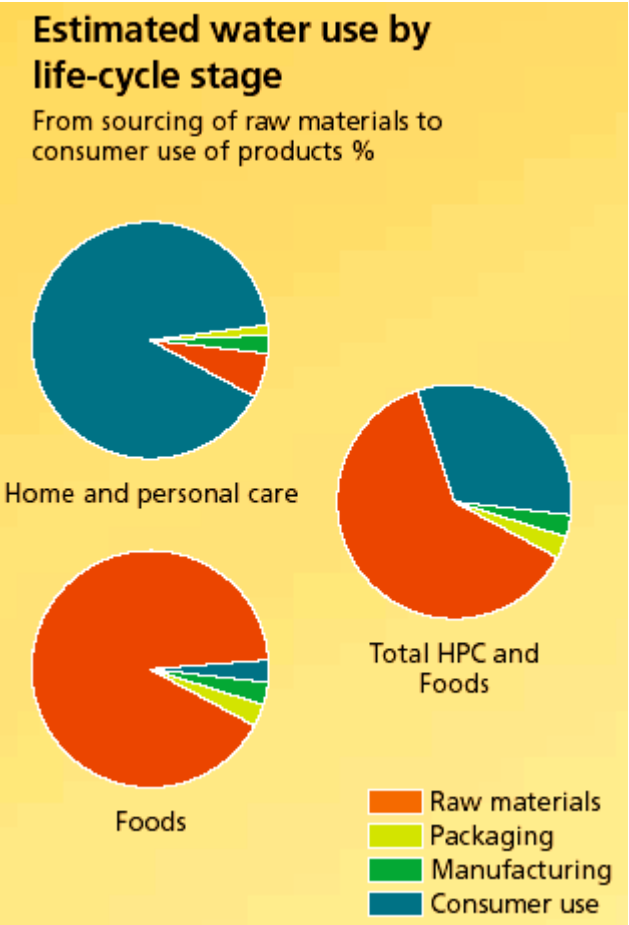
Reduction in load per tonne of production 2001–2005 and our targets for 2010

Expressed as a % of the 2001 kg/tonne figures

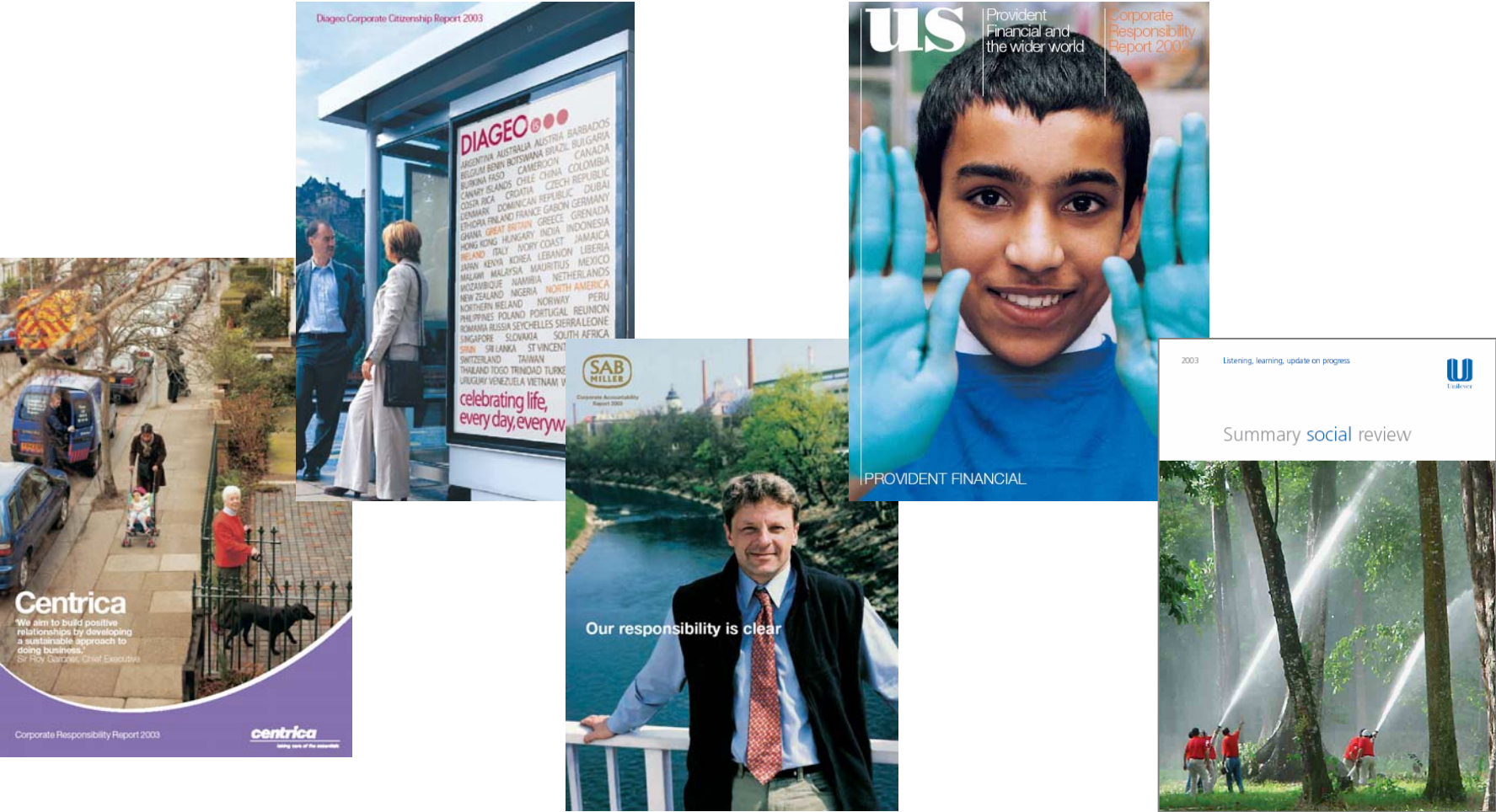
- 2001
- 2005
- Target 2010



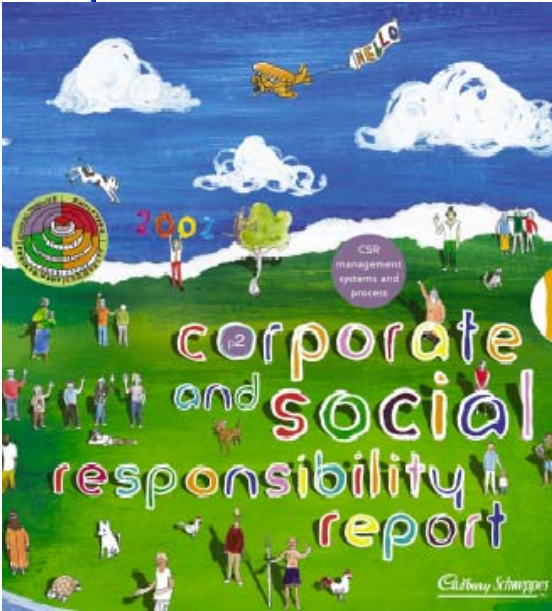
Unilever – water footprint



Reporting and communicating



Web sites

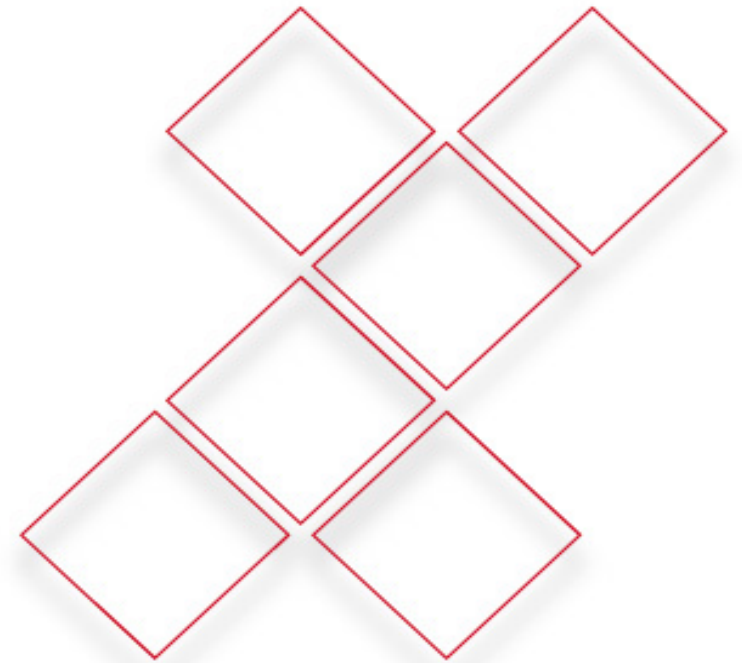


Part Four: drawing conclusions

Recap

Help

Future trends



What results? - costs and benefits

- Can save money
 - eg safe working or healthcare for employees and families
- Be cost neutral and have long term value
 - eg promoting equality/diversity or supply chain standards
- Cost a little, but achieve a lot
 - eg community based education
- Cost a lot but be worth it?
 - eg avoiding withdrawing a product or suffering a boycott

Support and ideas for small business

www.smallbusinessjourney.com

The screenshot shows the homepage of 'Small Business Journey'. At the top is a navigation bar with links: HOME, REGISTER, FORUMS, SITEMAP, HELP, CONTACT INFORMATION, FAQs, TERMS, SEARCH, and a search box. Below this is a secondary bar: ABOUT THE SMALL BUSINESS CONSORTIUM and MEDIA CENTRE. The main header features the title 'SMALL BUSINESS JOURNEY' with the tagline 'THE ROUTE MAP TO BUSINESS VALUE' and four menu items: THE JOURNEY, BUSINESSES ON BOARD, RESOURCE CENTRE, and REGION. A sidebar on the left has icons and buttons for 'WHAT'S IT ALL ABOUT?', 'POLICY', 'PRACTICE', and 'STAKEHOLDER'. The central area is titled 'START YOUR JOURNEY ANYWHERE...' and contains a complex diagram. This diagram shows three overlapping loops representing different routes: 'POLICY' (top loop), 'PRACTICE' (middle loop), and 'STAKEHOLDER' (bottom loop). Each loop is connected to various business topics such as 'DEFINING YOUR PURPOSE', 'BUSINESS PRINCIPLES', 'EQUALITY', 'DIVERSITY', 'MANAGING RISK', 'VOLUNTEERING', 'MARKETING WITH A CAUSE', 'BETTER PAYMENT', 'COMMUNITIES', 'EMPLOYEES', 'SHARING GOOD PRACTICE', 'MANAGING RESOURCES', 'MINIMISING WASTE', 'KNOW THE LAW', 'MEASURING SUCCESS', 'INNOVATION', 'DEVELOPING SKILLS', and 'HEALTH AND SAFETY'. Below the diagram, text explains that there are three routes and each looks at a series of issues for long-term success.

HOME REGISTER FORUMS SITEMAP HELP CONTACT INFORMATION FAQs TERMS SEARCH Go

ABOUT THE SMALL BUSINESS CONSORTIUM MEDIA CENTRE

SMALL BUSINESS JOURNEY
THE ROUTE MAP TO BUSINESS VALUE

THE JOURNEY BUSINESSES ON BOARD RESOURCE CENTRE REGION

WHAT'S IT ALL ABOUT? **START YOUR JOURNEY ANYWHERE...**

POLICY PRACTICE STAKEHOLDER

POLICY PRACTICE STAKEHOLDER

DEFINING YOUR PURPOSE BUSINESS PRINCIPLES EQUALITY DIVERSITY

HEALTH AND SAFETY MANAGING RISK VOLUNTEERING MARKETING WITH A CAUSE BETTER PAYMENT

DEVELOPING SKILLS KNOW THE LAW MEASURING SUCCESS

SHARING GOOD PRACTICE MANAGING RESOURCES EMPLOYEES SUPPLIERS CUSTOMERS COMMUNITIES

There are three routes on The Journey.

Each route looks at a series of issues that can have a positive impact on your long term business success.

CSR or sustainable development?

- CSR is about corporate behaviour
- Debate moving on to sustainability
- Early movers: HSBC first carbon neutral bank

- A topic for next time.....

**The
Corporate
Citizenship
Company**

The Corporate Citizenship Company
Cottons Centre
Ground Floor South
London Bridge City
London SE1 2QG

www.corporate-citizenship.co.uk

