

# Measurement as a Management Tool for Corporate Citizenship/Sustainability

By  
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# Measurement as a Management Tool: Topics

1. GRI G3
2. Integrating and aligning Corporate Philanthropy within business operations as part of a Sustainability Operating System (SOS)
3. Measurement tools and techniques

# Basis for Observations

- **Baxter International vp EHS and sustainability leader (25 years)**
- **Global Reporting Initiative and ISO Social Responsibility working groups on new guidelines**
- ***The Sustainability Handbook* (ELI, 2005-06)**

# Measurement as a Management Tool: Topics

## 1. GRI G3

# GRI Update: Why GRI Matters

- Growth of company sustainability reporting (KPMG, Jan. 2005)
  - 2/3 of Global Fortune 250
  - Up over 40% from 2002
  - Investor, UK, France, S. Africa initiatives
- GRI is best global consensus on reporting
  - Global multi-stakeholder initiative
  - 40% of G250 use GRI
  - 675+ GRI reporters



# Current GRI Indicators Related to Contributions

- EC 10: Donations to community, civil society, and other groups broken down in terms of cash and in-kind donations per type of group
- HR 14: Share of operating revenues from the area of operations that are redistributed to local communities

# Some Publicly Reported Measures of Corporate Philanthropy

## ■ Nike

- Employee cash contributions + paid employee volunteer hours x wages = total employee donations (and increase of total over previous year)
- Cash + in-kind donations by company = total donations (and as % of pretax profits)
- Goal: donating 3% of pretax profits

## ■ Vodafone

- Cash donations + paid employee volunteer time + cost of managing foundations = total contributions
- Percent of contributions by subject and region

# Some Publicly Reported Measures of Corporate Philanthropy

- Cooperative Financial Services
  - Goal: identify opportunities to tie the development of new financial products and services to charitable causes (e.g., donations tied to new accounts, insurance policies, VISA cards)
- Shell
  - Establish social performance plans (for benefiting the community and improving stakeholder relations) at 28 sites
- DuPont
  - Number of projects funded

# GRI Update:

## New Reporting Framework (G3)

### Objectives & Issues

- Respond to feedback (500 comments from global engagement and Stakeholder Council); improve uptake
  - Clarify and explain
  - More quantitative/comparable rather than qualitative
  - Guidance on reporting process; improve flexibility
  - Tiered recognition
  - Reduce burden but not robustness/credibility
  - Develop a digital platform
  - Link with investor needs



GRI Update:  
New Reporting Framework (G3)  
Schedule

Oct. 05: Teams complete review and input

Jan. 06- April 06 (?): Public comment period with regional hearings

Oct. 06: Formal roll-out of G3 & education programs; international symposium Oct 4-6 (?); commencement of digital project



# GRI Update: Opportunities for Company Involvement

- Become Organizational Stakeholder (fee based on revenue)
- Join GRI Partnership for ISO 26000 (€5000/yr.)
- Subscribe to monthly newsletter:  
[www.globalreporting.org/news/registernews.asp](http://www.globalreporting.org/news/registernews.asp)
- Ask to be involved: [info@globalreporting.org](mailto:info@globalreporting.org)  
[www.globalreporting.org](http://www.globalreporting.org)



# GRI G3 – ?Questions?

- What is the key information about corporate contributions that stakeholders should know?
- Are some Council II companies involved in GRI?
- Should GRI try to raise the visibility on corporate philanthropy? If so, how? Would new indicators be needed?

# Measurement as a Management Tool: Topics

1. GRI G3
2. Integrating and aligning Corporate Philanthropy within business operations as part of a Sustainability Operating System (SOS)

# Why Tie Corporate Philanthropy to Sustainability and an SOS

1. Greater visibility for CP
2. Better appreciation of how CP contributes to business goals
3. Greater awareness of the business value of CP and other social initiatives
4. Better understanding of the business by CP professionals

# Some Observations About Business and Sustainability

- Sustainability is not about one thing.
- Sustainability is about informed holistic planning for long-term survival and well-being to be achieved by focusing on resources and respect (2R's):
  - wisely managing economic and natural resources, and
  - respecting people and other living things.
- Sustainability has internal as well as external focus.

# A Corporate Commitment to Sustainability

## (A Sample Sustainability Policy)

It is within the best interests of our company and society as a whole that our company move along the path to sustainability. To that end, we will strive to achieve the following vision of performance:



### 1. Economic success: the wise use of financial resources

#### a. Company Economic Prosperity

Our business is positioned to survive and prosper economically.

#### b. Community Economic Prosperity

We are helping our community survive and prosper economically.

## 2. Social responsibility: respect for people

### a. Respect for Employees

We treat our employees in a respectful, fair, non-exploitative way, especially with regard to compensation and benefits; promotion; training; open, constructive dialogue with management; involvement in decision-making; working conditions that are safe, healthy and non-coercive; rights of association, collective bargaining and privacy; employment-termination practices; and work-life balance.

### b. Diversity, Fair Hiring Practices

We promote diversity and use hiring practices that are fair, responsible, non-discriminatory, and non-exploitative for our employees, board members, and suppliers.

### c. Responsible Governance

We manage our risks properly, use our economic power responsibly and operate our business in a way that is ethical and legal.

### d. Respect for Stakeholders

We are transparent, respectful and fair to local populations, investors, suppliers and other stakeholders outside our organization who may be affected by our operations. We work collaboratively with our communities to enhance the well-being of others.

### e. Fair Dealing With Customers

We are honest and fair with our customers, competing fairly for their business, respecting their privacy, and providing them safe and effective products and services under the conditions we promise.



### **3. Environmental responsibility: respect for life; the wise management and use of natural resources**

#### **a. Resource Conservation**

We conserve our use of natural resources to the extent practicable.



#### **b. Waste Prevention and Management**

We reduce to the extent practicable the volume and degree of hazard of the wastes we generate from our operations, and handle them in a safe, legal and responsible way to minimize their environmental effects.

#### **c. Environmental Risk Control and Restoration**

We minimize the risk of spills and other potentially harmful environmental incidents, restore the environment where damaged by us, and enhance it to better support biodiversity.

#### **d. Supply Chain Impacts**

We work with others in our supply chain to help assure environmental impacts and risks associated with our products and services are reduced and properly controlled.

#### **e. Collaboration With Communities**

We collaborate with our communities to protect and improve the environment.

# Examples of Social Topics

Ethics  
Product usefulness  
Product quality  
Product safety  
Union relations  
Producer responsibility  
Consumer privacy  
Emergency preparedness  
Child labor  
Forced labor  
Disciplinary practices  
Flexible work options  
**Charitable donations**  
Antitrust practices  
Occupational health  
Bioterrorism  
Indoor air pollution  
Legal compliance concerning the above topics

Workplace safety  
Corporate governance  
Employee relations  
Product labeling  
Board diversity  
Supplier diversity  
Employee privacy  
Non-discrimination policies  
**Community outreach**  
Employment  
Transparent public reporting  
Dependent care benefits  
Bribery and corruption  
Securities regulation  
Industrial hygiene  
Worker violence  
Indigenous rights

Employee shared values  
Employee work-life balance  
Human rights (security policies, etc.)  
Fair advertising and labeling  
**Impacts on local cultures**  
Employee diversity  
Employee training and development  
Employee wellness programs  
Employee assistance programs  
Employee turnover  
Employee layoff policies  
Anti-sexual harassment policies  
Political contributions  
**Helping the disadvantaged**  
Food product nutrition  
**Support for community services**  
**Access to healthcare by the poor**  
**Disaster relief**