



BSR[®]

The Business of a Better World

Corporate Social Responsibility

Grantmakers of Western
Pennsylvania and
Philanthropy West
Virginia

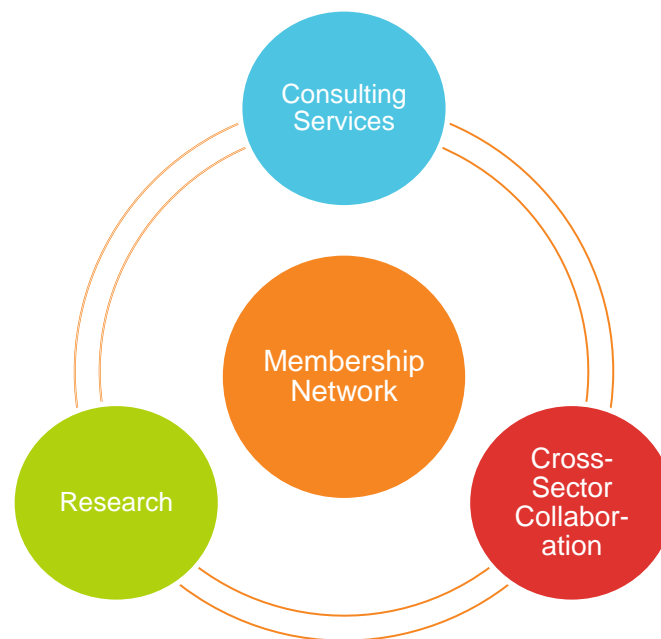
September 16, 2014

BSR's Mission and Strategy

Our mission: We work with business to create a just and sustainable world.

Our strategy: We develop sustainable business strategies and solutions through consulting, research, and cross-sector collaboration with our global network of nearly 300 member companies.

- Insights gained from our research and collaborative partnerships feed our consulting work
- Our real-world experience working closely with member companies informs our research
- Our cross-sector efforts build on our extensive network of members and stakeholders



Global Industry Practices:

- Consumer Products
- Energy and Extractives
- Financial Services
- Food, Beverage & Agriculture
- Health Care
- Information & Communications Technology
- Manufacturing
- Media & Entertainment
- Transport & Logistics
- Travel & Tourism

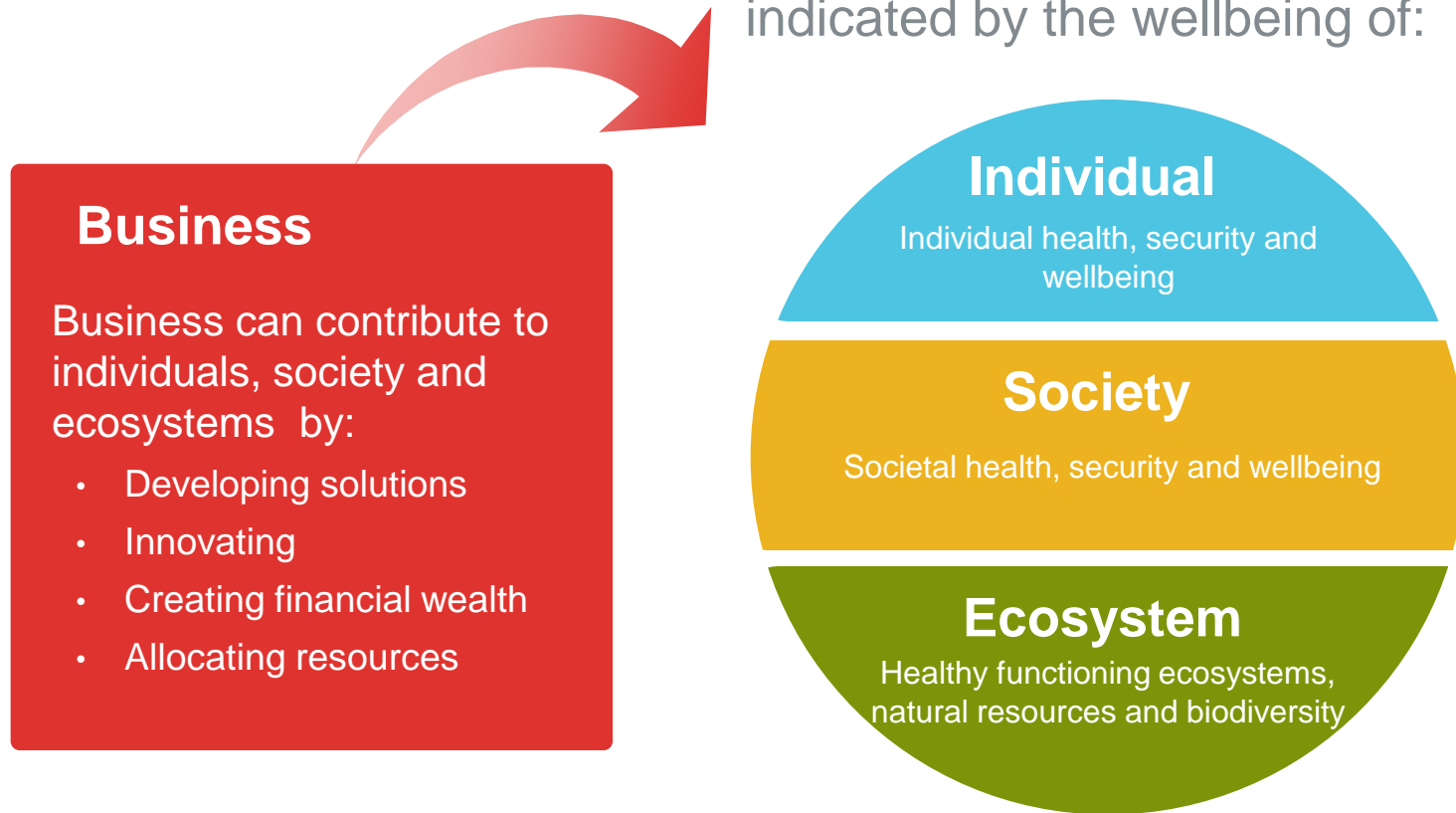


What is CSR?

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CSR is aligning business with the world's needs

A just and sustainable world is indicated by the wellbeing of:



A Note on Terminology

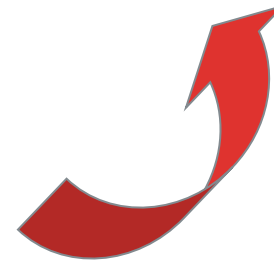


Sustainability

How a company / business / market finds harmony between demand and supply within a constrained world

CSR (Corporate Social Responsibility)

The decisions and interaction a company makes as it works in a changing world.

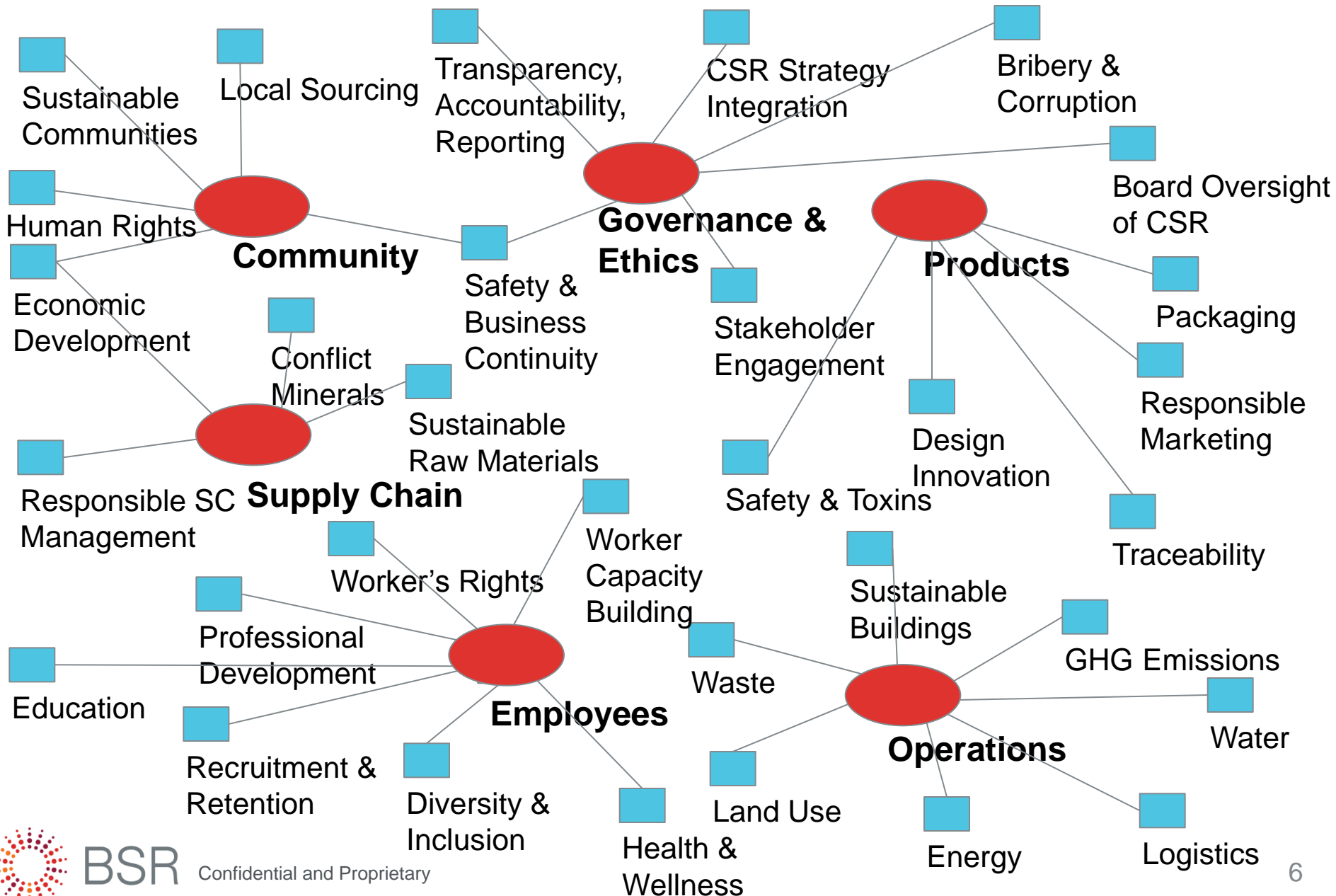


ESG (Environment, Social, Governance)

The three primary focus areas a company can influence as it integrates sustainability issues into its business model

All are about the same idea: the decision making of business as it interacts with people, culture and the environment.

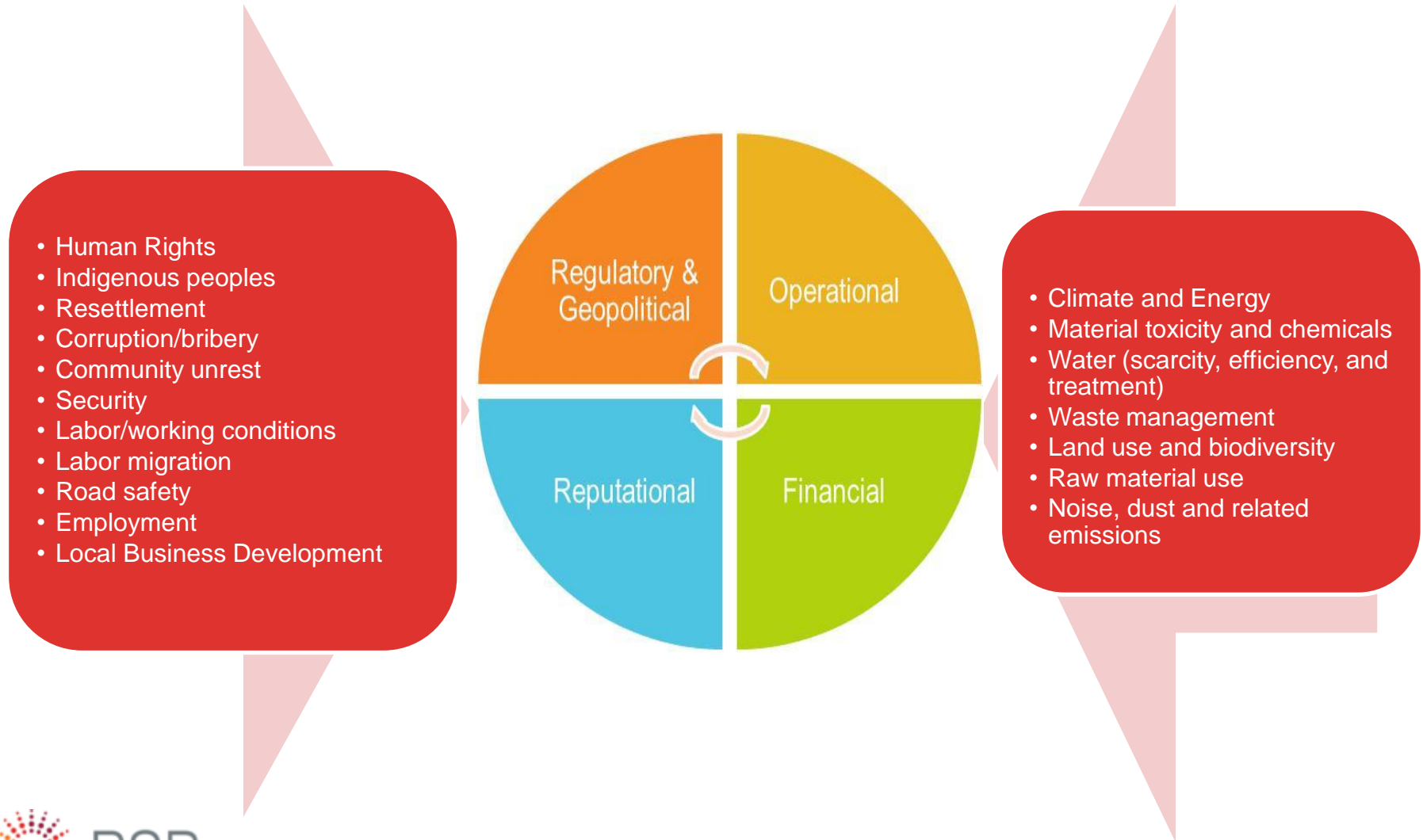
Universe of CSR



CSR's Impact on Key Business Drivers



CSR Issues Impact Four Major Areas



Business Case Examples

CSR business drivers are evident across all industries.

Employee Recruitment,
Retention
and Productivity

Like many other food, beverage, and agriculture companies, Chiquita was experiencing labor strife in some emerging markets.



Company and
Brand Reputation

The series of Foxconn worker suicides and subsequent struggles in China have made headline news and increased scrutiny of Apple and other ICT companies.



Access to Capital

Increasing transparency of ESG metrics in investor profiles, including Bloomberg's public identification of CDP scores on financial pages and the explosion of shareholder resolutions are aiding investor awareness.

Bloomberg

Operational
Efficiency

Several BSR members report on their cost savings achieved by being more environmentally efficient.



Risk Mitigation

In 2010, the BP oil spill led to a 50% decline in BP's stock price and could cost as much as \$38 billion.



Realization of
New Markets

ANZ developed WING, an innovative mobile banking and payments solution targeted at low and middle income populations who were left out of the formal financial sector due to geographic and cost barriers.



BSR

Confidential and Proprietary

The CSR Maturity Curve

CSR Integration is an Evolutionary Process

The majority of companies go through a process of CSR maturity.



Indicators of Maturity Lead to Progress

Companies leverage the 5 indicators to move up the maturity curve.

1 Governance

Internal governance, with responsibility, accountability, and integration

2 Transparency

Credible communications with demonstrated action, including reporting

3 Stakeholder Engagement

Relationship with stakeholders to drive change and transparency

4 Supply Chain Management

Investments in risk mitigation, enabling sustainability, and innovation

5 Strategy

Integrated planning, support, and strategy to achieve vision



Selected Recent CSR Headlines

*U.S. Chamber
Foundation names
corporate citizenship
award finalists*

*Equitable Origin certifies
first site for responsible
oil production*

*Hershey
and Cargill
team up on
Ivorian
cocoa
program*

*Apache CEO and Vermont
activists build alliance on
climate issues*

*Colorado drillers
tread lightly amid
rising tide of
resentment*

*Occidental won't
drill where not
wanted in
California*

*Total says it will not
drill in World Heritage
sites*

*Fracking Guidelines issued
by API to ease community
fears*

*Three reasons why
the world is moving
beyond
shareholder value*

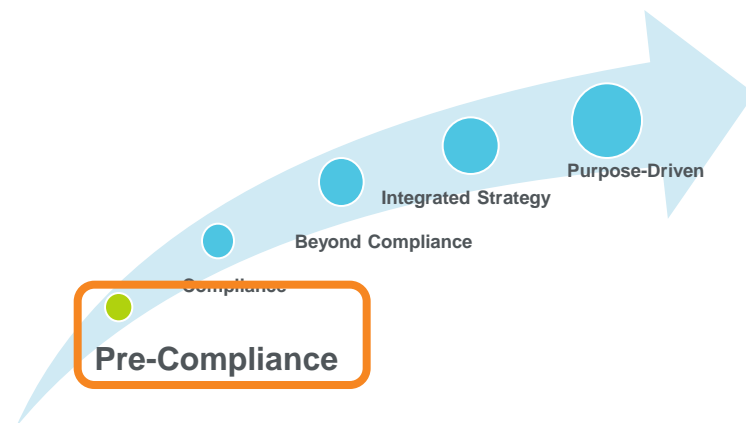
*Hershey uses
mobile technology
to reach 100% fair
trade goal by 2020*



Maturity Curve: Pre-Compliance

Definition

*Primary business objective is to **bring company into compliance** with local, national, and in some cases international regulation. This is a **business imperative to function legally.***



Governance

Focus on ethics, legal challenges, and compliance.

Transparency

Low levels of transparency due to high level of risk.

Stakeholder Engagement

Little to no engagement. Minimal response to NGO pressure.

Supply Chain Management

Focused on risk mitigation from a legal perspective.

Strategy

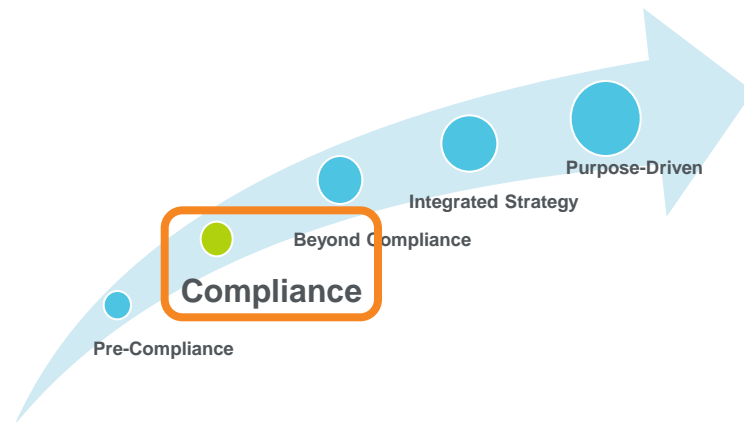
No CSR strategy or intent. Work is risk-focused.



Maturity Curve: Compliance

Definition

Company is in accordance with existing regulation, and understands its risk hotspots. It is in the beginning stages of identifying work beyond risk-based approach.



Governance

Grassroots approach to CSR, no formal committees or responsibility outside of compliance.

Transparency

Developing systems to measure and report on work. If reporting, lacks goals or commitments.

Stakeholder Engagement

Engaged in risk mitigation efforts with stakeholders, sign agreements to ethical behavior.

Supply Chain Management

Engaged in auditing, with staff to review compliance with company code.

Strategy

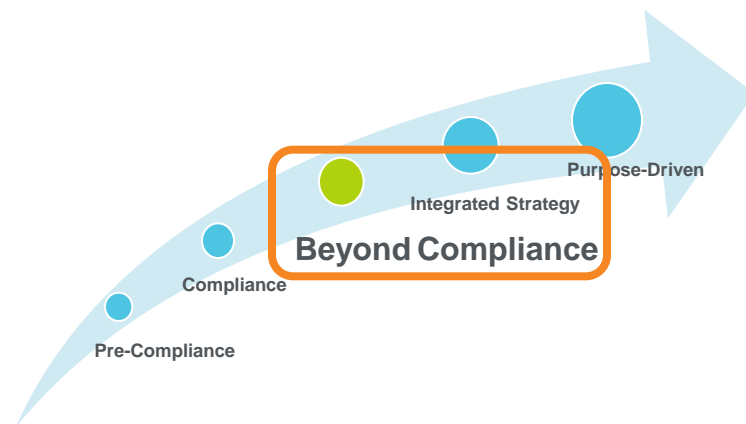
View compliance as opportunity. Work to reduce cost, risk and waste, deliver proof-of-value, focused on eco-efficiencies with a defined ROI.



Maturity Curve: Beyond Compliance

Definition

Company has *defined their CSR strategy and is actively reporting and working on key issues with a few examples of industry leadership.*



Governance

CSR work increasingly defined by internal teams with dedicated time to sustainability.

Transparency

Reports sustainability activity, with clear, credible, and transparent metrics and efforts that demonstrate progress over time.

Stakeholder Engagement

Engaging stakeholders to deepen their efforts and increase visibility and credibility of important conversations.

Supply Chain Management

Strong management of supply chain with involvement in leading initiatives and product innovation.

Strategy

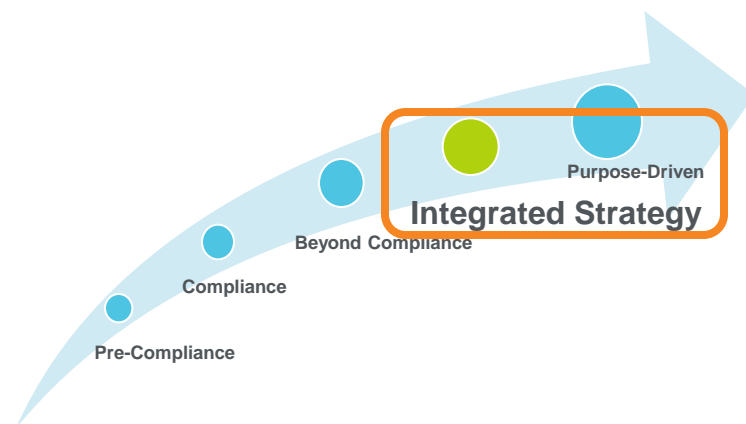
Clear CSR strategy that is tied to the business and the company's vision for a positive impact.



Maturity Curve: Integrated Strategy

Definition

*Company has enhanced organizational value due to their **leading and integrated CSR work**. The company is able to **innovate in sustainability while generating business value in an ever-changing market**.*



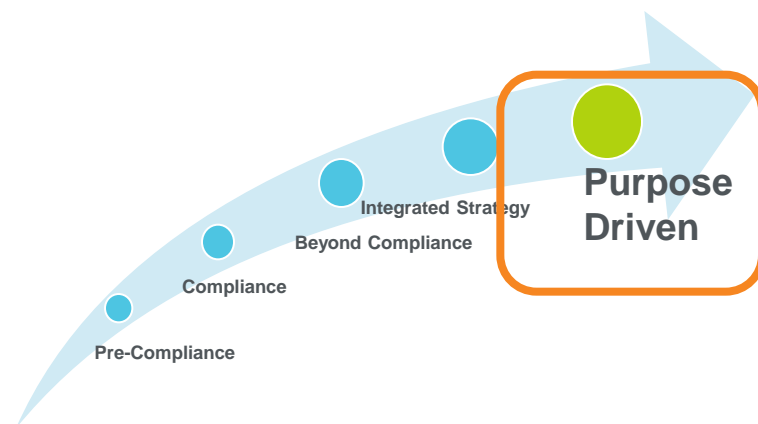
Governance	C-Suite accountability and support for CSR, with performance metrics for all levels of employees.
Transparency	Reporting on clear targets and commitments with meaningful achievements and progress, along with accountability.
Stakeholder Engagement	Leads engagement with stakeholders consistently on contentious and opportunistic topics, increasing collaboration.
Supply Chain Management	Responsibly managed supply chain, with investments in relevant key issues such as worker empowerment and resource efficiency.
Strategy	Integrated CSR strategy throughout the organization that addresses both material as well as high impact issues within a holistic framework.



Maturity Curve: Purpose Driven

Definition

Company does the right thing because they are the right things to do and because they are good for business, not the other way around.



Governance

CEO and Board deeply value sustainability beyond business benefits and is embedded in company culture.

Transparency

Integrated reporting that offers both financial and sustainability information as equal in importance to the company and its stakeholders.

Stakeholder Engagement

Deep partnerships with strategic parties, while engaging broadly on a variety of material issues.

Supply Chain Management

Cutting edge supply chain engagement and management on key issues.

Strategy

Sustainability is embedded in the company's vision, mission, and strategies and is integral to the company culture.



Identifying your Current Location

What is your company's overall level of maturity in relation to sustainability today?

Where would you like your company's maturity level to be in the next 2 years? In the next 5?



CSR Trends

Global Sustainability Challenges

Understanding global trends in sustainability is a key step in preparing for the future. The following are significant challenges that have been emerging and will continue to grow.

1. Health
2. Human Rights
3. Water
4. Economic Well-Being
5. Climate
6. Biodiversity
7. Education
8. Global Security & Peace

Biodiversity

Despite greater conservation efforts, biodiversity loss is continuing at an alarming rate and increasing the risk of ecological catastrophe



- 20-50% of nine of the world's 14 biomes have been transformed to croplands.¹¹
- Over the past century, humans have increased the species extinction rate by as much as three orders of magnitude.¹¹
- Despite increased conservation efforts, deforestation continues at an alarming rate.⁵
- Biodiversity loss is increasing the likelihood of ecological surprises and catastrophes.¹¹
- Unprecedented efforts in conservation and ecosystem management will be required if the rate of species loss is to be reduced.⁵

Four CSR Macro Trends Affect Companies' Ability to Lead

- **Competitors:** Sustainability is seen as driving solutions and competitiveness
- **Corporation:** CSR issues increasingly impact costs and business continuity
- **Civil Society and Government:** NGOs and governments demand more transparency and reporting
- **Customers and Stakeholders:** Increased board, customer, and investor attention necessitates CSR strategy and integration

Competitors

Corporation

Customers and
Stakeholders

Civil Society
and
Government

Key trends in corporate giving

The field of corporate giving is rapidly evolving and becoming a more strategic platform for companies to explore new business models, support innovation and build lasting partnerships with communities

Trend 1

Making Giving one element of a CSR/Citizenship Strategy

- Giving through Foundations or corporate channels is a cornerstone of many CSR/Citizenship strategies and in doing so, provides a holistic picture of the company's commitment to its mission/values

Trend 2

Building "social" businesses

- Leading companies are making Giving a good business investment by exploring new business models designed for social impact which leverage employee skills and business resources in new ways

Trend 3

Engaging employees and customers as individuals and collectives

- Social networking platforms and new communication channels offer an opportunity for employees and customers to give on their own terms and direct company giving to the causes they care about

Trend 4

Experimenting with new mechanisms of Giving

- From catalytic philanthropy to venture philanthropy, companies are experimenting with new ways to use their dollars for scale, reach and impact

Trend 5

Building a signature program or partnership

- Marquis programs are becoming increasingly common ways for companies to reinforce their commitment to giving and key company values. These are often tied to multi-year funding partnerships

Examples



Thank you!