

# NEW PATHS TO PERFORMANCE

STRATEGIC SOCIAL INVESTMENT AND PHILANTHROPY



## Blueprint for Corporate Sustainability Leadership

Global Compact LEAD is a platform for the implementation of the Blueprint for Corporate Sustainability Leadership that was launched at the Leaders Summit in June 2010.

The Blueprint identifies criteria for leadership practice in three distinct but overlapping dimensions: (i) implementing of the ten principles into strategies and operations; (ii) taking action in support of broader UN goals and issues; and (iii) engaging with the UN Global Compact; as well as cross-cutting components.

Companies that join Global Compact LEAD commit to implementing the Blueprint over time – taking sustainability leadership to the next level and helping to shape a future where robust markets, sustainable development and a healthy planet prevail.



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## About the United Nations Global Compact

The United Nations Global Compact is a call to companies everywhere to voluntarily align their operations and strategies with ten universally-accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals, including the Millennium Development Goals. The UN Global Compact is a leadership platform for the development, implementation, and disclosure of responsible corporate policies and practices. Launched in 2000, it is largest corporate responsibility initiative in the world, with over 10,000 signatories based in 140 countries. For more information: [www.unglobalcompact.org](http://www.unglobalcompact.org)



## ABOUT GLOBAL COMPACT LEAD

Launched in January 2011 to drive innovation and a quality among participants of the UN Global Compact, Global Compact LEAD recognizes the critical need for supporting UN Global Compact participants to achieve higher levels of corporate sustainability performance - as outlined in the Global Compact's Blueprint for Corporate Sustainability Leadership.

LEAD Participants share a commitment to implement the Blueprint and a willingness to lead the Global Compact with strong engagement at the local and global levels. LEAD currently has 56 participants representing all regions of the world.

## Introduction

As commitments to corporate sustainability become embedded in companies' policies and practices, the private sector is playing an increasingly important role in tackling some of the world's biggest social, environmental and governance problems. Over the past two decades, corporate sustainability performance has risen, with companies becoming actively engaged in issues that go beyond their responsibility to respect human rights, labour, the environment and anti-corruption. Such activities range from poverty alleviation to the fight against corruption and the battle to eradicate devastating diseases such as malaria and HIV-AIDS.

At the same time, awareness of the complexity of today's social, environmental and governance challenges is growing. In an uncertain world, answers are not always easy or clear-cut. Companies can create value for society and contribute to solving global problems in a wide variety of ways—from traditional corporate philanthropy, in which no expectations of financial return are established, to business strategies that share the benefits of commercial activities more broadly, delivering social, environmental and financial returns.

Moreover, companies have recognized that, since they are not necessarily experts in delivering rural healthcare or educating underprivileged communities, they cannot act alone. Increasingly, therefore, corporate sustainability efforts are being conducted through partnerships with governments, non-governmental organizations (NGOs), civil society groups and development agencies.

As the relationship between business and these stakeholders deepens and becomes more pragmatic, companies can bring a powerful set of resources and skills to the table, giving new impetus and scale to social and environmental initiatives. Meanwhile, these partnerships increase opportunities for cross-pollination of ideas, strategies and management techniques.

This report takes a close-up look at how companies are doing this within the context of corporate sustainability. It examines some of the challenges they have faced—whether partnership obstacles or difficulties in ensuring an initiative's sustainability over time—and how they have overcome those challenges.

### **Global Compact LEAD: Implementing the Blueprint**

If the corporate sector's full contribution to society is to be realized, more companies will need to introduce social, environmental and ethical sustainability into their strategies and operations, and companies already engaged in sustainability must reach new levels of performance.

With this in mind, in 2010 the United Nations Global Compact Office developed a Blueprint for Corporate Sustainability Leadership in consultation with a wide group of companies and stakeholders, UN entities and experts. The Blueprint was designed to challenge and inspire Global Compact participants to achieve higher levels of sustainability performance, impact and collective action.

Recognizing that advanced performance by leadership companies offers crucial inspiration for others, in January 2011, the Global Compact launched a new

The UN Global Compact Principles for Social Investment are guided by four principles for purposeful, accountable, respectful and ethical social investment. In December 2011, the UN Global Compact launched the PSI Secretariat (PSIS) in Melbourne with the purpose to:

- Communicate the practice and goals of social investment;
- Champion research that advances the theory and practice of social investment;
- Distribute resources that help social investors to hold themselves accountable; and
- Facilitate international collaboration and promotion between social investment practitioners.

platform for corporate sustainability leadership—Global Compact LEAD. Consisting of a committed group of companies representing a wide range of sectors and geographical regions, Global Compact LEAD works to develop guidance, recommendations and resources to support companies in implementing the Blueprint and to share learning with the broader Global Compact audience.

#### LEAD Task Force on Strategic Social Investment and Philanthropy

Throughout 2011-2012, a subgroup of LEAD companies came together to tackle one of the Blueprint's 16 components, specifically Strategic Social Investment and Philanthropy<sup>1</sup>. One aspect of this work involved feeding into the development of *The Reconceptualization of Business*<sup>2</sup> report produced by the Global Compact and the Global Compact's Principles for Social Investment Secretariat (PSIS).

*The Reconceptualization of Business* sets out models covering the full spectrum of corporate responsibility and describes various ways responsibility towards society and environment can align with business approaches and ideals. At one end of this continuum is "Core Business", while at the other is "Philanthropy". In between these points on the spectrum, the paper identifies five organizational models:



These organizational models should not necessarily be seen as distinct and mutually exclusive. Nor is the list definitive. Indeed, one of the central arguments in *The Reconceptualization of Business* is that it is increasingly difficult to treat economic and social development objectives as completely separate and distinct. The blurring of typical philanthropic and business boundaries is becoming common practice.

“For the most part, businesses have associated their social investment strategies with traditional philanthropic giving, that is, the distribution of wealth already created without any expected social or financial return. The landscape is however changing. Increasingly, business is looking to implement social investment strategies across a range of initiatives that are aligned with their commercial objectives.”

—Shaun Cannon,  
Chief Executive Officer,  
Principles for Social  
Investment Secretariat

1. Strategic Social Investment and Philanthropy is an important complement, and not a substitute for, actions such as robust management policies and process to implement the Ten Principles.

2. The Reconceptualization of Business report, launching during Rio+20, maps and defines different approaches to corporate responsibility to facilitate and improve the impact of social investment by Global Compact signatories, and thereby contribute to measurable and sustainable improvements in the quality of life for communities in need.

### **A Framework for Action: Social Enterprise and Impact investing**

The Global Compact is developing a new initiative aimed at encouraging companies to engage in social impact investing. The initiative has a three-pronged approach:

- The corporate sector: helping large corporations understand how they can invest in social enterprises and micro-businesses—particularly in developing countries—to achieve business objectives while also advancing social and environmental goals.
- Institutional investors: creating a framework to help large investors and pension funds to see not only the potential financial returns of these kinds of investments but also the potential social and environmental returns.
- The public sector: encouraging policymakers to create incentives and policy signals that stimulate the development of impact investing.

Take, for example, the case of Novartis. With the Government of Singapore, the Novartis Institute for Tropical Diseases works to develop new compounds. Yet resulting drugs are sold at market prices in wealthy countries, while in places where communities are unable to afford high-value medicines, they might be given free of charge or at an extremely low cost. Thus, even within an initiative with a single goal, different approaches—some using market models, some philanthropic—can be applied.

### **The Purpose of this Report**

Companies within Global Compact LEAD understand that, at a minimum, they must pursue responsible and inclusive business strategies. They are building on this by implementing activities—from a shared value to strategic philanthropy approach—that relate to core competencies. These approaches may not represent the business model of the entire company, but rather ways in which they approach their social investment and philanthropic endeavours.

Therefore, the second aspect of the work of the LEAD Task Force involved the development of this report, which takes a close look at how companies are approaching these types of projects and initiatives. With input and case studies from a small group of committed companies, it examines how organizations are enhancing the impact of their social investment activities, aligning these activities with their core businesses and guaranteeing consistency and sustainability over time.

Company case studies describe tough challenges—whether partnership obstacles or difficulties in ensuring an initiative's sustainability over time—and how these companies have overcome those challenges. They also highlight the various ways business can engage, whether by offering financial support to charities and NGOs, donating products and services, encouraging employees to volunteer, or through shared value, which spreads the benefits of commercial activities to the broader community.

By exploring the activities of these companies, this report identifies common approaches and recommends strategies and good practices. And while the models of engagement vary widely, the experiences of all Global Compact LEAD companies provide invaluable lessons to other corporations wanting to start or increase their social engagement and maximize the impact of their philanthropic and corporate sustainability efforts.

## From Challenges to Best Practices

Companies face a tremendous diversity of challenges in their engagements in corporate philanthropy and social investment. These range from working in unfamiliar environments and with new stakeholders to the difficulties of measuring impact and the challenges of integrating a broad range of social investment activities within a single, global strategy.

Even for companies that are well versed in social investment strategies and have long engaged in philanthropic activities, the shift from charitable to a more strategic view of social investment and shared value can demand unfamiliar business models and new ways of thinking about social impact.

The companies included in this report have encountered a wide variety of obstacles, and organizations have developed a diversity of innovative solutions in response. However, broader, more universal themes also emerge, and these provide examples of best practices, useful lessons on procedures that work and strategies that are applicable across a range of social issues and geographies.

### From Charitable to Strategic

The activities and strategies of the companies included in this report reveal a marked trend—that even within purely philanthropic activities, companies are making efforts to streamline their activities and connect them to their core business. The challenge for many companies has been that their initiatives were often highly local, diverse in focus and lacking in overall strategy, hampering their ability to be sustainable over time. Many companies in this report have therefore revisited their social investment programmes and brought them under one umbrella or shifted the focus of their goals to a single theme.

A clear example of this is Accenture's Skills to Succeed programme—which aims to equip at least 250,000 people around the world by 2015 with the skills to get a job or build a business. In matching the skills of its executives and its capacity as a consultancy to a focus area, Accenture maximizes its impact, leverages its core competency—developing people—and builds skills that enable people around the world to participate in and contribute to the economy.

In fact, companies have recognized that the sustainability over time of social investments is easier to guarantee when they are more closely linked to the company's core business.

At OSRAM, a fully owned Siemens subsidiary, for example, a project is under way to develop new technologies and business models to expand access to affordable sustainable energy, water and communication services for people in developing countries. Its WE!Hub (Water and Energy Hub) model is an off-grid power and water purification system for underserved communities in Kenya. Each WE!Hub consists of a decentralized station with a photovoltaic roof that generates power to charge the lanterns and batteries rented to customers. The station operates a water purification scheme and acts as a mobile phone charging station, an Internet café and an information and communications technology (ICT) training room.

*“There has been a titanic shift in the past decade from thinking that philanthropy is only about looking good (and therefore must be unrelated to the business to avoid any sense of being self-serving) to the view that philanthropy can and should be highly relevant to the business, and that in fact this is part of the rationale for doing it.”*

—Mark Kramer, founder and Managing Director, FSG

*“My advice for operating companies is that if they choose to set up a programme or a partnership with an NGO or charity, it’s important to ensure that it is close to how the business operates. Because if it depends too heavily on a nice idea from an individual, it may disappear when he or she leaves the business.”*

—Jan-Willem Vosmeer, Corporate Social Responsibility Manager, HEINEKEN

For OSRAM, the project presents an opportunity to develop new business models while operating under the principles of a social business. However, the company believes that the knowledge it gains on how to invest in new markets will ultimately feed back into the mainstream part of its business as it expands its operations and sales into new parts of the world, particularly emerging markets.

Even in their charitable investments, companies have established strong links between corporate donations and their core business. In sub-Saharan Africa, for example, the Heineken Africa Foundation promotes improved health for people living in countries in which HEINEKEN operates by funding health projects and health-related education, often in smaller cities or villages where the initiatives can be integrated with the local brewery’s operations.

What is clear is that, whether through corporate philanthropy, social investment or social businesses, companies are becoming far more strategic in their approach.

### **Achieving Strategic Focus**

As companies move from philanthropic to strategic approaches to social investment, many have needed to develop a coherent strategy. Despite long-term engagements in community investment, many corporate initiatives have remained locally driven and diverse in the causes and organizations they support. The challenge for many, therefore, has been to create more focus.

This is something HEINEKEN is starting to address. With operations in more than 70 markets and regions, the company has a highly decentralized strategy for corporate investment, with each market responsible for local community investment. This has advantages—since they are part of the local community, operating companies have an intimate knowledge of the issues on the ground and can therefore make the best decisions on social investments.

However, HEINEKEN is also aware that a decentralized model risks duplication of efforts and can impede the exchange of learning and experience between different units. The company is therefore introducing collaboration software through which project leaders can exchange knowledge and experience. HEINEKEN can thus retain the benefits of local expertise while facilitating the sharing of best practices. And HEINEKEN is not alone. Deutsche Telekom also has a wide range of community activities led by its subsidiaries. The challenge for the company is to bring more consistency to these programmes while benefiting from local experience. This challenge is solved by implementing group-wide strategic focus areas for community activities.

In Skills to Succeed, Accenture has taken a more holistic approach. When redesigning its citizenship strategy to focus on skills development, it also replaced a decentralized model of social investment and adopted a global approach focused on a single theme that could be translated into powerful local partnerships and impact.

Because Accenture has a long history of community involvement, the company has successful partnerships with non-profit organizations across the globe. Skills to Succeed aims to drive measurable impact through long-term relationships with strategic partners that share Accenture’s goals. The company’s challenge is to evolve these important relationships so they support skills development in the areas of employability and entrepreneurship. While the company acknowledges



that it will take time to achieve this, it continues to mobilize its efforts to increase the impact of Skills to Succeed. Today, the company has aligned 80 percent of its overall corporate citizenship activities with Skills to Succeed.

Meanwhile, in the case of non-profit partner organizations whose focus did not align with the Skills to Succeed goal, Accenture has been able in some cases to transform the relationship from a corporate commitment to an employee-driven initiative, allowing staff to continue funding those organizations on an individual basis.

For Nestlé, creating value for the communities in which it operates is part of the way the company does business sustainably in the long term. In the state of Punjab, India, Nestlé's provision of free veterinary and agricultural support services to farmers in Moga is part of the company's goal of improving lives at the same time as it increases the quality and stability of the region's milk supply.

This shared value approach (rooted Nestlé's belief that, to be successful over time and create value for shareholders, a company must also create value for society) has three areas of focus: accelerating rural development, responding to global water challenges, and promoting health and well-being through improved nutrition. Each of these three areas corresponds to the business mission of the company.

By working closely with farming cooperatives and paying a premium for quality, Nestlé aims to reduce the complexity of the supply chain, improve returns to farmers and increase the quality of its cocoa supplies. With respect to water resources, Nestlé conducts regular reviews at factories and in commodity-growing areas. For example, up to 1 billion cubic metres of water will be saved every year through a project that trains farmers in the coffee-growing region of Dak Lak in Viet Nam in optimal irrigation timing and techniques.

Meanwhile, in the area of nutrition, Nestlé is helping combat iodine deficiency (which impairs children's mental and physical development) by manufacturing its Maggi bouillon cube using iodine-fortified salt. The fortified Maggi cubes are sold one at a time in local shops at a price within reach of low-income consumers, and 90 percent of the Maggi product range now carries added iodine.

### Working in Unfamiliar Territory

Many companies in this report have experienced the difficulties of working in unfamiliar markets. Whether supporting efforts to combat disease or empower underprivileged young people, companies can find themselves operating in the kinds of environments they would never encounter in their commercial activities. In some contexts, regulatory and political regimes may be hard to navigate and obstacles to progress may be posed by issues related to the four areas addressed by the principles of the Global Compact.

Often, the first challenge is finding a way to connect with the communities targeted by social investment strategies. Since underprivileged or underserved groups are not necessarily part of companies' customer base, they may not know how to establish channels of communication with those they hope their social investments will help.

At Deutsche Telekom, for example, the "Yes, I can!" initiative aims to help children and youths—especially from socially deprived areas—to develop individual

*“When you're trying to measure the social outcomes and considering expanding the investment to capture that, this also applies to working in partnership— who's measuring social outcomes, and what's the role of the company, and what is the role of the non-profit partner in evaluation?”*

—Janet Voute,  
Head of Public Affairs, Nestlé

*“During the initial stage we learned a lot about the needs of the local people and their expectations towards us. It was very important to become familiar with their cultural language, explain ours and interact on a common level. It took quite some time and patience to bridge the differences and reach a mutual understanding.”*

—Jochen Berner,  
Project Manager Sustainability,  
OSRAM

*“We partner with governmental agencies and NGOs to gain knowledge and expertise. Partnership is established on an individual project basis to seek the best partner for the project.”*

—Jeehye Park,  
Manager, SK Telecom

*“We believe that shared challenges are best addressed through collective action, and therefore partnership is at the heart of our Skills to Succeed initiative. Taking a long-term approach, and working with strategic community organizations that share our vision, means that we can play to our respective strengths to deliver more through partnership than either of us could have delivered alone.”*

—Camilla Drejer, Head of Corporate Citizenship, Accenture  
UK and Ireland

skills. Since the target group is very diverse, it has been crucial to establish strong partnerships with civil society groups.

As well as engaging with unfamiliar groups, companies also find themselves operating in parts of the world that are completely new to them. For OSRAM, the challenge of developing WE!Hubs was not only integrating a new business model into the structures, workflows and profit criteria of a large multinational, but also working in remote areas and with local communities about which the company had almost no information.

In such situations, companies say it is critical to move slowly to learn how to understand markets, cultures, needs and demands. Companies profiled in this report stressed the need for patience and efforts to build trust among local communities.

Differences in the language used by individuals from different sectors can also raise obstacles to effective collaboration. While a business might talk about the “business case”, an individual working in the development world might describe this as “mutual interest”, according to BASF, which has worked hard to address this issue in its dialogue with the United Nations agencies the company partners with on social investment programmes.

For non-profit organizations, it can be hard to approach companies for assistance since they are unfamiliar with what businesses have to offer. To bridge this gap, Accenture in the UK has developed an online volunteer programme called Accenture business class. Abc, as it is known, is a structured employer-supported volunteer programme covering IT skills, business skills and employability skills. Through a dedicated website, non-profit partners can review skill-building workshops offered by Accenture and request a session to be delivered by a volunteer.

### **Embracing the Collaborative Approach**

In order to succeed in unfamiliar territory, companies need to work with non-traditional partners such as local entrepreneurs, non-profits, NGOs and government agencies. Companies do not necessarily have the skills required to manage social programmes or identify appropriate solutions for big global problems such as poverty or lack of access to healthcare and education. All the companies in this report agreed that partnering with government agencies, non-profits and NGOs was an essential part of their social investment strategy.

Engaging with non-traditional stakeholders brings access to new ideas and alternative operational models. And for many, partnerships provide the main link with the communities that are the beneficiaries of their social investments, whether these are underprivileged groups in home markets or low-income communities around the globe.

Working with the non-profit or public sector is not easy for businesses, however. Many of the companies in this report cited working with non-profit or government partners as being among the challenges of establishing social impact initiatives.

As with commercial partnerships, they must enter into contracts, set expectations and create provisions for action should those expectations not be met. Most of the companies included in this report have in place such partnership agreements, as well as due diligence processes to establish the suitability of potential partners.

## LEAD Task Force on Co-Creating New Forms of UN-Business Partnerships

Since late 2010, a Global Compact LEAD Task Force on Co-Creating New Forms of UN-Business Partnerships has been exploring ways to enhance the scale and impact of UN-Business partnerships. In September 2011 the Task Force presented Secretary-General Ban Ki-moon with the report *Catalyzing Transformational Partnerships Between the United Nations and Business*, which reviews the recent history of UN-business partnerships and makes recommendations for enhancing their effectiveness and scale.

Building on the recommendations of this report, a process is under way to address public and private concerns and develop partnership support services, such as matchmaking, capacity building and guidance on accountability and integrity. The idea is to accelerate and scale the creation of transformational partnerships and help them achieve more systemic impact across sectors and geographies.

While this is relatively straightforward with a business-to-business arrangement, it becomes more complex when partnerships involve social rather than financial goals, particularly when the corporate partner is not supplying funding.

When working with non-business stakeholders on these and other types of projects, companies often need to make an adjustment in pace and culture. Most companies said that, to address potential conflicts, unmet expectations or misunderstandings, it was critical to spend time building trust with partners, setting mutual expectations and establishing shared evaluation systems.

### Securing Internal Sustainability

Developing mechanisms and internal support to ensure the sustainability of social investment initiatives over time is a key concern. For companies engaged in social or inclusive businesses or adopting a shared value approach, the close links with the core business provide support and legitimacy for those programmes.

As a leading communications company, SK Telecom's decision to make one of its areas of focus the solving of social issues through innovative information and communications technology applications was one that made sense for the company, allowing it to contribute in the most effective way. Using its own infrastructure and technology brings greater efficiency to its social contribution programmes. And providing better access to mobile services to those less fortunate in society can be a way to nurture future customers.

In the case of OSRAM's WE!Hubs project, execution on the ground is designed and operated as a social business. However, the clear expectation is that the OSRAM team will develop a business model that can generate profit for the local operator and, in the long term, for the company itself.

However, even inclusive business models and shared value strategies need individual or team champions since the profits or the business benefits may take a long time to emerge.

*“Partnerships that don't involve money and a clear contract are more challenging, as engagement is on a voluntary basis and classic pressure points don't exist. They often need continuous discussions about joint objectives and timelines.”*

—Birgit Forstnig-Errath, Director Collective Action Siemens AG, Corporate Legal and Compliance

*“Having a third party that's a trusted neutral player has become an important piece in partnerships we've seen that have involved business non-profits and government because there needs to be a facilitator — someone who can talk to all three and keep them in line and coordinated with each other over time.”*

—Mark Kramer, Founder and Managing Director, FSG

*“The reason personal drive is so important is that inclusive business models require different time frames to pay off. For example, you can easily access an existing market with established distribution channels, but if you are trying to sell your products to, say, a slum area as a newcomer, you have to develop the market first. Having to work for a long time before it pays off takes this personal drive.”*

—Katharina Felgenhauer, Team Leader; Donations, Sponsoring and International Development Projects, BASF

*“Systematic measurement of the societal and business benefits of corporate engagement on pressing community issues is essential to unlocking the next wave of business innovation and investment. In the private sector, numbers accelerate action. While the operating model appropriate for each company may differ, intelligent use of metrics should be a value shared among those committed to positive societal change.”*

—Margaret Coady, Director of the Committee Encouraging Corporate Philanthropy.

When it comes to initiatives with a more philanthropic focus, strong institutional and leadership support is even more critical. For the leaders of social investment initiatives, this means raising the visibility of their programmes and bringing them to the attention of the board and other senior management staff.

For some companies this support is expressed in public statements or announcements of the results of strategic reviews. At BASF, a new corporate strategy that was launched in November 2011 includes sustainability among its four pillars, making explicit the company's desire to act as a good citizen. This overarching pillar helps underscore BASF's commitment to the fight against global challenges such as climate change, poverty and humanitarian emergencies, which proves important internally when arguing the case for a social investment.

Similarly, at Deutsche Telekom, the “Yes, I can!” initiative is part of the company's corporate responsibility focus area, “Connect the Unconnected” —whose mission is to expand access to the knowledge society.

### Measuring Impact

One of the most powerful means of securing internal support for inclusive businesses, community investments and corporate philanthropy is demonstrating measurable social impact. And increasingly, this kind of evaluation is becoming more important for companies as they report to their business partners and customers.

However, measurement, companies say, is one of the things that they struggle with most. And measurement is equally tough for shared value and inclusive business strategies as it is for more philanthropic initiatives. Regardless, companies are striving to improve their measurement processes as a means of providing a stronger case for continued investment in their social investment initiatives.

Evaluation is also a critical tool in refining projects and improving outcomes. At Siemens, the technical department was able to develop an adapted operational and technical solution for the Sanjeevan Mobile Clinics in India as a result of ongoing evaluation processes that ascertained the needs and budgets of local customers.

Accenture's corporate citizenship teams around the world provide input to a central, online non-financial performance system that stores data on a standardized set of metrics. Data collected and monitored ranges from internal team head count to the number of people trained and the number of those going on to get a job as a result of Skills to Succeed. Data are subject to internal audit prior to external publication.

Measurement of social impact is not only in the interests of the private sector. Development agencies, non-profits and NGOs, for whom this is a core competency, help build corporate capacity when it comes to measuring the social impact of their initiatives. This, for example, is among the reasons that the BASF Social Foundation formed partnerships with United Nations agencies, including UN Habitat, UNICEF and the United Nations Environment Programme (UNEP).

Indeed, many companies said that reporting capacity was a factor in their choice of non-profit partner. The challenge then becomes defining measurement metrics, establishing responsibility among partners for different forms of measurement and making sure the measurement is carried out.

**OPERATIONAL  
APPROACHES  
AND  
CASE STUDIES**



### STRATEGY

As part of its Skills to Succeed corporate citizenship initiative, Accenture and the Accenture Foundation have pledged more than \$100 million by the end of 2013 in global and local giving. A major component of this will be pro bono contributions of time and Accenture employee skills. The goal is that by 2015, Accenture will have equipped at least a quarter of a million people worldwide with the skills to get a job or build a business.

### CHALLENGES AND SOLUTIONS

In 2009, Accenture launched Skills to Succeed as a way to align its local corporate citizenship initiatives around one central focus: building skills that enable people around the world to participate in and contribute to the economy.

Developing people to achieve higher levels of performance has long been a key competence and hallmark of Accenture. The global consultancy believes that building skills will always be relevant—whether building new skills or reskilling for greater economic success. Accenture decided it could have the biggest impact by deploying the experience and energies of its employees in helping people around the globe build the skills needed to join the world of work.

Within this global goal, individual markets can adapt the initiative to meet local needs. In Malawi, for example, getting people into employment might mean helping farmers gain access to global supply chains. In the UK, it might mean developing the skills needed for entry-level jobs in the retail sector. This broad spectrum of activities makes Skills to Succeed relevant across a wide range of geographies while preserving the focus on helping people get jobs or launch a business.

Key to success has been partnering with NGOs and charities that have local knowledge and expertise of regional employment challenges. Yet while the company could continue to work with some organizations, others' missions were not aligned with the new mission. In some cases, this meant changing a partnership's shared goal. In the UK, for instance, Accenture worked with Macmillan Cancer Support to devise a programme helping cancer survivors return to work. However, in other cases, it meant exiting a partnership—but doing so by phasing out support, giving non-profits time to seek alternative funding.

## RESULTS

### Social impact

By the end of fiscal 2011, Accenture employees spent more than 358,000 volunteer hours on the Skills to Succeed programme and the company had helped equip more than 160,000 people—nearly two thirds of its goal of 250,000 people—with workplace and entrepreneurial skills.

### Business benefits

Surveys indicate that the Skills to Succeed programme is highly valued by the workforce, driving employee engagement, while pro bono activities build skills internally, exposing employees to experiences they might not encounter in their regular jobs. Corporate citizenship commitments also give Accenture an advantage when recruiting top talent.



“Skills to Succeed declares our vision and commitment to having a clear social impact, and our goal provides a rallying cry to our incredibly talented employees. Our focus is on the positive outcomes we can drive in the areas of employability and enterprise and the ways in which that helps accelerate the growth of markets around the world. At the same time, the benefit to Accenture through the motivation and pride of our employees is considerable. It makes sense to them that we are acting in this space, and it is clear how they, as individuals and collectively, can contribute.”

—Jill Huntley, Senior Director, Corporate Citizenship at Accenture



### STRATEGY

BASF's social investments range from purely philanthropic efforts to for-profit investments. Philanthropic donations respond to needs for which market-based solutions are insufficient, including those of children and victims of natural disasters. Social investments include projects such as supporting water quality testing and education in India and social businesses like sales of vitamins and mosquito nets through a joint venture with Grameen Healthcare Trust.

BASF also tackles social and environmental challenges through inclusive or pro-poor businesses such as providing local food producers with technology and technical training to enable the production of affordable fortified food products. While socially inclusive businesses intersect directly with BASF's mainstream commercial activities, its philanthropic efforts also draw on its strengths, focusing on topic areas in which BASF has core business competencies.

So while BASF separates its business activities from its philanthropic engagements, the company supports projects to which BASF can contribute its own capabilities. Because the company has construction expertise, for instance, it has built schools in partnership with UN Habitat or, because it works on water purification infrastructure as a business, it is supporting work to improve water and sanitation systems in India.

### CHALLENGES AND SOLUTIONS

When looking for partners or grantees in its philanthropic activities, BASF focuses on organizations or initiatives that can use its donations as seed funding as social investment to kick-start a social business or to improve educational levels and thereby enable young people to be independent.

It also partners with the United Nations because the United Nations has a positive global reputation and United Nations agencies can provide stability and continuity on projects while also offering robust measurement and evaluation methodologies. When working with non-business partners, BASF has found it needs to accommodate organizations whose processes often work at a slower pace than a private-sector company. Culture differences and even working terminology can also raise barriers, demanding patience and close attention to the language used in discussions and project design.





## RESULTS

### Social impact

Through its business, BASF tackles global challenges such as malaria, which it has helped battle with products like insecticide-impregnated bed nets that last up to seven years. In partnership with United Nations agencies, the BASF Social Foundation has contributed to efforts in disaster relief and support for disadvantaged children and youth, such as rebuilding homes in the Philippines after the 2009 typhoons and developing sustainable consumption methods at South Africa's central water source, the Maloti Drakensberg Mountains.

### Business benefits

BASF's philanthropic projects provide a way for the company to engage its employees locally and make itself known to potential future employees. In working with multiple stakeholders such as NGOs, the company also gains access to new business partners and raises its profile among potential customers. Meanwhile, feedback from the United Nations and NGOs gives BASF new insights into technical solutions and needs on the ground, which accelerates its R&D processes.

“The links might sometimes be indirect, but it’s about always maintaining that connection to the business.”

—Katharina Felgenhauer, Team Leader, Donations, Sponsoring and International Development Projects, BASF



### STRATEGY

Deutsche Telekom has adopted a comprehensive corporate responsibility programme—from promoting responsible business practices and fostering socially inclusive products and business models to investing strategically in social issues to respond to global crises such as natural disasters. The company’s national “Yes, I can!” initiative is an example of its strategic social investment activities. It supports children between the ages of nine and 14—particularly those from socially deprived areas—and projects promoting the development of key skills to help them discover and develop their own potential.

As an ICT company, Deutsche Telekom understands the importance of access to knowledge and strong, well-educated societies. By supporting this often overlooked group of children, the company is instrumental in giving everyone equal opportunities to be part of the modern information society. Moreover, this strategic social engagement fits with one of three focus areas in Deutsche Telekom’s corporate responsibility strategy—the focus area “Connect the Unconnected”.

### CHALLENGES AND SOLUTIONS

Since the “Yes, I can!” initiative’s target group is very diverse, it has been crucial to establish strong partnerships with local civil society groups. To determine which to support, a jury that includes leading experts on child development and education science reviews proposals from associations and youth organizations and selects projects that promote key skills as defined by the Organization for Economic Co-operation and Development (OECD).

However, since in Germany the state has a powerful role in shaping society, corporate social welfare programmes can be viewed with scepticism. Building trust among potential partners has therefore been a challenge. Deutsche Telekom has overcome these prejudices by maintaining a sharp focus on the initiative’s pedagogic dimensions and creating open, transparent communications. A key tool in this respect has been a website describing the goals and activities of the “Yes, I can!” initiative and highlighting different projects and achievements.

“Each child has talents and capabilities. We want to help children to develop their potential. Only children who are aware of their capabilities can act and interact confidently. For the future of our society, we cannot afford to waste the potential of children.”

—Birgit Klesper, Senior Vice President Group Transformational Change & Corporate Responsibility, Deutsche Telekom



## RESULTS

### **Social impact**

Deutsche Telekom is helping as many children as possible to participate in the knowledge society and to develop their skills. Since the project launch in 2009, Deutsche Telekom has supported almost 230 projects across Germany, reaching about 50,000 children. Improved networking among the different participating organizations has increased the efficiency of the programme.

### **Business benefits**

By reducing the social tensions associated with educational inequities, Deutsche Telekom is unlocking market potential. Moreover, it is boosting its ability to attract and retain talent by helping establish the qualified workforce of the future. Helping children to become confident, educated individuals is therefore a long-term investment that helps build the kind of society in which the company can continue to thrive.



### STRATEGY

HEINEKEN's community investments cover a wide range of financial donations, non-commercial sponsorships and non-financial support, with most activities carried out at a local level. In sub-Saharan Africa, the Heineken Africa Foundation—an endowment fund created by HEINEKEN in 2008—supports projects that promote improved health for the communities surrounding its breweries.

Elsewhere, social investments range from installing rainwater harvesting systems at clinics and schools on the island of St. Lucia to an initiative in Spain fostering employment in the hotel and catering industry and, in the UK partnership, with Addaction to promote responsible alcohol consumption.

Meanwhile, the company is exploring the concept of shared value through local sourcing initiatives that provide competitive advantage for the company while also improving the lives of suppliers in developing countries. In Africa, HEINEKEN has set a goal of 60 percent of raw materials such as rice and sorghum from the continent and, by supplementing this with educational programmes and purchase guarantees, hopes to stimulate income growth for local farmers.

### CHALLENGES AND SOLUTIONS

Viewing corporate citizenship as a way of becoming an integral part of the societies in which the company operates, HEINEKEN leaves individual business units to decide which causes and organizations to support. This highly decentralized model makes it difficult to measure impact and share lessons among operating companies.

To address this, the first step has been standardizing the means of calculating the value of the operating company's charitable contributions, using the definition established by the London Benchmarking Group (LBG). This has given the company a clearer picture of how much it is giving and what kinds of activities it supports across the world.

In addition, HEINEKEN is developing community investment guidelines for its operating companies and has introduced collaboration software allowing project leaders to exchange experiences and develop best practices.





“Our markets are leading in their choice of local community investments, but to create more alignment with our business we are evaluating focus areas for each of the regions in which we operate.”

—Jan-Willem Vosmeer,  
Corporate Social Responsibility Manager, HEINEKEN

## RESULTS

### Social impact

The Heineken Africa Foundation has 36 projects, ranging from the creation of mobile health provision in Namibia to improving roadside wellness centres in the Democratic Republic of Congo, where diseases such as HIV-AIDS, TB and malaria can spread along sub-Saharan transport routes. Meanwhile, local sourcing initiatives in eight countries play a key role in economically and socially empowering communities and tens of thousands of farmers and their families. It creates local value chains, generates jobs and increases wages, helping alleviate poverty and hunger.

### Business benefits

While the Heineken Africa Foundation does not fund projects that generate direct commercial benefits, by extending medical coverage into the communities surrounding its operations, it has built a strong regional reputation for responsibility. Local sourcing in Africa creates jobs, helps to strengthen the African agricultural sector and improves livelihoods of rural households over time, but also eliminates import duties, secures a sustainable supply of raw materials for beer and reduces the company's transport-related environmental footprint.

### STRATEGY

As part of its creating shared value approach, Nestlé has established a system of direct milk sourcing from farmers in Moga in the state of Punjab, India. The system employs veterinarians and agronomists to supervise milk routes and advise dairy farmers on various issues, whether or not they are Nestlé suppliers. Veterinary services are free of charge, while medicines are provided at wholesale cost. Farmers receive support in expanding their operations, such as assistance with artificial insemination for cattle, allowances to purchase milking machines and training on sustainable agricultural practices.

Nestlé does not see its milk purchase system as a separate social investment initiative. Rather, the strategy is underpinned by the belief that creating value for society also creates long-term value for shareholders. While improving the quality and quantity of milk available to the company, Nestlé also aims to use the Moga factory system to raise milk yields and provide a stable demand for farmers, increasing incomes and improving life for the region's dairy farming communities.

### CHALLENGES AND SOLUTIONS

The biggest challenge of the Moga factory system is accounting for its shared value and assessing both the social and financial returns on investments. More broadly, the company is working on building new measurement models to strengthen the linkages between social impact and financial return in all its operations. Part of this work takes the form of research conducted with development experts that will result in a series of white papers that Nestlé hopes will advance the argument that social benefits have a positive business impact too. The company sees the next challenge as establishing how far—as a business—it can go in measuring social impact. It is therefore working with other companies and NGOs to take a multi-stakeholder approach to making progress on metrics and measurement.

## RESULTS

### Social impact

Nestlé Agricultural Services field camps in Moga have helped improve farming practices and milk quality. Separately, the Village Women Development Programme has trained 50,000 women dairy farmers. The Moga factory has helped set up drinking-water facilities in 115 schools benefiting more than 40,000 students and created water-consumption awareness among 20,000 students. It has also provided nutrition education for 4,000 teenage girls and established sanitation facilities in 16 schools, benefiting more than 4,000 students.

### Business benefits

Since it opened in 1961, the supplier base of the Nestlé milk-processing factory in Moga has grown from 180 farmers providing 2,050 tons of milk to 110,000 farmers in 3,269 villages producing more than 377,000 tonnes annually. The system enables the company to purchase more and better-quality milk directly from farmers. The model also allows for effective management of India's fragmented milk supply chain.

Creating Shared Value |  Nestlé  
Nutrition | Water | Rural Development



“The starting point for any company wanting to create shared value is their core business, so we focus on improved nutrition, farmer development and water conservation, and those three things are intimately linked with our business.”

—Janet Voute, Head of Public Affairs, Nestlé



### STRATEGY

Through the Novartis Foundation for Sustainable Development (NFSD), the company performs philanthropic work to combat poverty and disease. Through dialogues with NGOs and United Nations bodies, it fosters public policy decisions that improve life for people in developing countries. By donating medicines, the NFSD combats leprosy, using social marketing to reduce the stigma attached to the disease and educate patients and medical staff to facilitate early diagnosis and treatment. The goal is to revive stakeholder collaboration to make the final push that will consign the disease to history. Meanwhile, the Novartis Malaria Initiative—run by the Novartis Pharma Division—focuses on treatment, access to affordable medicine and capacity building.

In these investments, Novartis is guided by its core competencies. It makes available not only financial resources, but also business skills, human resources support and access to networks and other assets. Programmes are closely linked to the company's mission—the discovery, development and marketing of drugs that save lives and improve patients' quality of life. In the case of leprosy, Novartis developed a successful multi-drug therapy in the 1970s, while in 1999 it developed Coartem, a fast-acting anti-malarial medicine that cures more than 95 percent of patients after a three-day course.

**“In our malaria and leprosy work, we are able to have a big impact because drugs were developed in-house and we have people with “out of the commercial box” competence—that’s a very important component of success.”**

*—Klaus Leisinger, Chairman of the Novartis Foundation for Sustainable Development (NFSD)*

### CHALLENGES AND SOLUTIONS

In its strategic social investment and philanthropy programmes, Novartis's work is similar to that of NGOs, and yet the involvement of “Big Pharma” can lead to concerns about a hidden agenda. To overcome scepticism, Novartis focuses on conducting transparent work in the field and openly discussing potential conflicts of interest and differences in approach. Communications need to set achievements against the scale of the problem and acknowledge partners' contributions.

Moreover, identifying appropriate collaborators means scrutinizing internal skills to identify gaps that could be filled by others. In partnership contracts, goals are broken down into quarterly results and provisions are made for an exit if a partner is found to be consistently failing to meet deadlines or targets.

In securing the sustainability of its projects, the support of Novartis senior management is critical, so the company works to secure this through site visits and other awareness-creating activities. Senior buy-in also means achieving high professional standards by researching an issue thoroughly before becoming engaged, learning from beneficiaries' views, maintaining transparency in everything from broad goals to budgets and rigorously evaluating performance.





## RESULTS

### SOCIAL IMPACT

Since 2000, thanks to the uninterrupted free supply of MDT by Novartis, more than 5 million patients have been cured of leprosy. Since 2001, Novartis has made more than 400 million anti-malarial drug treatment courses available without profit for public-sector use in Africa. These treatments have helped to save more than 1 million lives in more than 60 malaria-endemic countries.

### BUSINESS BENEFITS

Working with governments and NGOs, Novartis has found that learning goes both ways: these organizations benefit from the results of Novartis' research, but partners also bring new ideas and perspectives that advance the company's scientific and practical work. Meanwhile, philanthropic investments build trust and loyalty among employees, who are inspired by their employer's involvement in life-saving endeavours.



## SIEMENS

### STRATEGY

While diverse in nature—to meet local needs and best apply business skills—all Siemens citizenship initiatives must fall into the company-wide frame of educational, environmental or social goals, or a combination of these. Ownership of citizenship activities lies with local management, who can choose the most suitable way to engage. Thus, in all these activities, Siemens has strong links with its core business.

Initiatives include inclusive business models such as WE!Hubs—an off-grid power solution being developed by its fully owned subsidiary OSRAM—and the Sanjeevan Mobile Clinics, which take healthcare to underserved communities in India. These initiatives use market-based mechanisms to provide low-income communities with services they could not otherwise access or afford, taking Siemens products and technologies to new, underserved customers.

As an example of shared value creation, Siemens has adapted its German apprenticeship programme (part of the country's traditional dual-education system) to accommodate young people with below-average school performance or who lack basic competencies, often due to their background as migrants. The programme builds skills and increases employability among individuals who would not otherwise be able to receive vocational training while at the same time fostering diversity and generating highly motivated and skilled employees for the company.

By contrast, a bribery scandal at the company in 2007 was what prompted Siemens to take on the issue of corruption. Through its Collective Action initiative, Siemens tackles corruption, improving the business environment and strengthening corporate compliance globally.

### CHALLENGES AND SOLUTIONS

Introducing new ways of doing business is not always easy. When launching the apprenticeship initiative, for instance, many of the trainers worried that underperforming young people would be harder to work with and that dropout rates would increase. However, the programme's success has built confidence and inspired trainers, demonstrating that they can improve young people's prospects.

Measurement is also challenging, particularly when it comes to initiatives that have broad global goals, such as Collective Action. Siemens therefore focuses on measuring concrete outputs, such as a change in regulation or an increase in the number of companies adhering to compliance legislation. While passionate individuals often champion initiatives, using core business to drive social investments gives initiatives long-term sustainability, linking corporate citizenship to commercial success. Social business models also allow for financial sustainability. In the case of the WE!Hub project, for example, profits will be reinvested into the project or social projects surrounding it.

## SIEMENS



“In countries like India, there are areas that lack amenities like access to personalized healthcare or reliable power. From a business point of view, the emerging economies are relatively price sensitive with a vast untapped market for localized, easy-to-use, reliable and affordable technologies. Products and solutions customized to meet the requirements of the local market can very well be put to good use for sustainable social and environmental development. With a focus on sustainability, corporate citizenship initiatives can promote social development by creating a viable economic future, and corporates can be an integral part of society.”

—Dr. Armin Bruck, MD and CEO Siemens Ltd India

### RESULTS

#### SOCIAL IMPACT

While the immediate impact of the Collective Action initiative is hard to measure, other programmes have measurable results. In the apprenticeship programme, for instance, the dropout rate is less than 7 percent. In India, the mobile clinic operating in Uttarakhand province has established more than 800 medical camps in the past six years and treated about 60,000 patients with no equipment failure or vehicle breakdowns. Such results help Siemens work towards broader goals, such as increased youth employment or achievement of Millennium Development Goals.

#### BUSINESS BENEFITS

Siemens' corporate citizenship efforts and social business initiatives deliver a wide range of benefits that range from talent management to the ability to expand into new markets. The apprenticeship programme, for example, contributes to the company's efforts to build a more diverse workforce. Meanwhile, initiatives such as the Sanjeevan Mobile Clinics provide Siemens with an opportunity to experiment with new technologies and innovative business models.



### **STRATEGY**

SK Telecom focuses its corporate citizenship efforts on two areas. It fosters job creation and economic growth by promoting social enterprise. And it uses information and communications technology to provide social support services, such as mobile youth counselling services, applications that support blind people, a mobile emergency blood-donation network and disaster-information broadcasts.

Several trends have shaped SK's corporate citizenship strategy. First, a slowdown in job creation has left Korea facing widening education gaps and social inequities. Second, many of the enterprises established since Korea's 2007 Social Enterprise Development Act was implemented have struggled to survive since they lack entrepreneurial and business know-how and have failed to attract skilled employees due to perceptions that social enterprises are unprofitable.

By investing in this area, SK Telecom contributes its expertise as an information and communications technology (ITC) company and expands use of its own infrastructure and technology.

### **CHALLENGES AND SOLUTIONS**

As well as supporting social enterprises and nurturing social entrepreneurship, SK is also establishing its own social enterprises. However, pursuing both social values and profits can present conflicts of interest and misunderstandings. For this reason, the company partners with Korean organizations that can give it a social license to operate. But since few often possess the required expertise in social enterprise, the choice of partners has been limited. One solution has been to work with public-sector organizations, lending credibility to projects. Another has been to foster an environment that favours the development of social enterprise by, for example, providing training for social entrepreneurs and promoting dialogue with policy-makers.

Meanwhile, to address societal failures, SK has recognized the need to go beyond charitable giving. It therefore created a \$45 million fund to support three strategies—establishing SK social enterprises, supporting external social enterprises SK believes have high potential and creating an ecosystem that can support social enterprises. An executive committee manages SK's social investments and makes funding decisions, while the corporate social responsibility (CSR) team provides strategic direction and the SK Happiness Foundation provides operational support.



“Simple acts of charity are not enough to find an efficient solution to the deep-rooted malaise in society. Social enterprise can be a mechanism to address pressing issues and create sustained values. For these reasons, SK is proactively developing and supporting social enterprises. We feel this is the way to create the largest impact with our social contributions.”

—Jeehye Park, Manager, SK Telecom

## RESULTS

### Social impact

SK Telecom's ICT initiatives have increased access to technology for low-income and marginalized groups while also improving the quality of social-safety-net services. Through the SK Social Enterprise initiative, the company has established 10 enterprises and provided seed funding for 62 companies, creating more than 1,400 jobs by 2011 and providing education and support for 650 potential social entrepreneurs.

### Business benefits

By increasing access to mobile services in underserved communities, SK Telecom is nurturing future customers. A pro bono initiative—in which employees volunteer to help social enterprises in areas such as business consulting, tax accounting and management—boosts employee engagement while developing workforce skills and loyalty. Overall, the company sees corporate citizenship as helping to build trust among the customers on whom its business growth depends.

## Recommendations

In executing diverse forms of strategic social investment and philanthropy, the lessons learned by Global Compact LEAD companies have enhanced the efficiency of their initiatives, ultimately allowing them to make a bigger impact. The problems encountered on the ground, the specific strategies implemented and the causes they have chosen to address may vary. However, the principles and practices they have applied to these activities provide examples of good practice that are highly relevant to any company wanting to embark on a social investment strategy or boost the impact of existing initiatives. Global Compact LEAD companies recommend the following:

### Strategy

Companies should consider carefully an appropriate "point of entry" for their social investments and identify initiatives in which they can make the most of their investments of money, time or skills and use their core corporate competencies to maximize impact. And while initiatives with short-term returns may seem attractive, companies that want to support genuinely sustainable change should seek to go further.

To do so, they need to align social goals with corporate business strategies and core competencies. They should also seek to secure leadership support for social investment goals and objectives. Both strategies support the sustainability of an initiative over time. Moreover, companies need to make a provision for the fact that, unlike traditional investment strategies, social investment efforts require the allocation of sufficient time before their impacts can materialize.

### Execution

Strategic social investment and philanthropy are no different from any business activity—success demands that any project should be professionally managed. This means setting out a project plan with appropriate timelines for deliverable outcomes. Resources should be correctly allocated and measures put in place to guarantee financial sustainability across the project time frame.

Before embarking on any initiative, companies should execute rigorous due diligence, investigating the operating environment and relevant potential partners and stakeholders. To avoid duplicating others' efforts, it is important for companies to find out what projects addressing their chosen issue—if any—are already in place.

### Collaboration

When considering where to invest, companies should look at where they can make an impact not only through their own investments but also by supporting civil society and the public sector. Choice of partners is critical. Companies should select trusted and tested business and NGO partners that provide stability and give continuity to projects.

Conducting due diligence on potential collaborators before formalizing any partnership agreement is essential. And once partners have been selected, the next steps are to set out clearly shared goals and targets and to put in place a measurable accountability framework.

As the project develops, all partners need to build trust among themselves, learning how to understand each other and “speak each other’s language”. Different partners’ views, experiences and needs can vary widely, so, for the partnership to be a truly productive one, partners must listen to and learn from each other. Diversity of knowledge and experience of economic, social and environmental problems can lead to innovative approaches and results that individual actors would not be able to achieve alone.

Furthermore, fostering knowledge exchange among practitioners—both internally, within a company, and externally, with partners across relevant stakeholder groups—is essential. Cross-pollination of ideas, which means partners can benefit from each other’s expertise, is key to ensuring the success of current and future initiatives.

### **Measurement**

Measurement of results takes many forms. One aspect of this involves seeking regular feedback from local communities to ensure that activities are on the right track and necessary implementation improvements can be made (this also builds trust among relevant stakeholders).

From the outset, companies and their partners need to define the mechanisms through which to measure the impact of planned initiatives (and recognize that measuring comes with a cost that should be factored in at an early stage). As projects are implemented, companies should ensure that measurement is actually being conducted.

To effectively convey the impact of initiatives—both internally and externally—it is important to agree on a communications framework from the outset. Sufficient time should be allowed for an impact to materialize before announcing any results (communications may backfire if results are not being achieved as quickly as anticipated). If expectations are managed effectively, communications provide a critical tool in securing buy-in from local communities and partners externally and leadership support internally—which in turn helps guarantee a long-term impact.

Of course, the recommendations set out here are not mutually exclusive. When embarking on social investment programmes, companies may place more emphasis on some strategies than others, depending on the focus and scope of the programmes they are planning to execute. Nevertheless, to varying degrees, all of them should be at least considered if companies are to turn their social investment programmes from charitable to strategic.

## Acknowledgements

We wish to acknowledge the tremendous support, input and assistance of the individuals and organizations whose contributions have made it possible to create "New Paths to Performance: Strategic Social Investment and Philanthropy."

In particular, we thank the members of the LEAD Task Force on Strategic Social Investment and Philanthropy: Camilla Drejer from Accenture; Katharina Felgenhauer from BASF; Katje Brösse from Deutsche Telekom; Katinka van Cranenburgh from the Heineken Africa Foundation; Jan Willem Vosmeer from HEINEKEN; Christian Frutiger from Nestlé; Klaus Leisinger from Novartis; Verena Cordes from Siemens; Jeehye Park from SK Telecom.

We appreciate the commitment, energy and expertise of these individuals and of their colleagues, who all made time available for interviews and provided invaluable input and feedback during the development of the report.

We would also like to acknowledge the following individuals for their contributions: Shaun Cannon, Chief Executive Officer, Principles for Social Investment Secretariat; Mark Kramer, Founder and Managing Director, FSG; Margaret Coady, Director, Committee for Encouraging Corporate Philanthropy.

Finally, we would like to give sincere thanks to Sarah Murray for her work in writing the report and Nilou Safavieh for her work on the design.



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# The Ten Principles of the United Nations Global Compact

## HUMAN RIGHTS

- Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2 make sure that they are not complicit in human rights abuses.

## LABOUR

- Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4 the elimination of all forms of forced and compulsory labour;
- Principle 5 the effective abolition of child labour; and
- Principle 6 the elimination of discrimination in respect of employment and occupation.

## ENVIRONMENT

- Principle 7 Businesses should support a precautionary approach to environmental challenges;
- Principle 8 undertake initiatives to promote greater environmental responsibility; and
- Principle 9 encourage the development and diffusion of environmentally friendly technologies.

## ANTI-CORRUPTION

- Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.



**LEAD**