

CORPORATE RESPONSIBILITY BEST PRACTICES

CR Practices Among Global Corporations

RESEARCH SUMMARY
December 2011



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Dear Colleagues,

Over the past year I had the chance to see a lot of different "faces" of corporate responsibility. I chaired the COMMIT!Forum in New York City, hosted a series of webinars, and spoke at over a dozen different conferences from the National Association of Environmental Managers to the US Chamber's Corporate Citizens Awards.

One of the more odd moments of this year occurred the week of September 26th in New York. During that week we held the COMMIT!Forum Executive Summit at the New York Stock Exchange. It also marked one of the turning points in the Occupy Wall Street movement.

At the Forum we hosted a debate on whether or not Corporate Responsibility is a big waste of money. Via Twitter I invited the Occupy folks to join the debate. I got a variety of responses. Some welcomed the debate, while others, pooh-pooed it. One of my personal favorites: @daniella_aum, replied, "debate won't pay my rent."

While a single-minded focus on shareholder value does no one a real service, when it comes to tackling some of our most pressing challenges, companies are often best positioned to make the biggest dent. This year's *CR Best Practices Study* bears witness to corporations' continued investment in corporate responsibility, even in the worst economic times:

- More respondents are committed to CR than last year
- More CEOs and boards support CR than last year
- Growing numbers of large and small companies continue to implement CR programs

And yet, work remains to be done:

- Medium-sized companies seem stalled in their CR adoption rates
- A gap persists between companies' desire and implementation abilities

Work also remains to be done in refining this research. While we call this report "Best Practices" it really represents comparative practices. With only two year's worth of data, we need to continue gathering data to really identify what's working and what's not. In that vein, we've launched a survey with the CROA, the American Society for Quality, and Institute for Supply Management to examine which practices work better than others in managing responsible supply chains. Keep an eye out for initial results of this multi-year, longitudinal study in early 2012.

Finally, I'd like to once again thank our partners at NYSE Euronext who were instrumental in reaching out to their listed companies for this survey and I'd like to thank all of our survey respondents for so readily sharing their insights. I look forward to hearing all of your feedback as well on the results.

Sincerely,

Richard J. Crespino
Executive Director, CROA
President, SharedXpertise

In the second quarter of 2011, *Corporate Responsibility (CR) Magazine*, the CROA and NYSE Euronext launched our second annual survey on the state of practice in corporate responsibility (CR) among companies around the world. In 2010, working in cooperation, *CR Magazine*, the CROA and NYSE Euronext developed a data instrument (via electronic survey) to gather a baseline data set. Following analysis of our first year of gathered data, for 2011 we adjusted the survey to capture additional insights into that baseline. However, we limited our adjustments in order to retain the opportunity for meaningful year-over-year comparisons.

We sent surveys to every firm traded on the NYSE Euronext Indices as well as the *CR Magazine's* entire database. We had responses from 300 companies. (For detailed respondents demographics, please see the [Demographics](#) section.)

The results provide insights into CR practices – and how those practices are evolving – at companies in a full range of industries and around the regions globe. Specifically, we explore

- CR processes
- CR structures and staffing
- CR budgeting
- CEO and board engagement in CR
- CR audiences and benefits
- Future expectations for CR

RESEARCH SUMMARY

CR Structure

Formal CR programs are on the rise

- 72% of all companies have formal CR programs, up from 62% in 2010.
- Organizations that don't have formal CR programs most often believe CR is integrated into other functions or part of the culture.
- 20% of organizations have no formal program because it is not a priority – no change over 2010.

CR Budget & Spend

Dedicated CR budgeting, while increasing, continues to lag behind formal programs

- 60% of organizations have dedicated CR budgets, up from 52% in 2010.
- At the same time that the percentages of companies that have both formal CR programs and dedicated budgets are growing, the gap between those that have a formal program but no budget remains unchanged at 20%.
- More than half of reported CR budgets are less than \$500,000 annually.
- Total non-philanthropic spend is widely spread: nearly the same percentage spend \$5 million or more as spend less than \$100,000.

CR Staffing

Lead CR roles are on the rise

- 62% of organizations have a lead CR role, up from 42% in 2010.
- The highest percentage of companies have two to four CR full time equivalents (FTEs).

Company engagement in CR

High level engagement in CR is increasing

- Nearly 80% of respondents believe their CEOs understand the role of CR and how it integrates with operations, and nearly 86% say their CEOs believe CR is important, up from 81% in 2010.
- 82% of CEOs meet with their CR leaders at least once annually, most often monthly or quarterly.
- 66% of CEOs have driven a CR-related initiative in the past year.
- Active board engagement in CR is comparatively low, but rising.

CR communications and audiences

Companies are communicating CR messages to several audiences using a variety of vehicles

- 68% of companies publish a CR report, up from 55% in 2010.
- 55% of companies have a communication effort directed at “socially responsible” investors; no change over 2010.
- 71% of respondents say at least one of the company’s products/service offerings relies on a CR-related message in its marketing, up slightly from 67% in 2010.
- Clients/customers are the top audience for CR communications, followed by the organization’s workforce.
- 31% of companies measure the impact of their CR programs on their audiences.

CR Impact

Efforts to measure the impact of CR are limited

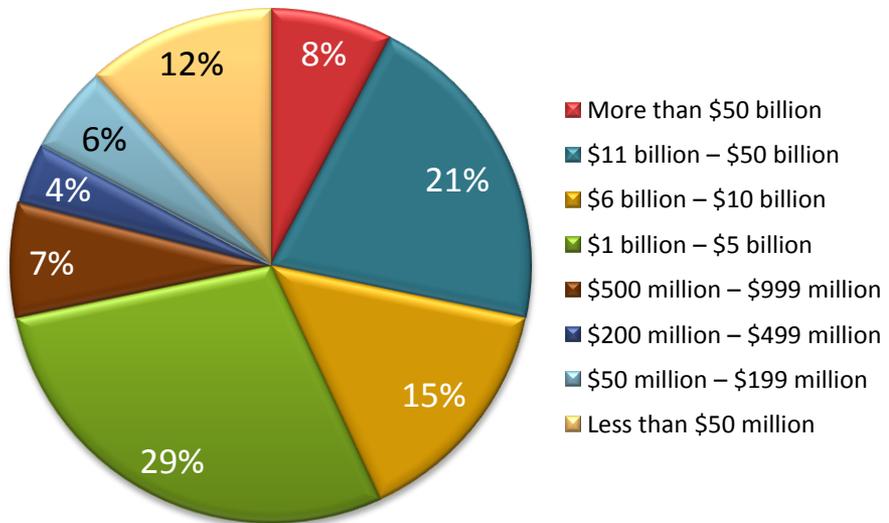
- 63% of companies believe they have integrated CR into their overall business strategy.
- The top two benefits companies experience from their CR programs are *improving customer relations* and *attracting/retaining talent*.
- 31% of companies measure the impact of their CR programs on their audiences.
- 33% of companies say they measure the benefits of their CR programs.
- 35% of companies can measure the impact of their CR programs on profitability, no change from 2010 to 2011. (Those 35% say CR has enhanced profitability.)
- 51% of companies cannot measure the impact of CR on competitive positioning; the remaining 49% – of respondents say CR has enhanced their competitive position.

RESEARCH DEMOGRAPHICS

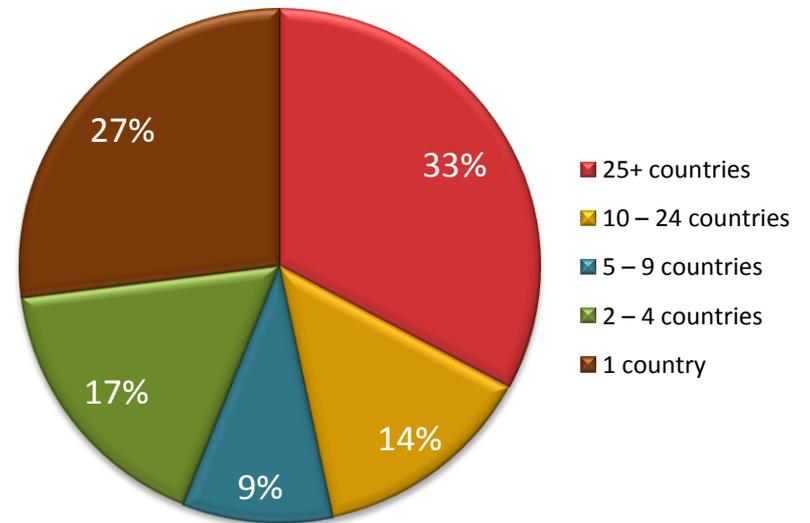
300

total respondents

annual global revenues (\$US)



number of countries with corporate operations



Industry	%
Finance, Insurance & Real Estate	17%
Manufacturing	11%
Utilities/Power, Oil, Energy, & Water	11%
Consulting/Professional/Legal Services	11%
IT, Technology, Software	7%
Public Sector/Nonprofit/Education	6%
Consumer Goods, Electronics	6%
Mining & metals	5%
Retail trade	4%
Media/Entertainment	3%
Aerospace/Aviation	3%
Construction/Engineering	3%
Biotech/Medical Equipment/Pharmaceuticals	2%
Health Care/Health Sciences	2%
Communications/Telecommunications	2%
Transportation, storage and delivery	2%
Wholesale/distribution	1%
Agriculture, Forestry & Fishing	1%
Environment/Waste management	1%
Building materials	1%

Headquarters location	%
Northern America	78%
EMEA	16%
Latin America	4%
APAC	2%

ACCESSING THE DATA

You can get the **Best Practices Benchmark**, including all the detailed data and analysis that goes into it. These reports allow you to compare yourself against every respondent, including specific breakdowns by company size, industry, and region. Reports are available in the modules described below.

In addition to this **Executive Summary**, you can get:

Module 1: Full Report

Delves into the details of the overall findings as published in *CR Magazine* including this executive summary. Module 1 is free to all CROA members.

Module 2: Comparative Report

Compare your answers with the answers of every other respondent. While preserving the anonymity of respondents, you can see how your answers compared with all others. It is available to CROA Corporate Members for \$9,500 or \$15,500 for non-members.

Module 3: Detailed Comparative Report with Specific Benchmarks

Includes all the data in Module 2 plus specific analysis comparing your responses with responses from your peer companies based on size, industry, and region. It is available to CROA Corporate Members for \$25,000 (not available for non-members).

To access the comparative reports, become a CROA member or purchase them separately. For more information or to purchase, contact:

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