



CORPORATE PHILANTHROPY

In a Changed Society

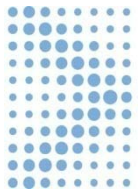
Charities@Work Best Practices Seminar

March 25, 2009



Charles H. Moore, Executive Director

Committee Encouraging Corporate Philanthropy



Presentation Overview

Corporate Philanthropy in a Changed Society



Corporate Philanthropy – Background

- A Brief Overview
- 2007 Data: Content and Trends

Corporate Philanthropy – The CEO Perspective

- 2009 ‘Board of Boards’ CEO Conference
- Executive Summary
- Leadership
- Economy
- Key Findings

Corporate Philanthropy – Looking Forward

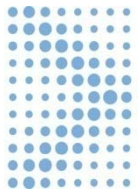
Questions & Discussion



Corporate Philanthropy: Background

A Brief Overview and 2007 Data Points and Trends





Committee Encouraging Corporate Philanthropy



Who We Are

The only international forum of business CEOs and Chairpersons with an agenda *exclusively focused on corporate philanthropy*

What We Believe

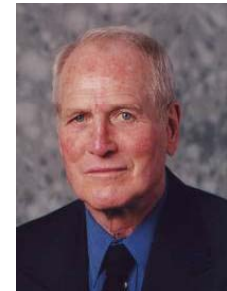
Philanthropy is a long-term investment
Executive leadership is essential
Corporations have unique resources

Who is Engaged

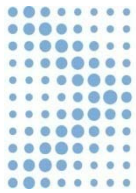
Over **175 CEOs and Chairpersons**
12 of the 20 Fortune Most Admired Companies



CECP Chairman, Terry McGraw



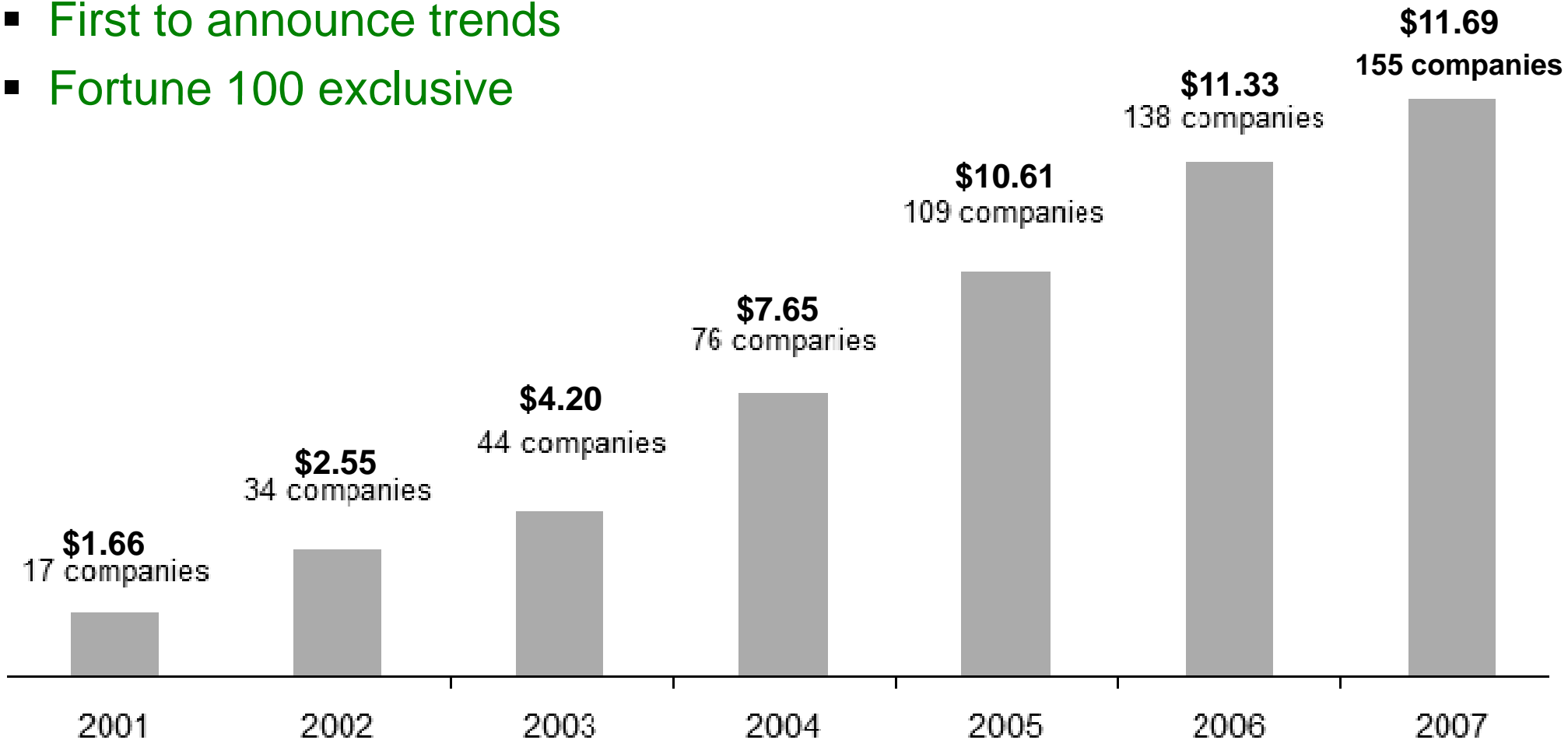
Ken Derr and Paul Newman
Founding Co-Chairs

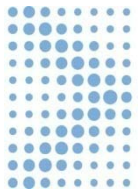


Setting the Measurement Standard



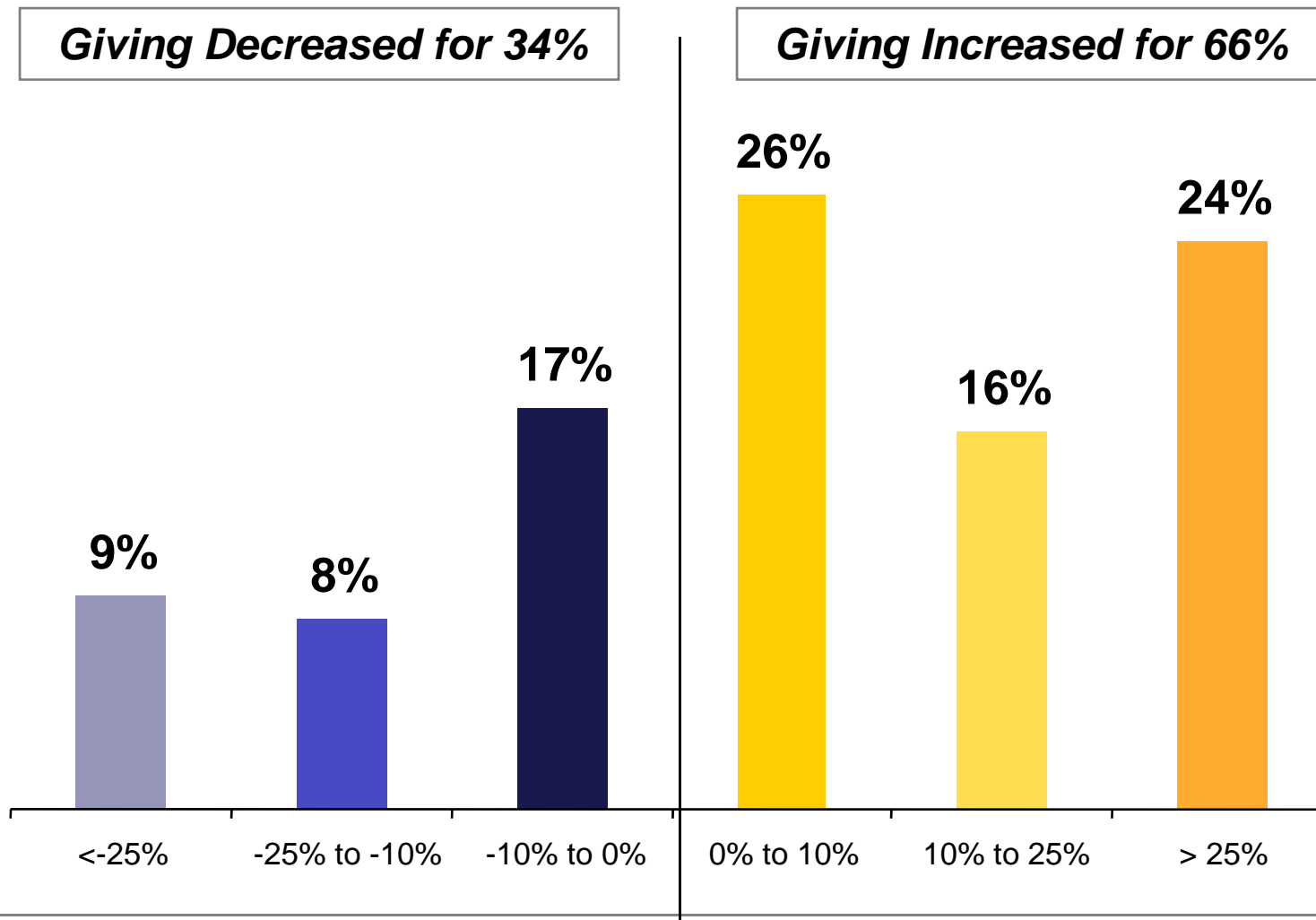
- Only online peer benchmarking in the world
- Measurement guide is the industry standard
- First to announce trends
- Fortune 100 exclusive

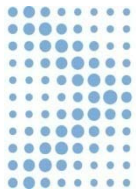




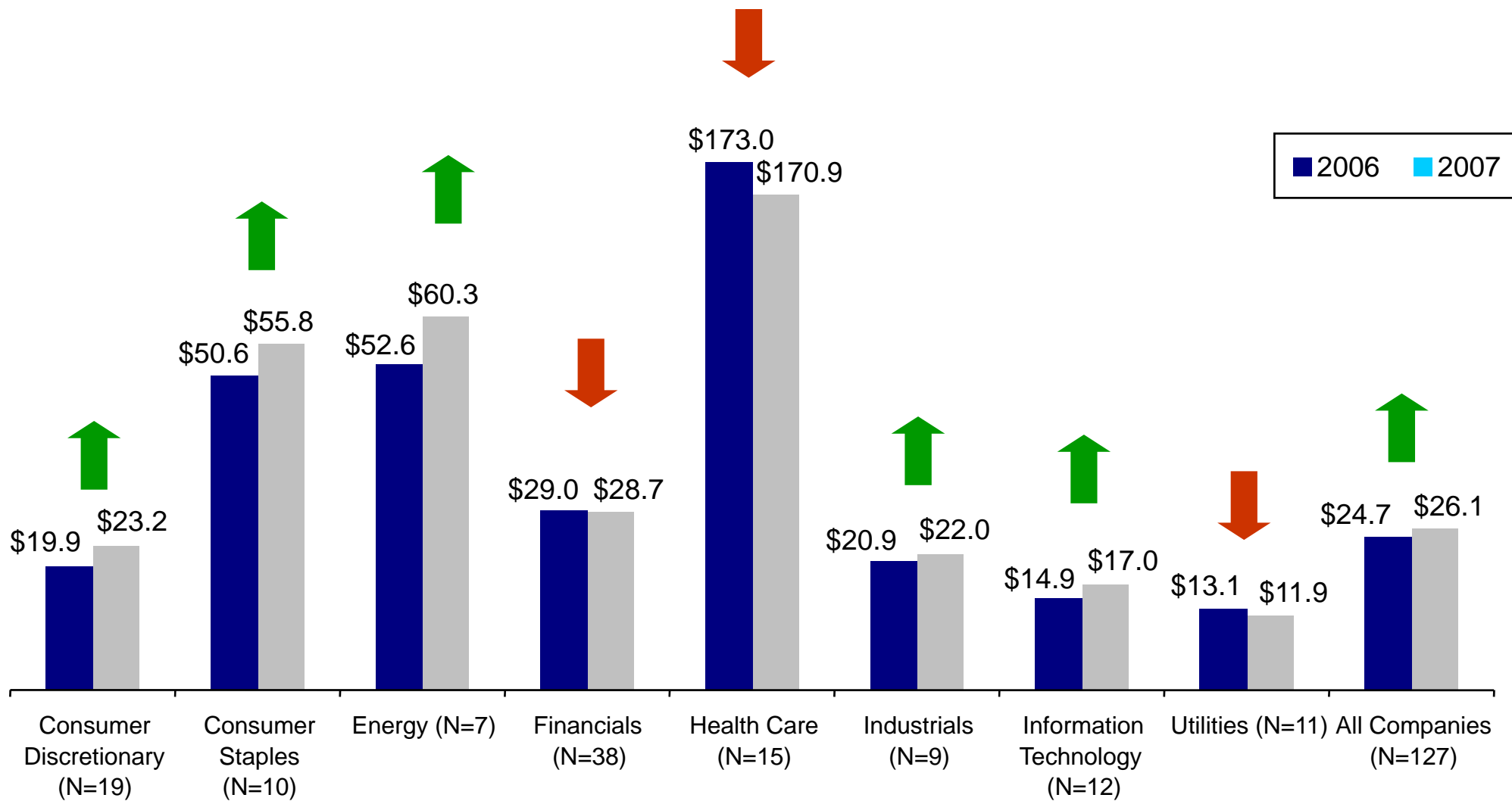
Did Total Giving Increase?

More companies increased their giving in 2007 than decreased it
Median total giving increased from \$24.7 million in 2006 to \$26.1 million in 2007



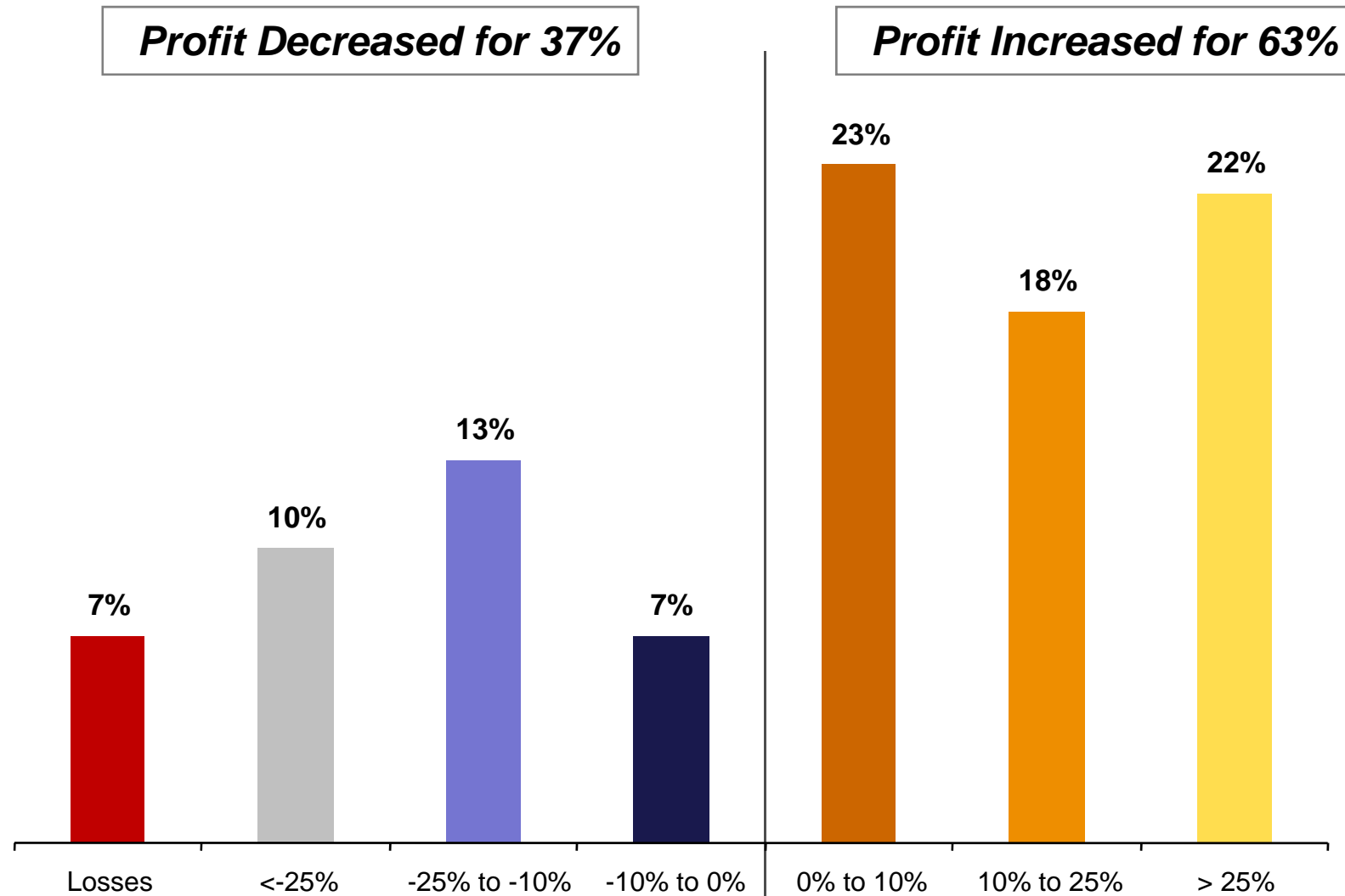


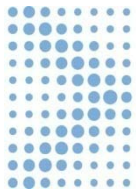
Median Total Giving by Industry



The Economy and Corporate Philanthropy

2006 to 2007 PRE-TAX PROFIT CHANGES

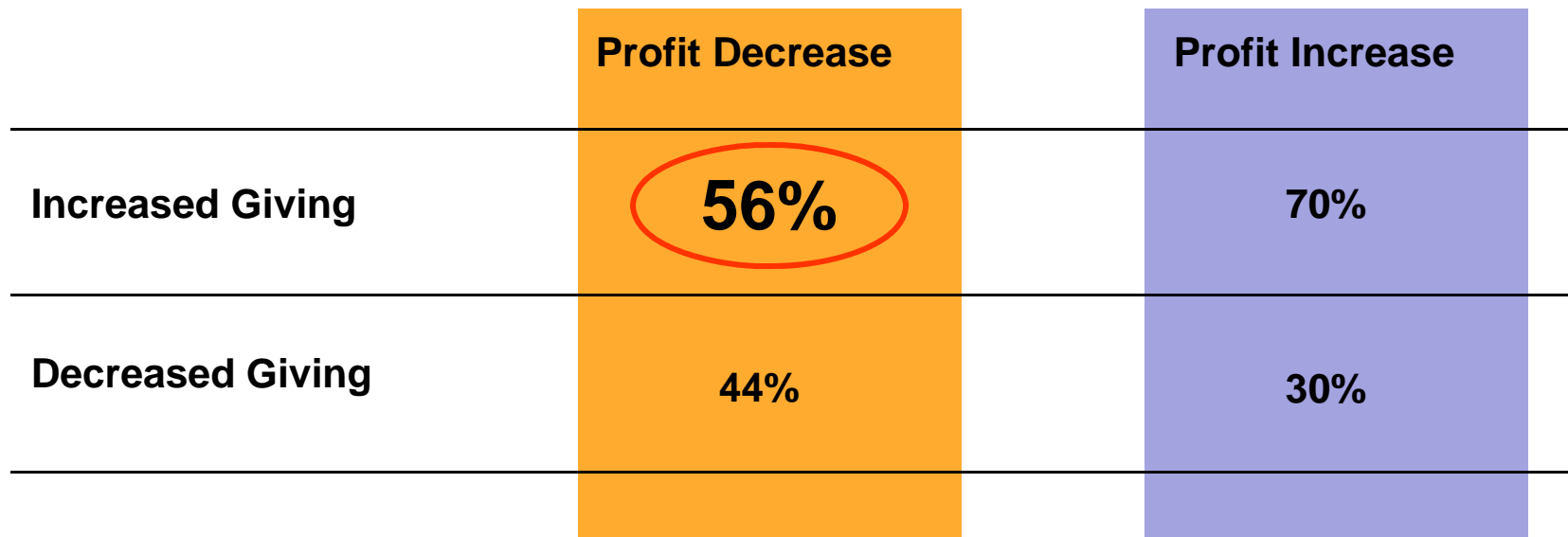




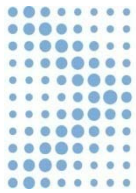
Corporate Giving and Pre-Tax Profit



56% of companies whose profits fell in 2007 still gave MORE
7 of the 8 matched-set companies with NEGATIVE PROFITS increased giving



Sample Size: 43 Matched-Set Companies Sample Size: 77 Matched-Set Companies



Reasons for Changes in Total Giving

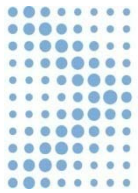


34% Decreased Giving

- Corporate spin-offs of divisions and/or subsidiaries.
- Fine-tuning of funding priorities.
- Declining revenues.
- New inventory controls curtailed the amount of non-cash donations.
- Conclusion of multi-year grants, including 2005 disaster-relief spending.
- Giving budgets frozen amidst company restructuring efforts.

66% Increased Giving

- Greater emphasis by senior management.
- Special one-time gifts to launch new projects or respond to unique opportunities.
- Increased workforce / more employees using matching gift programs.
- Maintaining multiple giving programs through acquisitions or mergers.
- Strong profits through third quarter.
- Intentional increase in international giving.
- Better tracking and increase in scope of measurement.
- More giving requests from business clients.

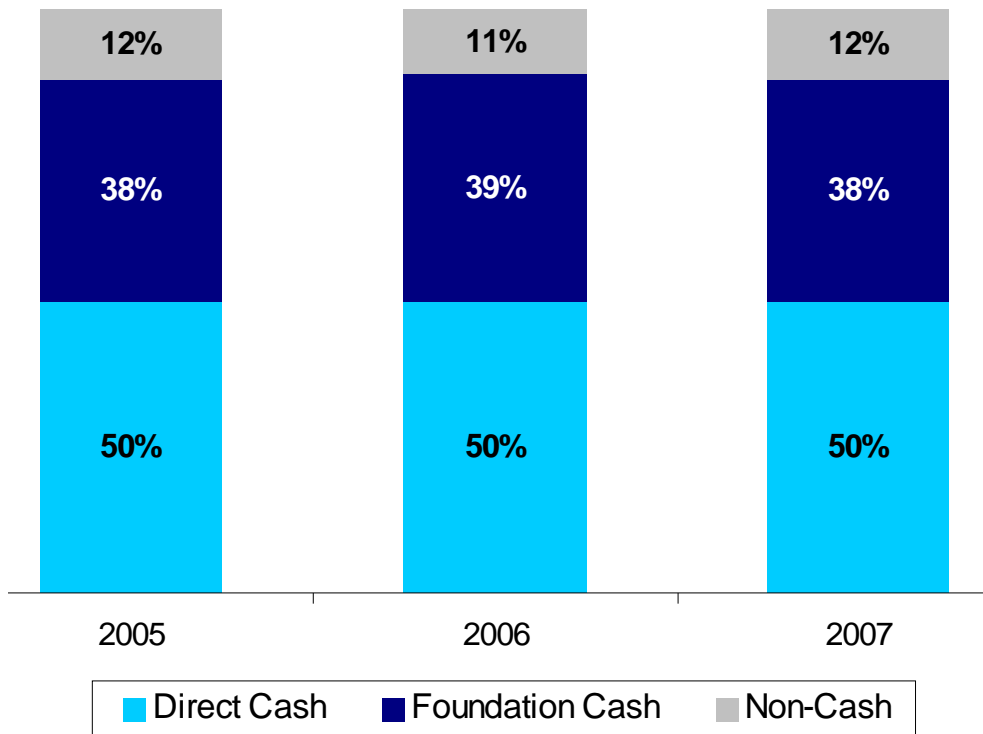


Sources of Giving are Stable



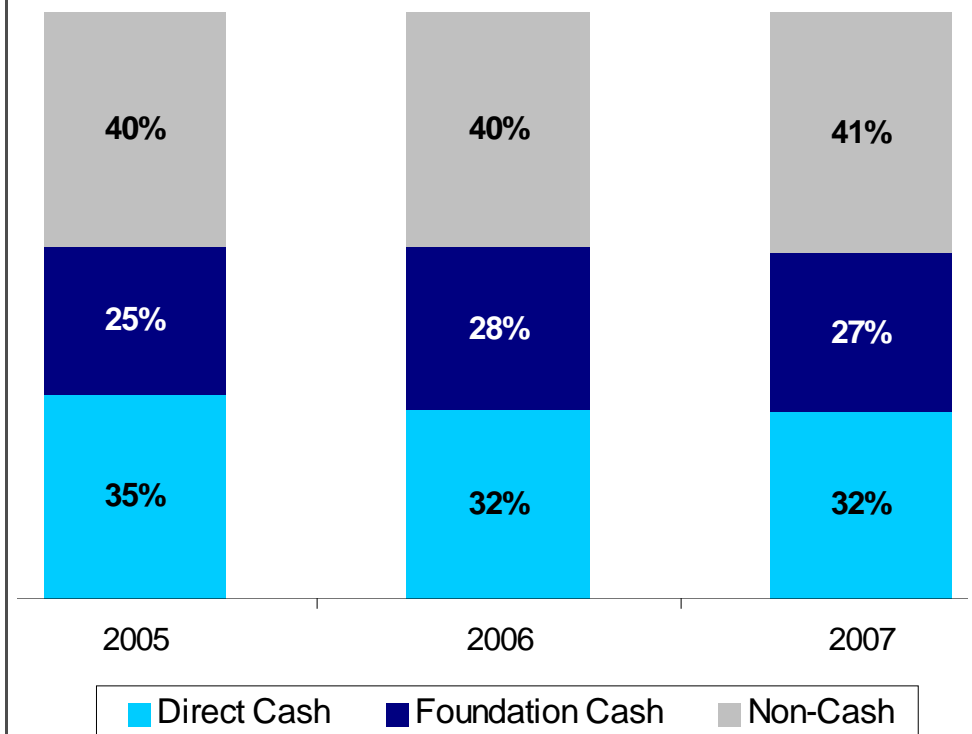
Non-cash giving is 40% for manufacturing companies and 12% for service companies

Service Companies

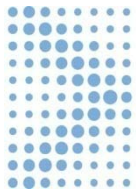


Sample Size: 56 Matched-Set Companies

Manufacturing Companies



Sample Size: 34 Matched-Set Companies



Corporate Foundations

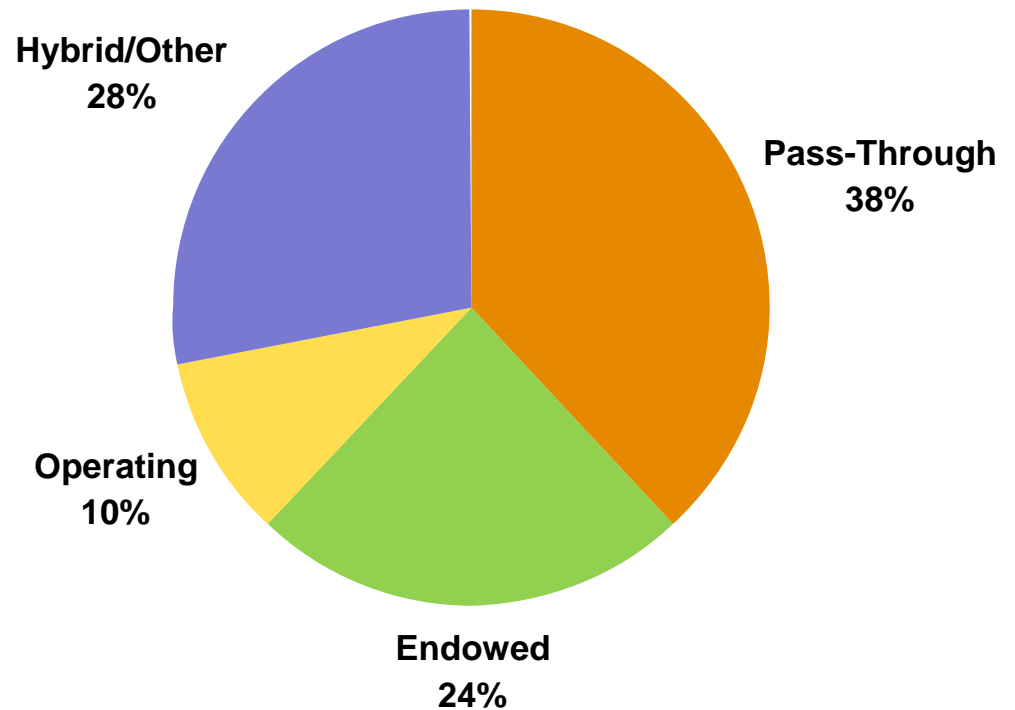


88% of companies have a corporate foundation

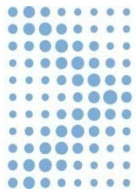
PASS-THROUGH *Distributes 100% of the funds it received from the company each year*

ENDOWED *Spends down returns on asset reserves*

OPERATING *Offers charitable programs to end-recipients directly*



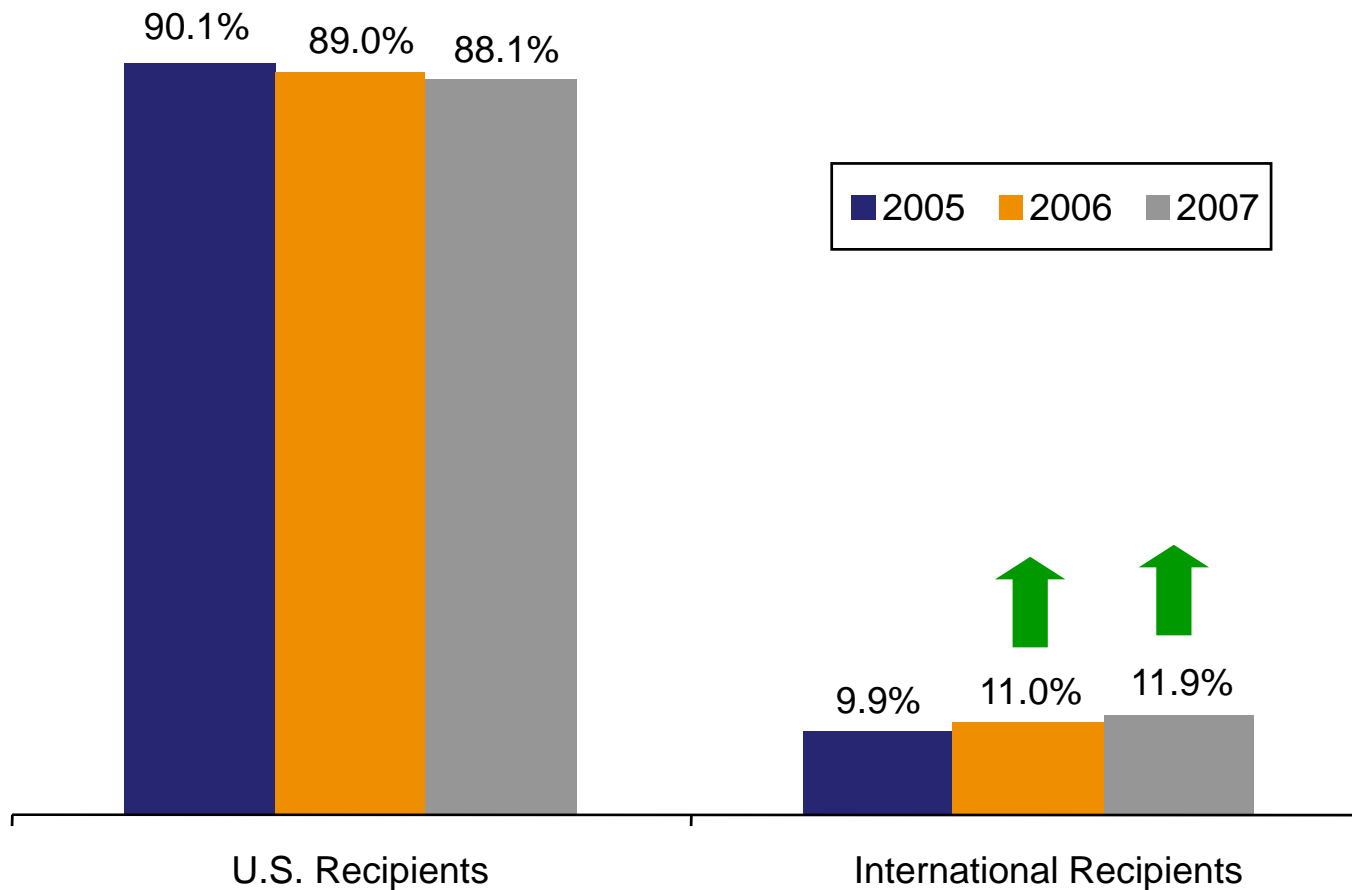
Sample Size: 123 Companies, 2007 Data

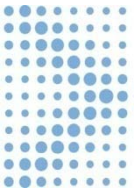


International Giving in Aggregate



Manufacturing Companies = 20.6% of total giving is international
Service Companies = 4.6% of total giving is international

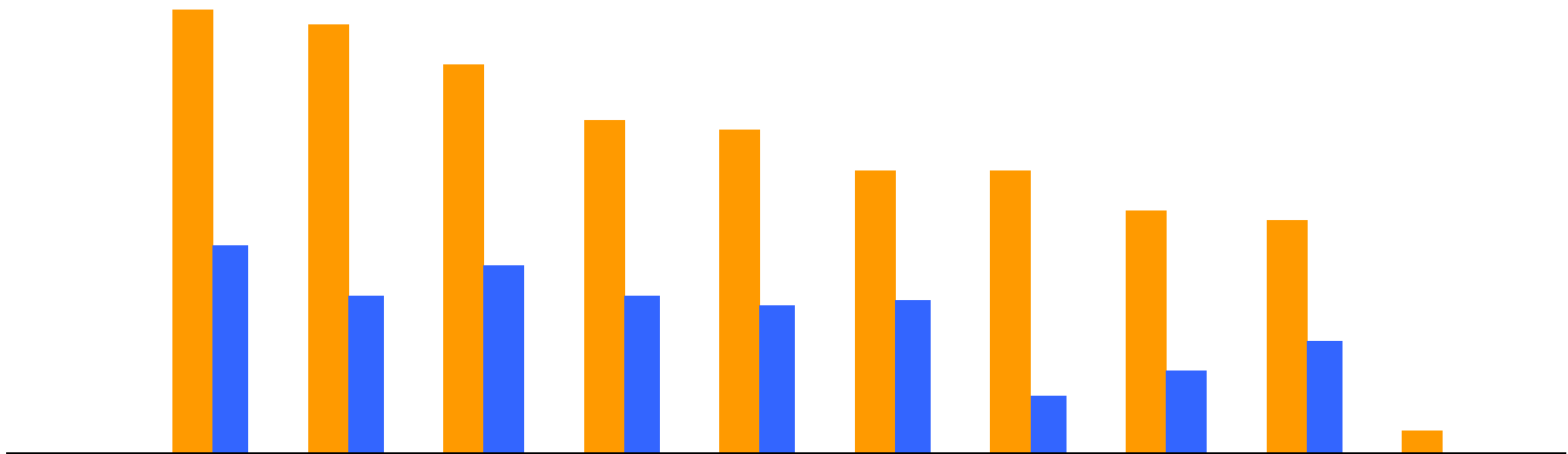


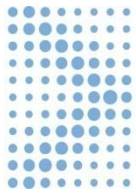


Capturing the Complete Picture



- Employee Engagement
- Staffing Levels
- Administrative Costs
- Program Area Giving
- Motivations
- Funding Priorities
- Foundation Giving
- International Trends
- Disaster Relief
- Pro Bono Service





Speaking the Language of Business



- Locating companies within the larger industry context
- Setting the stage for strategic management
- Modeling “Impacts Measurement” with the help of a Goldman Sachs Public Service Program Fellow.





Corporate Philanthropy: The CEO Perspective

2009 'Board of Boards' CEO Conference

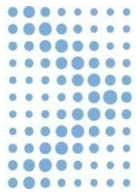
Executive Summary

Leadership

Economy

Key Findings





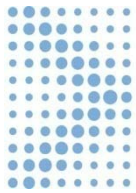
2009 'Board of Boards' CEO Conference



February 23, 2009 – New York City

Demonstrating that corporate philanthropy is a business priority even in a strained economic climate, 55 CEOs from many of the world's largest companies convened on International Corporate Philanthropy Day, February 23, 2009, for CECP's fourth annual Board of Boards conference to discuss the theme: "Global Leaders: Confronting a Crucial Decision."

Tom Brokaw, Jeffrey Immelt, and Carlos Ghosn led their peers in exploring ways in which business leaders can rise to heightened public accountability expectations in an intrinsically altered financial and social landscape.

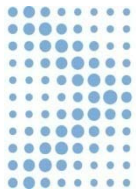


Executive Summary



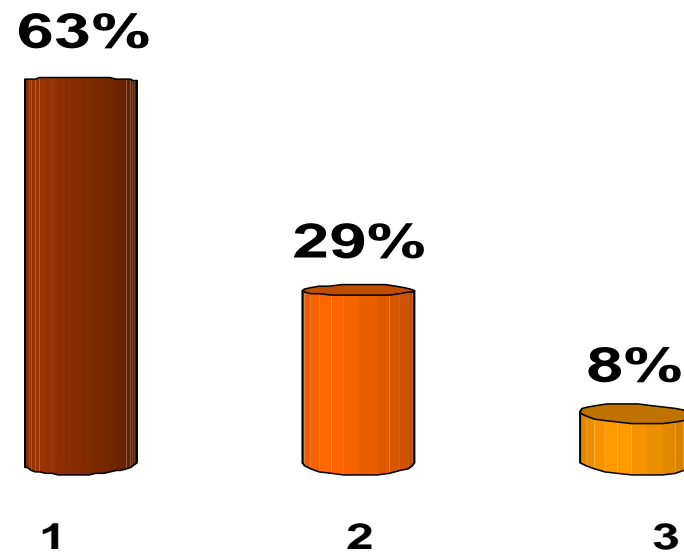
The program began with consensus around a statement Immelt made last November: “This economic crisis doesn’t represent a cycle. It represents a reset.” With the majority of CEOs speculating that the downturn will persist until at least 2011, participants quickly engaged in the crucial question before them: how can companies provide long-term support to the communities upon which the future of their business depends, despite sinking profits and rising uncertainty?

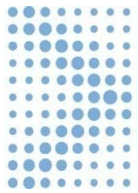
Attendees acknowledged that recent events have bruised the implicit contract between business and society. In their view, corporations have an obligation—more than ever—to restore public trust by investing not only in projects designed to normalize operations, but also in philanthropic initiatives that create a positive ripple effect within and across communities.



Rate your personal involvement with your company's philanthropy *(if you are no longer CEO, consider your involvement when you were CEO):*

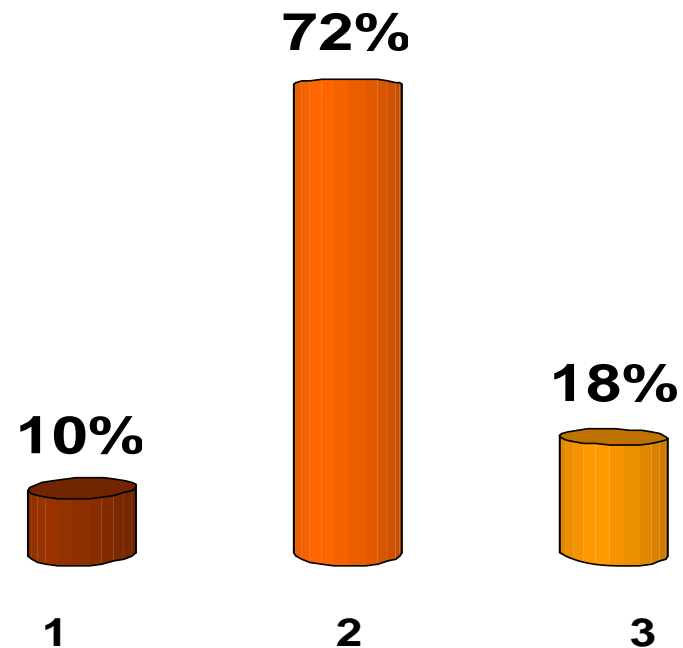
1. Considerable
2. Moderate
3. Limited

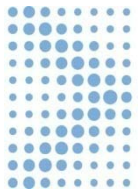




In recent years, how effective has business been in living up to its social contract?

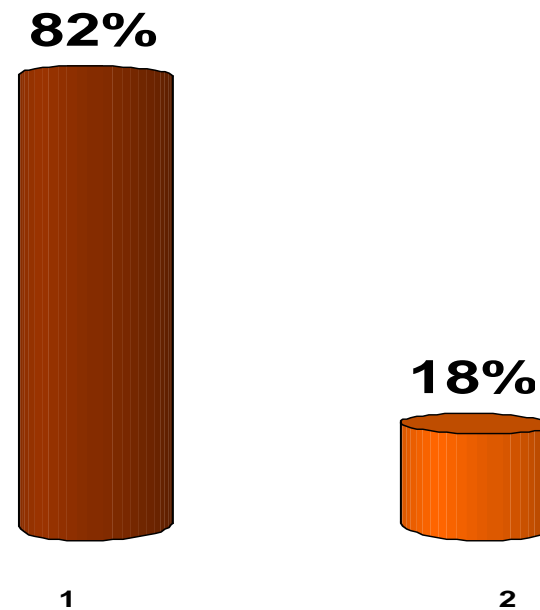
1. Very successful
2. Somewhat successful
3. Not successful

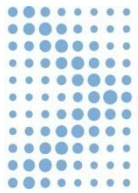




Can philanthropy help restore trust in the business sector?

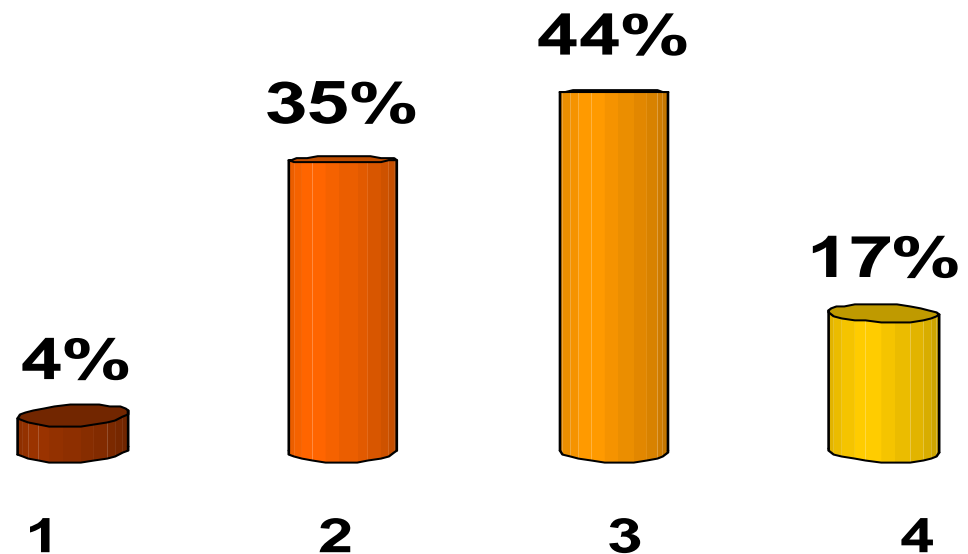
1. Yes
2. No

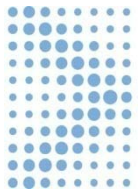




In your opinion, when will the global economy rebound from the current downturn?

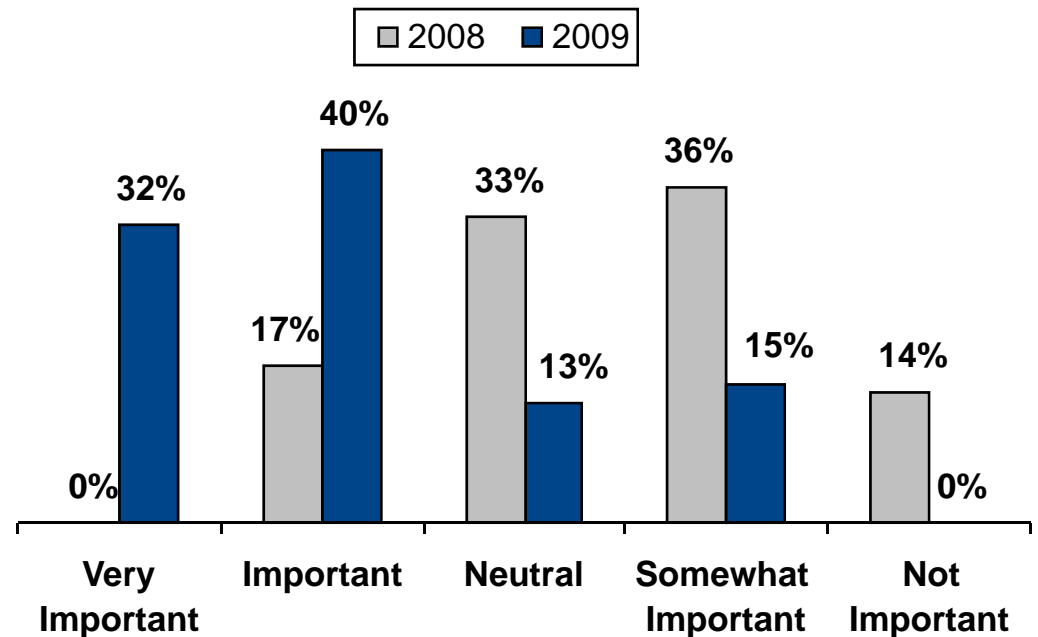
1. Sometime in 2009
2. Sometime in 2010
3. Sometime in 2011
4. After 2011

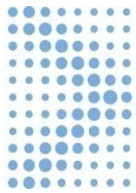




How important should the economy be in determining cash contributions?

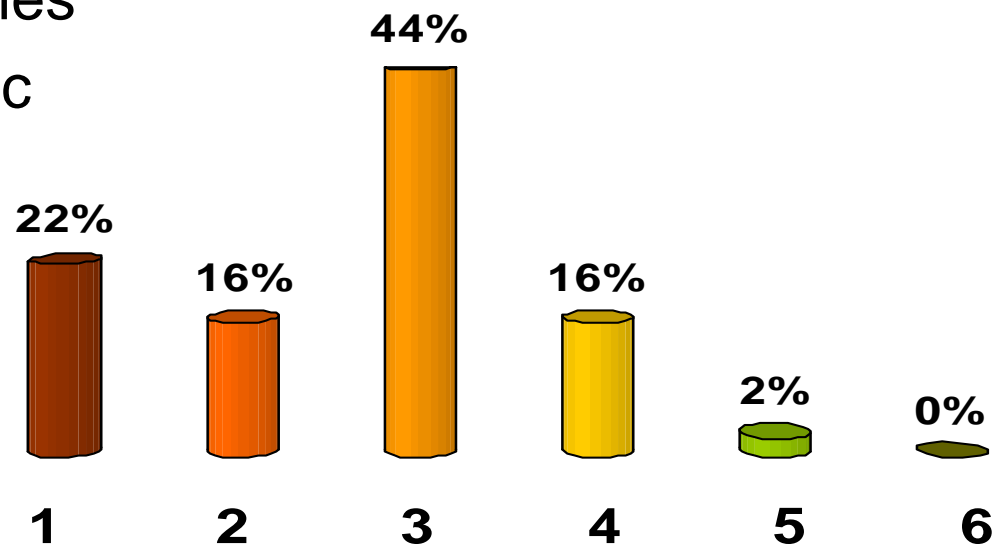
1. Very important
2. Important
3. Neutral
4. Somewhat important
5. Not important

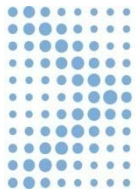




In the current economic environment, a strong philanthropy program demands which of the following most?

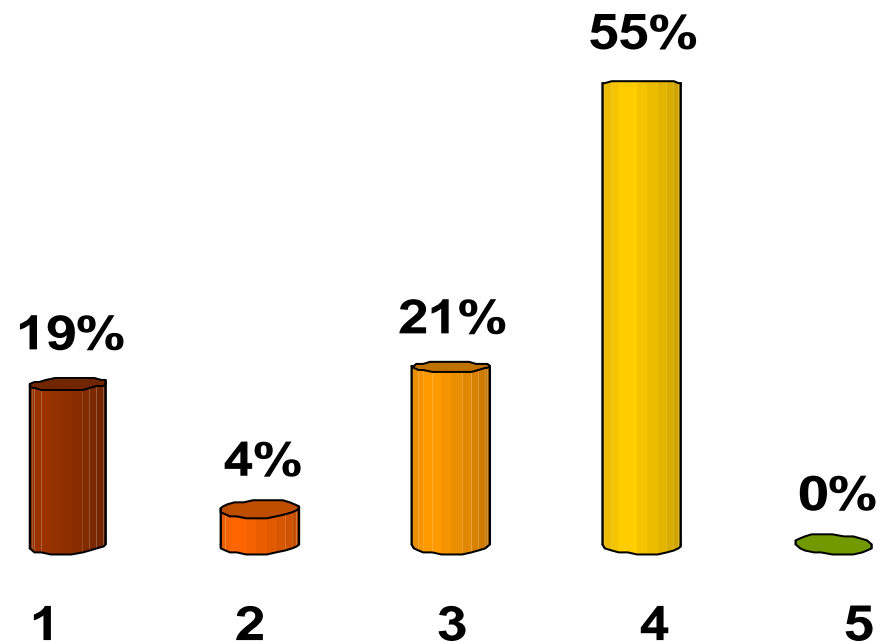
1. Visible CEO involvement
2. Proactive internal and external communications
3. Strategy grounded in the company's business priorities
4. Results-driven philanthropic investments
5. Multi-year funding commitments
6. Undecided

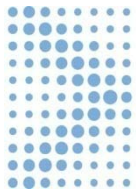




CEOs face the crucial decision on how best to approach their community investments today. In the current economic climate, it is most important for companies to:

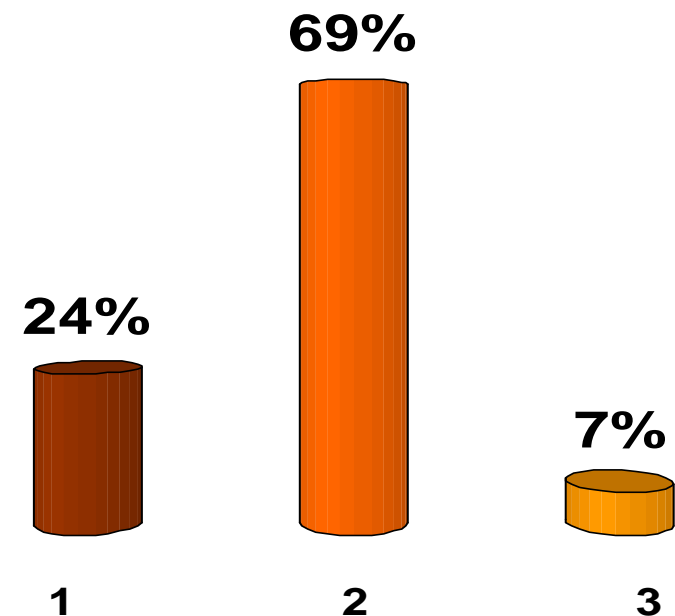
1. Fulfill existing philanthropic commitments
2. Increase overall philanthropy
3. Refocus contributions to areas of greatest need
4. Refocus contributions to causes central to business strategy
5. Undecided

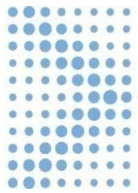




Which will be the greatest area of focus for your company's philanthropy in 2009?

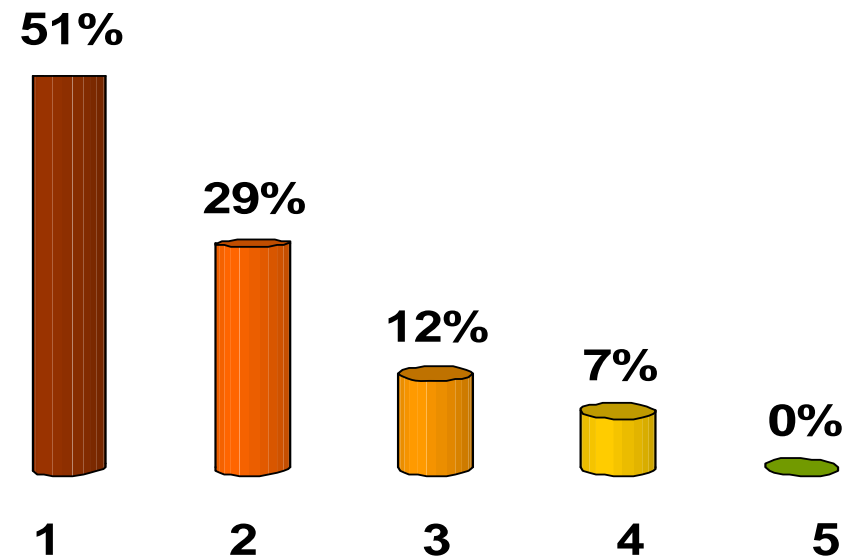
1. Domestic areas where my company does business
2. Anywhere my company does business
3. Geographies with the greatest social need, irrespective of whether my company does business there





When considering a change in your company's contributions, which constituency most influences your decision?

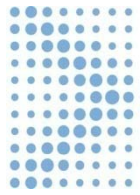
1. Employees
2. Customers
3. Shareholders or Board of Directors
4. Government or community leaders
5. Media



KEY FINDINGS:

What do they mean? What are the priorities?

1. **ELEVATE AND PRIORITIZE THE SOCIAL CONTRACT**
2. **REFOCUS ON CORE STRATEGIES**
3. **INITIATE AN INCLUSIVE DIALOGUE**
4. **LEVERAGE RESOURCES CREATIVELY**



Corporate Philanthropy: The CEO Perspective

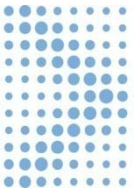




Corporate Philanthropy

Looking Ahead





Looking Ahead



- **Business does have a contract with society, which is recognized by CEOs**
- **Corporate philanthropy yields the greatest social and business benefits when funding is predictable and sustainable. That is even more critical in uncertain, challenging economic times.**
- **Philanthropy programs are all about investments in the future: for a company's employees, its communities and for the business itself.**
- **The world is waiting to see what will happen to corporate giving during these tough economic times. Global leaders have the option to either take action now, or allow the “headlines” to be defined for them.**
- **This is the time for corporations to demonstrate that community investments are core to their businesses.**
- **There is no conflict between value creation for shareholders and helping solve vexing societal issues**



Corporate Philanthropy

Questions

