GWebinars: The Company and Society

Presented by: Richard Crespin, ESIA ‘92

March 16, 2011
12 pm – 1pm EST
Corporate Responsibility
Origins & Future

Corporate responsibility among global corporations
March 2011

in association with
What can we expect of companies in our society?
What is the most important role for business in society?

- It's changing
- Make money
- Minimize impact
- Provide value
## Changing the Accounting Ledger

<table>
<thead>
<tr>
<th>Traditional Econ</th>
<th>Responsible Econ</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Assets</td>
<td>• Finance</td>
</tr>
<tr>
<td>• Liabilities</td>
<td>• Climate</td>
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<tr>
<td>• Revenues</td>
<td>• Environment</td>
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<td>• Expense</td>
<td>• Governance</td>
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<td></td>
<td>• Employee Relations</td>
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<td>• Human Rights</td>
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<td>• Philanthropy</td>
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What’s the State of Corporate Responsibility Today?
Demographics: Headquarters location

My company’s headquarters are located in

- United States: 63%
- Western Europe: 15%
- Canada: 9%
- Latin America: 5%
- Asia Pac/Australia: 4%
- Eastern Europe: 2%
- Africa: 1%
Demographics: Functional area

My functional area is

- Corporate Responsibility: 27%
- Investor Relations: 17%
- C-Suite: 12%
- Sustainability/Environment: 12%
- Marketing & Communications: 7%
- Operations: 6%
- Legal: 4%
- Finance: 4%
- Human Resources: 3%
- Philanthropy: 2%
- Other: 2%
- Education & Research: 2%
- Governance & Compliance: 1%
- Strategy & planning: 1%
- Environment, Health & Safety: 1%
My company has a formal CR role
You can do well by doing good

My company can demonstrate that CR has

- Enhanced profitability: 68.5%
- Decreased profitability: 31.2%
- We can’t measure: 0.3%
Questions

- Are you in the 31% or the 69%?
- What did you find surprising in this result?
- How are you measuring and showing results?
Customers care about CR

At least one of my company’s product/service offerings relies on a CR-related message in its marketing.

Pie chart showing:
- 67% Yes
- 33% No
Questions

• Do your customers really care about CR and if so, how does it manifest?
• How has the customer’s view of CR impacted your approach?
• What kind of pressure is most valuable to you in motivating change? From customers, competitors, shareholders, regulators?
With profits on the line companies continue to invest in CR

During the recent recession, my company’s CR budget

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Was eliminated</td>
<td>2%</td>
</tr>
<tr>
<td>Decreased more than other departments</td>
<td>3%</td>
</tr>
<tr>
<td>Decreased at the same level as other departments</td>
<td>19%</td>
</tr>
<tr>
<td>Stayed the same</td>
<td>57%</td>
</tr>
<tr>
<td>Increased at the same level as other departments</td>
<td>8%</td>
</tr>
<tr>
<td>Increased more than other departments</td>
<td>11%</td>
</tr>
</tbody>
</table>
Boards are starting to care...

My company’s board of directors has driven a CR-related initiative in the past 12-months

![Pie chart showing 23% 'Yes' and 77% 'No']
Questions

• What is the business case for CR at your company? What data do you use?
• In the midst of a generational downturn like we have now, how do you show shareholders they should still care about CR?
To improve CR, improve its measurement

My company has publicly declared specific and measurable goals in the following areas

<table>
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<tr>
<th>GOAL AREA</th>
<th>% reporting</th>
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<tbody>
<tr>
<td>Environment, Health &amp; Safety (EHS)</td>
<td>60%</td>
</tr>
<tr>
<td>Human Resources (HR), Employee Relations &amp; Diversity</td>
<td>56%</td>
</tr>
<tr>
<td>Energy Use, Environmental Impact &amp; Climate Change</td>
<td>54%</td>
</tr>
<tr>
<td>Corporate Social Responsibility (CSR) &amp; Citizenship</td>
<td>48%</td>
</tr>
<tr>
<td>Governance, Risk &amp; Compliance (GRC)</td>
<td>46%</td>
</tr>
<tr>
<td>Philanthropy &amp; Corporate Foundation</td>
<td>45%</td>
</tr>
<tr>
<td>Supply Chain Management</td>
<td>34%</td>
</tr>
<tr>
<td>Human Rights</td>
<td>28%</td>
</tr>
</tbody>
</table>
CR will struggle to deliver on high expectations

I expect my company’s CR program to expand through:

- More staff: 19%
- Higher budget: 21%
- More coverage: 57%
CR experiences uneven CEO and board engagement

• **43%** of CR functions report into the CEO
• **51%** of CEOs have recently driven a CR initiative
• **41%** of boards have members dedicated to CR efforts
Where to go from here?
The vital role of leadership

• Does CRO = TQM or CFO?

• What kind of support would really drive success?

• How should companies govern the function?

• Where’s the tipping point?
The vital role of leadership

• Boards & CEOs

• Leading from the middle

• Dora the Explorer
For more information...

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