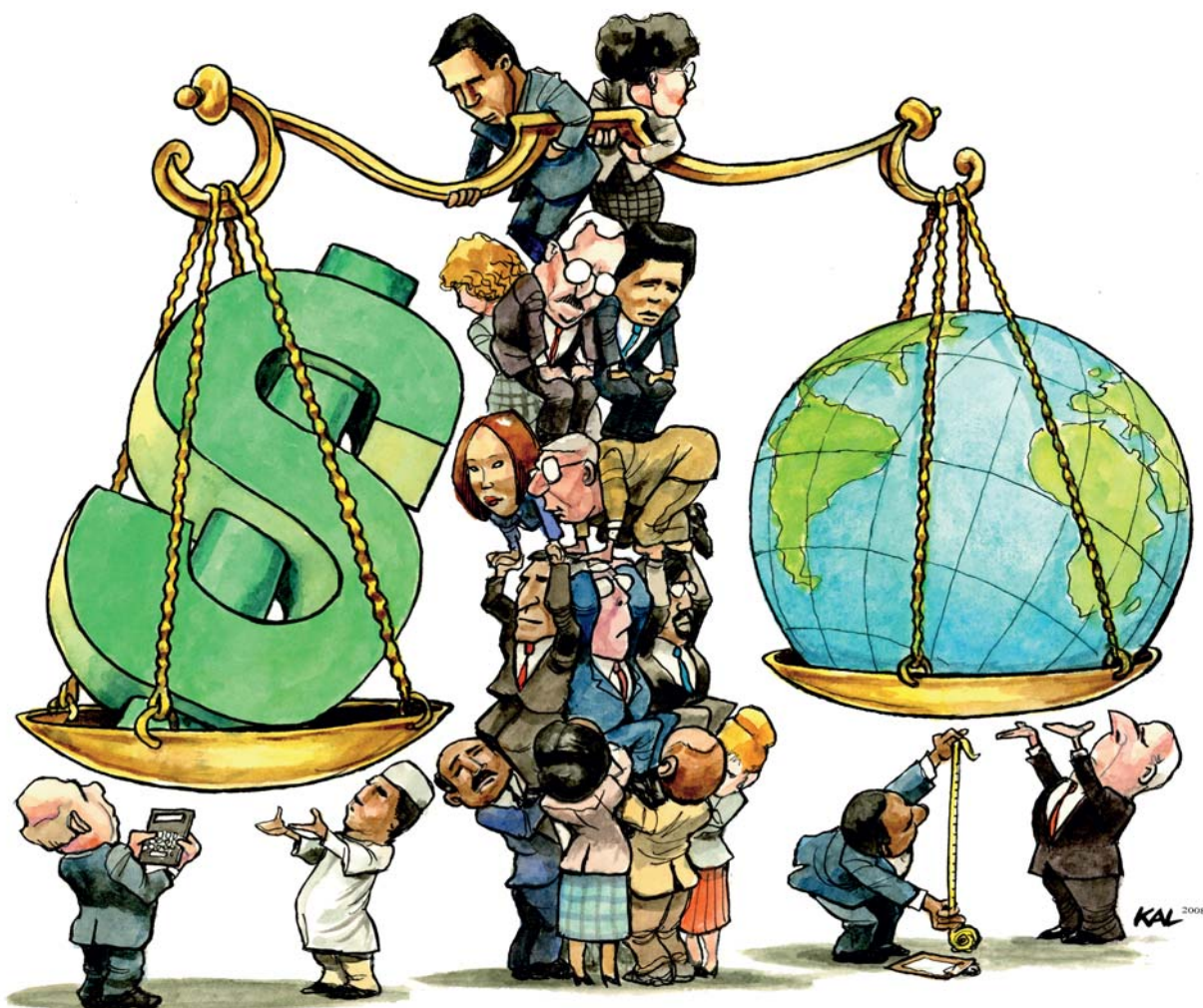


Corporate citizenship: Profiting from a sustainable business

A report from the Economist Intelligence Unit
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Preface

Corporate citizenship: profiting from a sustainable business is an Economist Intelligence Unit report. Lead sponsors are Cisco, HP, Qualcomm and SAS. The supporting sponsors are Abbott and UTC. The findings and views expressed in this report do not necessarily reflect the views of the sponsors. The Economist Intelligence Unit's editorial team executed the survey, conducted the interviews and wrote the report. Kim Andreasson was the editor and project manager. Bob Johnstone was the author. Kevin "Kal" Kallaugher created the cover image.

The quantitative findings presented in this report come from an online survey of 566 US-based executives—39% at vice-presidential level or above—conducted by the Economist Intelligence Unit in September 2008. The survey asked respondents about their corporate citizenship initiatives and their strategies for benefiting from them. To supplement the quantitative survey results, we also conducted in-depth individual interviews with 16 senior executives and experts in corporate citizenship.

Our thanks are due to all survey respondents and interviewees for their time and insights.

November 2008



List of interviewees

Tralance Addy, chief executive officer (CEO), WaterHealth International

John Elkington, founder, SustainAbility

Stuart Hart, director, Center for Sustainable Global Enterprise, Cornell University

Fred Krupp, president, Environmental Defense

Stan Litow, vice-president, corporate citizenship and corporate affairs, IBM

Keith Miller, manager, environmental health & safety, 3M

Paul Murray, director, environmental health and safety, Herman Miller

Jane Nelson, director, Corporate Social Responsibility Initiative, Harvard University

Pat Penman, vice-president, global environmental and safety actions, SC Johnson

Dawn Rittenhouse, director, sustainable development, DuPont

Jim Rogers, CEO, Duke Energy

Paul Tebo, president, The Tebo Group

Mark Tercek, CEO, The Nature Conservancy

Brian Walker, CEO, Herman Miller

Mark Walker, director, global community affairs, Applied Materials

Peter White, director, global sustainability, Procter & Gamble

About the survey

In order to assess attitudes towards corporate citizenship in America, the Economist Intelligence Unit conducted an online survey of 566 US-based executives in September 2008. Thirty-nine percent of survey respondents describe themselves as board members, C-level executives or vice-presidents. About one-third (29%) work for publicly listed institutions. And 39% work for companies with global annual revenue exceeding US\$500m. More than 17 different industries are represented in the survey sample, led

by respondents from educational institutions (14%), information technology (IT) and technology (12%), consumer goods (9%), financial services (8%) and professional services (8%). Respondents also come from a wide variety of functions, including general management (17%), IT (14%), customer service (13%), finance (9%), and research & development (8%). Overall, 19% of respondents who know the answer say that their company invests more than US\$1m in corporate citizenship initiatives annually. Despite the economic malaise in 2008, five years from now 49% of those who say they know the answer say that they will spend more.



Executive summary

Corporate citizenship is becoming increasingly important to business sustainability. It provides benefits that are both tangible—such as reducing waste and increasing energy efficiency—and intangible—such as improved employee productivity. This report is based on the hypothesis that corporate citizenship can help to improve the bottom line.

Many firms view corporate citizenship as little more than public relations, but a minority are beginning to recognise its potential. Leading companies have moved from a do-no-harm, reactive mode to a more proactive approach. For more than a decade US firms like DuPont, 3M and SC Johnson have been showing the way, using corporate citizenship as a source of competitive advantage. In recent years they have been joined by corporations like GE and Wal-Mart.

The strategy is characterised as much by a hunger for new business opportunities as by the urge to do the right thing. However, beyond a small cohort of leading companies, most US firms have yet to maximise the business benefits of corporate citizenship. They are seen as lagging behind their European counterparts. But they are catching up.

There are many lessons to be learned from the leading companies. In particular, they build on four foundations: leadership at all levels, employee engagement, solid measurements and public-private partnerships:

- To be successful, corporate citizenship must be driven from the top. But leaders of this initiative are needed at all levels of the firm.
- Significant companies find ways to channel the passion of their employees into corporate citizenship activities. Such activities help firms to recruit better-quality workers and retain them.
- To convince senior executives that corporate citizenship is effective, the financial benefit must be clear. Companies must set ambitious goals, along with ways of keeping track of progress towards them.
- Companies have discovered that financial advantages can accrue from forming partnerships with non-traditional stakeholders. These include local, state and federal government, as well as activist groups and non-governmental organisations.

Based on the lessons learned, we conclude by offering practical advice for firms wishing to use corporate citizenship in order to improve their bottom line. Suggestions include making the business case, tying corporate citizenship to core objectives, identifying the challenge and setting public goals.



Introduction: the business case

Corporate citizenship can help to improve the bottom line. While the intangible benefits are often greater, there are exceptions. This report outlines the cases where it can be profitable, and the foundations needed on which to create them.

During an economic expansion, corporate citizenship is an opportunity. Seventy-four percent of respondents to the survey conducted for this report say that corporate citizenship can also help to increase profits at their company. In an economic downturn, it can be a vital competitive advantage. Seventy-one percent of respondents say that business sustainability depends on effective corporate citizenship. When times are bad, companies typically spend less, and an effective strategy can save a company money. According to the survey conducted for this report, cost-cutting was also the third most common motivation for corporate citizenship.

“In many ways the business case for environmental sustainability is also stronger in the current economic downturn,” says Peter White, director for global sustainability at Procter & Gamble (P&G), a Fortune 500 consumer goods company. “Sustainability initiatives often lead to increases in the efficiency with which materials and energy are used, reducing costs for both companies and consumers,” he continues. Stan Litow, vice-president for corporate citizenship and corporate affairs at IBM, a technology and consulting company, agrees: “If corporate citizenship were a frill and had no clear benefit it ought not survive in any economic climate, good or bad. But, if it is viewed as something tied to business strategy with a real, measurable and clear return on investment established over time, then it’s not viewed as something you can or should do less of in a time of economic crises.”

According to the survey conducted for this report, 19% of respondents who know the answer say that their company invests more than US\$1m in corporate citizenship initiatives annually. Despite the economic malaise in 2008, five years from now 49% of those who say they know the answer say they will spend more. Among large companies (those with annual revenue of US\$10bn or more) the equivalent figure is 67%.

At furniture maker Herman Miller, investments in sustainability-related areas have resulted in a 32% annual rate of return, according to a recent case study by Forrester Research. The company has reduced landfill waste by 80%, hazardous waste by 91%, overall emissions by 87% and water usage by 67%, while doubling sales to more than US\$2 billion in 2007.

“It started as making sure there were no risks in producing our products,” says Keith Miller, manager of health and environmental safety at 3M, a Minnesota-based manufacturer of adhesives and abrasives.



An elusive definition

For the purpose of this report, corporate citizenship is defined as transcending philanthropy and compliance, and as addressing how companies manage their social and environmental impacts as well as their economic contribution. Corporate citizens are accountable not just to shareholders, but also to stakeholders such as employees, consumers, suppliers, local communities and society at large.

Yet many companies do not use the term “corporate citizenship” to describe their activities. It is, some say, old-fashioned. Nor is “corporate social responsibility” any more popular. Objectors equate responsibility with requirement, which can be seen as reactive. The focus, they say, should properly be on proactive business strategies aimed at increasing revenue and profit. At Procter & Gamble, a Fortune 500 consumer goods company, for example, the preferred expression is “corporate social opportunity”, precisely because it accentuates the positive.

“There is a massive problem around terminology”, says Jane Nelson, who directs the Corporate Social Responsibility Initiative at Harvard University? Even when two companies use the same term, “one of them might be looking at [corporate citizenship] much more

from a supply-chain management, managing risks, human rights perspective,” Dr Nelson cautions, “whereas another might be, how do we make money out of this?”

The term “sustainability” is preferred by many companies, but here too some feel the need to qualify the term, to make it more attractive to business people. At DuPont, America’s largest chemical company, for example, the term used is “sustainable growth”, while other firms talk of “sustainable development” or “sustainable enterprise”.

Some take a more radical approach. SC Johnson, a Wisconsin-based manufacturer of household cleaning products, does not use any of the above, preferring instead to emphasise the ethical dimension and the degree to which sustainability has become integrated into its corporate culture. According to Pat Penman, the firm’s director of global environmental and safety actions, “We don’t have a name for it other than ‘doing what’s right’.”

Though the nomenclature may be fuzzy, the essence is well understood. In 1994 John Elkington, founder of SustainAbility, a consultancy, encapsulated the concept by coining the phrase “triple bottom line”. His subsequent simplification, “people, planet, profit”, makes the concept even more obvious. In a perfect world, it would be win-win-win.

“But more and more it’s becoming looking at the opportunities, finding products that have some environmental or energy advantage over what’s in the market today. And from a business and customer perspective, that’s becoming very valuable.”

In the survey conducted for this report, US-based executives agree: when asked for their company’s primary corporate citizenship motivation, the top three answers all relate to the bottom line: revenue growth (16%), increasing profit (16%) and cost savings (13%). Among the 68 chief executive officers (CEOs) in the survey, the sentiment is even stronger: one-quarter (25%) of them say that their primary motivation for corporate citizenship is to increase profit. And CEOs interviewed for this report, like Jim Rogers of North Carolina-based energy company Duke Energy and Brian Walker of Herman Miller, agree without hesitation that companies can improve the bottom line through corporate citizenship.

“Almost all the CEOs that I’ve talked to have been stunned by how doing the right thing by the environment, they get huge business benefits,” says Fred Krupp, president of Environmental Defense, a US-based advocacy group. He continues by outlining the intangible benefits: “It galvanises employees to be happy about working for a company that cares about the environment. And it really improves the employee morale, and the ability to recruit and retain.”

Companies struggle with demonstrated return on investment, especially since many of the benefits of corporate citizenship are indirect and intangible, and hence intrinsically hard to measure. Sentiment might be strong, but measures of success are hard to prove. For example, 78% of survey respondents agree that corporate investment in education can improve their company’s bottom line 20 years from



now. That makes sense, because long-term business success depends on a well-educated workforce. However, the tangible benefits are impossible to measure. Leading companies are also making it harder for themselves because they have integrated corporate citizenship into their core business, making it tough to separate and quantify.

The research conducted for this report shows that the visible effects on the bottom line are derived from environment-related improvements, such as reductions in waste and increases in energy efficiency. It is true that some companies are undertaking small-scale experiments in other areas of corporate citizenship, such as developing products and services for people at the bottom of the social pyramid, but these projects have not yielded much profit yet.

These initiatives may eventually bear fruit, but this report focuses on actual cases where companies are making a profit from corporate citizenship programmes. And today it is not hard to find such examples among some of America's best-known companies.

At P&G, the environmentally responsible innovation is a new cold-water detergent, introduced to the US market in 2005, that could be highly profitable for the company. According to the company website, an increase in cold-water usage has benefited both consumers and the business. An analysis of all the company's products revealed that by far the largest use of energy was in heating water to wash clothes. "Addressing that is the biggest opportunity, both a business opportunity but also an environmental opportunity," says P&G's Mr White.

"If everybody in the US were to wash using cold water, it would save 3% of total domestic energy consumption, so the potential gains are huge. We want to bring sustainability to the mainstream consumer—so big innovations on big brands in big markets." The company's goal is to develop and market US\$20bn-worth of products that are a significant environmental improvement over previous ones by 2012.

For two logistics companies, FedEx and UPS, the opportunity lies in working with manufacturers like Eaton in public-private partnerships to develop and deploy a new generation of trucks for their delivery fleets. The logistics companies will improve the bottom line through reduced fuel costs, while the environment will benefit through a reduction in exhaust gas emissions. And through the corporate citizenship effort, for the truck makers a brand new market opportunity has presented itself.

For Bank of America, it is the corporation's environmental commitment in the shape of its new office block at One Bryant Park in midtown Manhattan, New York. According to the company, the 54-storey skyscraper will generate around 70% of its own energy when it is completed in 2009. Though more expensive to build, the green tower will make money for the company and its co-owner, the Durst Organization, because in addition to delivering lower operating costs, green buildings also command higher rents. The architects, Cook+Fox, gained valuable experience in designing the tower, giving them a head-start on rivals in the nascent but fast-growing eco-construction market. But Bank of America expects the biggest gains to come from improvements in another area. Studies such as that by William Fisk at Lawrence Berkeley National Laboratory have found that green buildings increase worker productivity. A 1% reduction in illness-related absenteeism among the bank's expected staff of around 5,000 at the new office could result in a US\$10m boost in annual productivity.

For Wal-Mart, a 5% reduction in excess packaging by 2013 would result in savings of US\$11 billion,



with the company itself poised to save US\$3.4bn. To help it achieve this goal, Wal-Mart developed a simple scorecard. This measures several key metrics, including greenhouse gases emitted during production, product-to-package ratio and recycled-content usage. In 2007 more than 6,300 vendors used the scorecard to rate almost 100,000 products. The system creates transparency and allows measurable improvements to be made

For GE the corporate citizenship opportunity lies in its ecoimagination brand. Dismissed by critics in 2005 as a publicity stunt, the brand today boasts more than 60 products that are classified as delivering superior financial and environmental performance. Collectively they generated revenue that reached US\$17 billion in 2007. Although ecoimagination is still a small (albeit fast-growing) component of the company's overall business, the brand serves to give the company a new direction. Last year, for example, GE became the largest US supplier of wind turbines, with an order book worth US\$12bn.

For a business-to-business company like semiconductor equipment maker Applied Materials, "the investor public is one of our key target markets," as Mark Walker, Applied's managing director of global community affairs, says. "How are socially responsible investors looking at our company? Are we starting to be added to their portfolio? That is becoming increasingly important to us; that definitely has an element of revenue generation associated with it."

Having summarised the business case for corporate citizenship, the next section of this report outlines corporate citizenship today. The report then turns the focus to America, where the political landscape is changing while companies increasingly recognise the opportunities associated with corporate citizenship. But to build a sustainable business, you need solid foundations. The report outlines four areas: leadership at all levels, employee engagement, robust metrics and public-private partnerships. The report concludes by looking at the bottom line: what executives can do to profit from corporate citizenship.



From fringe to core

Most US companies are well aware that corporate citizenship is important to the future of their business. As yet, however, few seem to have maximised the competitive advantage. Whereas almost three-quarters of survey respondents say that business sustainability depends on effective corporate citizenship and that it can also help improve their bottom line, only about one-quarter (27%) of respondents agree that corporate citizenship initiatives are “very important” to their company’s overall business strategy.

For most, corporate citizenship remains a fringe activity, not integrated into the core values of the company. In fact, only 28% of respondents characterise their strategy as proactive; 24% say theirs is reactive, while 35% say that it is equally proactive and reactive, and 6% do not have a strategy at all. That most companies surveyed are still not completely proactive does not surprise Stuart Hart, a professor at Cornell University’s Center for Sustainable Global Enterprise. For some 20 years, he has been arguing that environmental and social opportunities might provide companies with a major source of revenue growth. Yet he has found that firms which truly embark on substantial sustainability initiatives are “a small subset of companies, probably five percent”.

“It’s a minority and it always will be,” Professor Hart says, “because innovators are in the minority. But if the innovators are able to reap major rewards by dint of their efforts in this kind of strategy, and stake out a whole new space, it will attract copy-cats, and mimicry becomes the rule of the day. So five percent of companies is sufficient to move the whole mass ultimately”.

The fact that many companies seem unaware of the potential benefits of corporate citizenship stems in part from a failure to educate future leaders. Even top business schools, such as Harvard, which recently began offering a compulsory first-year course in this area, emphasise the reactive, do-no-harm aspects. “The truth is that [sustainability] issues have not been integrated in any meaningful way into the core of what business schools do,” Professor Hart says.

Sustainability needs to be integrated into other curriculums, too. Engineers must be taught how to design facilities with sustainability in mind. “In an ideal world I’d like every new employee who comes into DuPont to have some basic understanding of what is sustainability, what are the issues and challenges, so that we can then translate those into opportunity for the company,” says Dawn Rittenhouse, director of sustainable development at Wilmington, Delaware-based DuPont, America’s largest chemical company.

American firms are beginning to latch on to the idea. “Once the US gets something,” says John Elkington of SustainAbility, a strategic consultancy that has offices in London, Zurich, New York and Washington, “the innovation gene is switched on, and the thing takes off like a rocket.”



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Survey respondents who say that effective corporate citizenship can help to improve the bottom line at their company are also more likely to say that their strategy in this regard is “very important” to their business (33%) compared with other survey respondents (8%). The firms that are leading the charge in the US are characterised by their ethical culture, strength in innovation and willingness to empower their employees. Although well-established, they are open to advice from outsiders—non-traditional stakeholders, such as non-governmental organisations (NGOs)—often forming partnerships that result in mutual benefits. They are well-managed firms that take a long-term view. Somehow, these companies seem to have spliced corporate citizenship into their corporate DNA.



Doing good, American style

The idea that companies should be good citizens is of course not new. Philanthropy has long been a feature of the American corporate landscape. But corporate philanthropy is typically limited in scope, and is a cost rather than a benefit to the bottom line. That is not what contemporary corporate citizenship is about. In fact, when survey respondents are asked about their company's primary corporate citizenship motivation, both internal pressure to do good (9%) and external pressure from stakeholders to do good (7%) come low on the list, as do public relations (10%) and brand enhancement (5%).

Instead, today's proactive companies are demonstrating that people, planet and profit can go together. They are taking a sophisticated approach to solving social and environmental challenges in a way that makes business sense.

Corporate citizenship is the offspring of a series of developments that began three decades ago. In 1975 SC Johnson, a Wisconsin-based manufacturer of household cleaning products, elected to eliminate ozone-depleting CFCs 14 years before the Montreal Protocol called for their phasing out. In the same

A brief timeline of corporate citizenship

- 1962:** *Silent Spring* by Rachel Carson published, outlining the environmental impact of DDT
- 1970:** US Environmental Protection Agency (EPA) formed to combat industrial pollution
- 1973:** first oil crisis, the initial intimation that terrestrial resources were not infinite
- 1975:** elimination of CFCs begins at SC Johnson, 14 years before the Montreal Protocol called for their phase-out
- 1975:** Pollution Prevention Pays launched at 3M, a Minnesota-based manufacturer of adhesives and abrasives. The programme has saved the company over US\$1bn
- 1987:** *Our Common Future* published by the World Commission on Environment & Development (key concept: sustainability)
- 1989:** Montreal Protocol, an international agreement to reduce CFCs
- 1991:** World Business Council on Sustainable Development formed
- 1997:** Kyoto Protocol, an international agreement to reduce greenhouse gas emissions (not signed by the US)
- 2005:** General Electric, a conglomerate, launches the ecoimagination product line
- 2005:** Hurricane Katrina; Wal-Mart, a retail giant, announces environmental goals



year 3M, a Minnesota-based manufacturer of adhesives and abrasives, introduced a programme called Pollution Prevention Pays (3P). This was arguably the first overt coupling of environment and profit.

“That first year of the programme we saved the company US\$10m, while preventing a significant amount of pollution as well,” says 3M’s Mr Miller. “Right away it got CEO support, and we’ve had great support from the top of the company since then.” Thirty-three years on, 3P has saved 3M more than US\$1bn.

Such programmes fall under the heading of what is now called “eco-efficiency”. You clean up the environment, you save energy and, by reducing waste, you gain a financial return. When asked which areas of corporate citizenship their companies are likely to profit from, two of the five highest-rated responses relate to eco-efficiency. Forty-one percent of respondents say that it is “likely” or “very likely” that their bottom line could be improved through alternative energy sources, while 40% say the same about energy policy more broadly.

Catching up

During the 1990s corporate citizenship entered a new phase. Business strategy and performance came to the fore. But most experts say that European firms led the way. On returning in 1999 to the US from a European stint, 3M’s Mr Miller noticed “a tremendous difference. In the US at that point there was really nothing happening in sustainability.” Though still perceived to be an environmental laggard, US corporations are catching up quickly. The watershed for corporate citizenship in the US was 2005. In that year two of the nation’s largest companies announced policies aimed at using corporate citizenship to improve their bottom line.

In May 2005 GE launched ecoimagination, the brand-name for a range of environmentally sound clean-technology products such as wind turbines, coal gasifiers and hybrid locomotives. The company’s original goal was to derive US\$20bn in annual revenue from these products in five years. In 2007, having reached US\$14bn, GE raised its annual target to US\$25bn by 2010.

“I’ve been with CEOs when those numbers were put up,” Mr Elkington comments, “and they’ve said, ‘It sounds as though this stuff is real—I’d like a slice of that!’”

Then, in October 2005, Wal-Mart’s CEO, Lee Scott, shocked by the destructive power of Hurricane Katrina—which inundated dozens of the company’s Louisiana stores—and inspired by the community-minded response of its employees, announced three simple but ambitious goals. These were that Wal-Mart would switch to renewables for all of its energy needs, would create zero waste and would sell only sustainable products.

Such commitments are not made lightly. “Being a good steward of the environment and in our communities and being an efficient and profitable business are not mutually exclusive,” Mr Scott said in a speech that he gave at the company’s Bentonville, Arkansas, headquarters on October 24th 2005. “In fact, they are one and the same.”

The retailer has set itself a series of short-term targets. They include working with suppliers to improve the efficiency of the most energy-intensive products that it sells—such as hairdryers—by 25% within three years.

“Wal-Mart is in a very thin-margin business,” says Mark Tercek, CEO of advocacy group The Nature



Conservancy. “They don’t have the luxury of doing things indulgently. It has to make business sense, and in their public reporting they show conclusively that it does, as well as [having] a huge environmental impact.”

Seize the initiative

A new US administration means change—not only in Washington, D.C., but also for companies looking to government for guidance in corporate citizenship. But a cautious approach can have drawbacks. “If you just wait for regulations to comply with, it can end up costing you more,” Mr Miller says. “Oftentimes by going beyond compliance, by being ahead of the curve, you can actually save money in the long run.”

A previous Economist Intelligence Unit report found that many US companies would be open to more government regulation.¹ In the survey conducted for this report, companies agree that they would indeed be open to additional regulation, but mostly in traditional areas of corporate citizenship that are viewed in most countries as the government’s domain: healthcare (28%), energy policy (27%), ethics and worker

1. <http://www.eiu.com/sponsor/sustainability>

From challenge to opportunity

In 1987 the US Environmental Protection Agency named DuPont, the US’s largest chemical company, based in Wilmington, Delaware, the nation’s number-one toxic polluter. Around the same time Greenpeace, an international environmental advocacy group, accused DuPont of destroying the ozone layer with the CFCs that it produced.

When Edgar Woolard took over as DuPont’s chairman and CEO in 1989, he realised that if the company was to sustain itself it would have to change its attitude towards the environment. To show his commitment, Mr Woolard took on the title of chief environmental officer and set aggressive goals for the reduction of toxic emissions.

At first, however, DuPont’s CEO encountered resistance from the leaders of the company’s business units. They viewed the goals he set as his, not theirs. To solve the problem, in 1993 he turned to Paul Tebo to translate his vision into language that the business leaders could understand.

Dr Tebo had previously run the firm’s multi-billion-dollar petrochemicals operation. Mr Woolard assigned him the task of working with his peers “to help them understand how good this could be for their business if they did it in the right way,” says Dr Tebo. “So I was always looking for financial outcomes.”

“A great deal of the change at DuPont was influenced by external thought leaders,” he says. This is not surprising. When asked what groups their companies proactively engage in their corporate citizenship initiatives, survey respondents frequently mention educational institutions (36%) and advocacy groups and non-governmental organisations, or NGOs (36%). To improve the situation Dr Tebo sought

to bring in outsiders, like Stuart Hart, then of the University of Michigan, and Paul Gilding of Greenpeace, one of a new generation of activists who realised that the best way to change business was to work with it. “I would bring them in to meet all of our top executives. They could really relate with them, they had good strategic thinking, and they kept challenging us to move forward,” he says.

Yet the goal is not to reach zero emissions, but to grow. In 1997, to describe his beyond-zero concept, Dr Tebo coined the term “sustainable growth”. This he defines as “creating greater shareholder and societal value while reducing environmental footprint throughout your supply chains”.

Sustainable growth goes beyond the company’s corporate citizenship mission; it is the corporate mission itself. To achieve sustainable growth, DuPont has drawn on innovation, which Dawn Rittenhouse, DuPont’s director of sustainable development, describes as one of the company’s core strengths.

The company is reinventing itself, morphing from a non-sustainable, chemicals-based company to a sustainable, renewable-resource-based one. From reliance on fossil fuels to make paints, plastics and polymers, DuPont is moving its whole technology portfolio to biomaterials.

According to the company, its greenhouse gas emissions fell by 72% between 1990 and 2003. Total corporate use of energy is down by 7%. Meanwhile, overall production is up by 40%. This decoupling of energy from production growth has saved DuPont a cumulative US\$3bn since 1990.

The process is not yet complete, but as Ms Rittenhouse says, “the goal is to get to where our sustainability processes are so well integrated, it’s just the way we do business.”



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rights (23%), education (23%) and alternative energy sources (20%). And when asked what should be the first priority for the new US administration, the response—perhaps not surprisingly—closely mimicked those areas in which companies would like to see more regulation: 24% of survey respondents say that the new administration should make healthcare its top priority, followed by energy policy (14%) and alternative energy sources (11 %).

Yet successful companies implement major changes in the way that they do business years—sometimes decades—before government legislation requires them to. They develop new technologies that eliminate problems such as the production of toxic waste, obviating the need to install expensive controls mandated by government regulation. In 2002, 3M set a goal to reduce greenhouse gas emissions by 50% from 1990 levels. By 2006 the company had cut emissions by 54%. In comparison, California, the most advanced US state in terms of environmental legislation, plans to return to 1990 levels by 2020.

But the road to profitable 21st-century corporate citizenship is anything but smooth. For some companies the journey starts with a shock. In DuPont's case, it was being labelled America's number-one polluter. For Wal-Mart's Mr Scott, it was the after-effects of Hurricane Katrina. Such events force companies to take a long, hard look at the way they do business. Having confronted the harsh reality, they can then proceed to reinvent themselves. The ultimate goal is integrating corporate citizenship so well into your company's genome that it becomes, as Ms Rittenhouse of DuPont says, "just the way we do business."



How to profit from corporate citizenship

While reducing waste can save money, being proactive can create opportunities. Firms on the leading edge are forging ahead. They are acting like venture capitalists, investing in disruptive clean technologies such as those used in hybrid trucks. And they are exploring the base of the pyramid, where environmental and social concerns meet and new markets abound.

But how do successful companies use corporate citizenship to improve the bottom line? To build a profitable and sustainable business, you need solid foundations. These include leadership at all levels, employee engagement, rigorous metrics and public-private partnerships.

Leadership at all levels

Like most important business initiatives, corporate citizenship strategy needs to be set at the top. Without committed leadership it won't happen. "You have to show your people that you're actually walking the talk, in terms of the things that you actually do to demonstrate that [corporate citizenship] is an important value to the company," says Duke Energy's Mr Rogers.

Survey-takers agree. In fact, 92% of respondents say that a board member or C-level executive is in charge of corporate citizenship at their company. Digging deeper, 34% say that the board is setting strategy, while 37% claim that it is the CEO, president or managing director who is doing so. Interestingly, while many corporate citizenship or corporate social responsibility executives are at the senior vice-president, vice-president or director levels, only 6% of respondents say that they set strategy at their company.

As a result, a company's C-suite and its corporate citizenship people must interact closely. At SC Johnson, corporate citizenship is a passion for the company's CEO, Fisk Johnson, whose links with his corporate citizenship people are accordingly very close. "It's not unusual for Fisk to send us an e-mail saying, 'I read about this, are we doing anything about it, maybe we should?'," says the firm's director of global environmental and safety actions, Pat Penman.

"The relationship between what we do in corporate citizenship and the executive suite has been largely driven by the top," agrees Applied Materials' Mark Walker. "There's been good dialogue about what our common objectives are, and we feed off each other on those ideas, particularly as we're looking at emerging business opportunities."

But driving from the top down is not enough. Mr Rogers adds that "while the CEO's role is important, I believe in engaging people at all levels of the organisation, getting them to understand that this is really



Active trumps passive

Companies that can get ahead of the corporate citizenship curve may reap the benefits of what Professor Hart, in a seminal 1997 paper, called “the biggest business opportunity in history”; those that lag behind are likely to be the losers.² A key strategic differentiator is to be proactive, according to the survey of 566 US-based executives conducted for this report.

When asked about their company’s corporate citizenship strategy, only 28% of respondents describe it as being completely proactive. Comparing them with all other respondents—who said their companies were reactive, equally proactive and reactive, or simply didn’t know—yields significant insight into the advantages of being proactive.

When compared with their closest competitors, respondents from proactive companies say that they are stronger when it comes to awareness of corporate citizenship issues (64% for those who are proactive, versus 38% for everyone else). More importantly, however, the difference shows up in the bottom line as well. Respondents who say that their company is proactive also report that they have higher profitability (57% versus 41%) and revenue growth (51% as against 38%). And when asked specifically if effective corporate citizenship can help improve the bottom line at their company, 90% of respondents from proactive companies answer in the affirmative, compared with 68% of all other survey-takers. Respondents who view their companies as proactive are also much more likely to say that business sustainability depends on effective corporate citizenship than all other survey respondents, at 85% compared with 66% respectively.

Keys to success

The reason is clear: when asked how important corporate citizenship initiatives are to their company’s overall business strategy today, almost one-half (48%) of respondents from proactive companies say

it is very important, whereas the figure for the rest of those surveyed is only 18%. “You’ve got to have committed leadership, somebody driving it from the top,” says Dr Tebo, former vice-president of environment, health and safety at DuPont. Indeed, at companies that respondents deem proactive, 48% say that the CEO is in charge of corporate citizenship strategy, compared with 33% of all respondents.

Proactive companies are also more likely to include their employees in setting corporate citizenship strategy: 89% of proactive companies say that their employees are involved to a great extent (26%) or to some extent (63%), compared with only 63% of all respondents who say that they are involved to a great extent (10%) or to some extent (53%).

Another key to success appears to be the method for achieving strategic objectives. Proactive companies are also more likely to view advocacy groups as an opportunity rather than a challenge: 47% of respondents from proactive companies say they are an opportunity, while only 20% of all other respondents do. Indeed, when asked how likely it is that their company can increase its profits from corporate citizenship initiatives by working with a range of groups, proactive companies that appear to be ahead of the curve were ... proactive.

Percentage of survey respondents who say that working with the following groups would be likely or very likely to increase profits at their company:

Group	Proactives companies	All others respondents	Difference
Advocacy groups and NGOs	47%	33%	14%
Public-private partnerships	61%	40%	21%
Shareholders	50%	37%	13%
Employees	67%	44%	23%
Consumers	65%	42%	23%
Business customers	66%	47%	19%

2. Stuart L Hart, “Beyond Greening: Strategies for a Sustainable World”, in *Harvard Business Review*, January-February 1997.

critical. As a CEO you have to give your people permission, encourage them to be passionate, because it’s an advantage to have people that are passionate about what they do. My challenge is to harness that passion.”

Applied’s Mr Walker concurs: “Successful companies have champions of corporate citizenship at multiple levels in the organisation.” Leadership from the middle is also important, he says, because “that’s where the rubber meets the road. Having strong identification from middle management is critical, because if those folks aren’t buying into what you’re doing, nothing really happens.”

The role played by Brian Walker, CEO at Herman Miller, was to harness and redirect corporate citizenship efforts that have hitherto been internally focused. “We wanted to be much more direct in



connecting to what customers were buying,” Mr Walker says. “So it had to have a more strategic flavour to it, from a commercial standpoint.”

Ultimately, it boils down to corporate culture, the ethos that a company has developed around sustainability issues at all levels. “Once you get to be part of an organisation that has its own ethos about those things, you start to pick up on them yourself,” Mr Walker says.

A more loyal employee

Survey respondents who say that employees at their company are involved to a great extent in setting corporate citizenship strategy also report that they are much stronger than their closest competitors in profitability (35%) vis-à-vis other respondents (11%).

In addition to the tangible benefits of proactive corporate citizenship, there are intangible ones, too. They include recruitment and retention of top-quality workers, and the grooming of future leaders. To have a well-designed corporate citizenship programme can be a competitive advantage. “In the past year, more than ten employees have come up to me and said that they joined Herman Miller because of our environmental ethic,” says Paul Murray, director of environmental health and safety at that company. “When you think of the shortage of skilled labour coming at all of us as baby boomers retire, if you have a company that people want to work for because the company’s doing the right thing as a corporate citizen, that will become a strategic advantage.”

Talk to human resources consultants, and they will tell you that young professionals want to work for companies whose values match their own. “Generation Y employees have a passion for this: they want to make sure that the company they joined is doing the right thing for the environment,” Mr White says. A recent global survey conducted by Connecticut-based human resources firm Towers Perrin-ISR found that 57% of employees say their company’s reputation for social responsibility is a factor in retaining them. And corporate citizenship also serves as morale booster during challenging economic times.

Another firm that has sought to strengthen employees’ engagement through innovative corporate citizenship activities is IBM. Last year the company launched what it calls its Corporate Service Corps, partly to give IBM a higher profile in countries where it does not as yet have a significant presence, but mostly as a way of developing the leadership skills of designated fast-trackers.

Selected from 5,500 applicants, the corps’ initial intake consisted of 100 young employees from 33 countries. They travelled to countries such as Romania, Vietnam and the Philippines, where they took on projects co-ordinated through non-profit organisations. “Giving people an opportunity to work in teams to solve problems on the ground in difficult circumstances and deliver significant results is not about volunteerism,” insists IBM’s Mr Litow, “it’s a new way of thinking about leadership development for the company.”

“The solution to problems of the developing world actually requires much higher talent than when you go into fields which have been ploughed by other people,” explains Tralance Addy, the CEO of WaterHealth International, a start-up company based in Irvine, California. “Because there are no road maps, and it takes a lot of creativity to get problems solved. Once you get them solved, you will have learned things that you can bring back into developed markets to capture significant advantages.”



Future opportunity

Forty-four percent of survey respondents say that their corporate citizenship initiatives will be more important to their company five years from now. And, in the same timeframe, 49% of those who say they know the answer also say that they will invest more money. The question is not so much whether, as where, companies will seek future opportunities.

Beyond eco-efficiency, the future of corporate citizenship, according to Professor Hart, lies in two not unrelated areas. One is “clean tech”, a catch-all term that covers everything from renewable energy to water treatment. The other is “base of the pyramid”, which embraces new business models for reaching the 4bn people in developing countries who live on less than US\$1,500 a year.³

Although there is still an overemphasis on the development of clean tech and an underemphasis on its commercialisation, Professor Hart sees a huge upsurge of corporate interest on the base-of-the-pyramid side. “More and more multinationals have initiatives and experiments and ventures that are focused on the base of the income pyramid,” he says.

“The base of the pyramid is an excellent business model for us,” says SC Johnson’s Ms Penman. “It gives us ideas for distribution of our products, but our goal is to get it operational so we can grow it, creating a business that not only provides us with an opportunity but also provides the community with jobs and role models for others.”

Small start-up companies like WaterHealth International, a firm based in Irvine, California, are probably better adapted for innovative work at the base of the pyramid, says Tralance Addy, WaterHealth’s CEO. He suggests that the best way for large firms to support such work is through seed funding. Then, once the kinks have been ironed out, they can form a partnership with the small company to grow the business.

“If you are a big company with a brand you want to protect, it’s a frightening prospect to risk your reputation on the kinds of things that

we do, which are really out there,” says Dr Addy, who before taking over the reins at WaterHealth in 2004 was a 20 year-plus veteran of a leading healthcare company, Johnson & Johnson.

“Out there” for Dr Addy’s company means more than 200 villages with a combined population of over 1m people in rural India, for which the company provides low-cost, high-quality drinking water via its distributed water micro-utilities. In these, water is piped to a tank in a facility about the size of a suburban garage, where it is filtered and then treated with ultraviolet light, killing the pathogens that cause waterborne diseases. The process is around 6,000 times more energy-efficient than boiling water.

The market for clean-tech-generated water is huge, potentially being worth hundreds of millions of dollars; in India alone, there are some 650,000 villages in need of clean water. Past efforts by corporations and philanthropic organisations to provide it have been unsuccessful because of a failure to sustain projects once the initial intervention has been made.

WaterHealth’s business model, by contrast, is based on having dedicated people on the ground to make sure that things continue to happen. “Our view was that, if you could address the problem principally through commercial means, but involving stakeholders, such as government and NGOs, then you would have people who benefit from perpetuating the intervention,” says Dr Addy.

Governments have a responsibility to provide people with water. They provide funds that can be leveraged to secure private capital through banks and other institutions. “The other piece of the partnership is that we pay service fees to NGOs who are well known in the communities to provide education and training in health and hygiene.”

This is complicated business model, but it seems to be working. The company has secured US\$30m in loan guarantees from one investor, Dow Chemical, which will enable 2,000 more water purification micro-utilities to be installed.

3. C K Prahalad and Stuart L Hart, “The Fortune at the Bottom of the Pyramid”, in *Strategy+Business*, issue 26 (2002).

Measurable metrics

“What gets measured, gets done,” says Duke Energy’s Mr Rogers. And, by implication, what doesn’t, doesn’t. For Lorraine Bolsinger, vice-president of ecoimagination at GE, “metrics and accountability are major reasons why [GE] continues to flourish after 130 years in business.”

The challenge facing companies in this area is that there is much debate about how to measure return on investment in corporate citizenship initiatives. When asked if their company uses metrics, such as ISO 14001 and triple-bottom-line reporting, to take into account environmental and social performance in addition to financial performance, 31% of survey respondents do not know the answer and only 31%



answer in the affirmative. And when asked how their companies compare with foreign competitors in terms of metrics, only 27% of US executives surveyed say that they are stronger or much stronger, which means that 73% think otherwise.

The development and use of metrics is an area that clearly separates companies that are ahead of the curve from the rest. Respondents who say that effective corporate citizenship can help to improve the bottom line at their company are also more likely to say that their company uses metrics (36%) than other survey respondents (15%). To be effective, firms must have some ways of setting baselines and keeping track of progress. “For us, that really went hand in hand with being able to talk to the business units in their language,” says 3M’s Mr Miller.

Paul Tebo, then vice-president of safety, health and environment, was instrumental in carrying out the transformation of DuPont from a company criticised as a world polluter to one viewed as a world leader in the sustainability field. Since retiring from the company in 2004, Dr Tebo has worked as a consultant. Few of the companies that he visits can show him financial data to back their up their corporate citizenship strategies, even though these strategies generally make good business sense. “But to make sustainable growth work,” he says, “you need to have people who are thinking about the financial benefits of what they are doing.”

Because there is a wide array of reporting guidelines, standards and measurements used to assess the impact of corporate citizenship initiatives, it is worth bearing four points in mind:

First, start by keeping it simple: you don’t need a thousand metrics—just a few will do. The first ones that DuPont set when the company began its eco-efficiency drive back in the 1990s were absolute reductions in hazardous wastes and in airborne toxins and carcinogens. As it turns out, absolute reductions are better than per-unit ones because, with the latter, negative environmental impact can increase if growth in sales outstrips improvements in efficiency.

Working with Professor Hart and Paul Gilding, a former director of Greenpeace, a pro-environment NGO, Dr Tebo developed a metric called “shareholder value added per pound”. This connects economic value with environmental impact, where pounds measure production derived from depletable resources. The objective, Dr Tebo explains, is “to make a lot more money with a lot fewer pounds and a lot less impact on the use of natural resources”.

Secondly, metrics should change over time. “After you’ve worked on metrics for five years, don’t simply go from 90% to 95% in the same metric—create a new set,” Dr Tebo says. DuPont has gone through three generations of metrics. The most recent are a set of “market-facing goals” introduced in 2005. These relate to developments in the market, such as the number of new products that the company intends to introduce in the next ten years that will help its customers to reduce greenhouse gas emissions.

Third, adapt what you know. 3M’s environmental health and safety department has metrics for environmental goals at three levels: facility, business unit and country. Tracking is done using six-sigma type scorecards, a device borrowed from quality control. Criteria are colour-coded. “‘Improving’ gets a green, ‘no improvement’ a yellow and ‘going the wrong way’ a red,” says Mr Miller. “It’s an easy way to track how our facilities and business units are progressing and to drive continuous improvement.”

Fourth, if you can’t create your own metrics, borrow from others. For the past seven years SC Johnson has been using Greenlist, an award-winning environmental classification system that the company



developed to help it to continuously measure and improve the impact of its products.

“What we’re trying to do is improve the raw materials and ingredients used in our formulas and our packaging,” says SC Johnson’s Ms Penman. “We measure ourselves against it, we have long-term goals for improving, and it’s something that the scientists and all the people in our organisation are evaluated on.” The company licenses Greenlist royalty-free to any company, including competitors, “because we feel it’s the right thing for the environment”.

A public-private affair

Leading-edge companies in the corporate citizenship field often seek to form partnerships with outsiders, including non-traditional stakeholders such as advocacy groups. When asked how likely it is that their company could increase its profits from a variety of corporate citizenship initiatives by working with a range of groups, 46% of survey respondents say that their company is “likely” or “very likely” to improve its bottom line by working with public-private partnerships—the second-highest-rated option from a list of ten. One reason, as Mr Krupp of Environmental Defense explains, is that “well-thought-out partnerships between NGOs and businesses tend to do very well for the profitability of the companies”.

Companies like DuPont look to public-private partnerships to provide leverage. “We say, What is it that DuPont can help deliver, and are there faster ways to do that successfully by working in the public sector, whether it’s with government or NGOs?” says Ms Rittenhouse. “As a US-based supplier of seeds and crop-protection chemicals, we don’t really have the ability to get on the ground with rural farmers in developing countries.”

Yet, only 28% of survey respondents say that they see advocacy groups as an opportunity to do business, while 19% regard them as a challenge. To alter this perception, savvy groups like The Nature Conservancy have realised that in trying to save the planet, they need more levers to pull. “If we can collaborate with companies, that might be the fastest way to achieve real impact,” says Mr Tercek, the NGO’s president.

Eco-friendly NGO, Environmental Defense, has also changed its approach from confrontation to collaboration, working with what its president, Fred Krupp describes as “unlikely partners”. The organisation begins, Mr Krupp explains, by targeting a market leader in a particular area. It figures out the potential benefits for them, such as increased market share, better branding and improved reputation. “And then we go knock on their door,” he says.

In 2000, Environmental Defense approached FedEx with the idea to create a hybrid truck for the company fleet, based on the same principle used in Toyota’s Prius passenger car. It would perform to the same level as a conventional carrier—with no trade-offs—but would run on one-half the amount of fuel, and would hence be less costly to run and would emit far less polluting exhaust gases and particulates. There would thus be both business and environmental benefits. Environmental Defense and FedEx were joined by the New York State Energy Research and Development Authority, whose remit includes cleaning up transportation.

Sensing a new market, truck manufacturers leapt at the chance to participate. Eaton, the first company to sign up, is a multi-billion-dollar corporation. The firm, based in Cleveland, Ohio, had no prior experience in developing hybrid vehicles, but was hungry for a new opportunity. Azure Dynamics,



a start-up company based in Detroit, Michigan that specialises in electric drive technology, also joined. “Compared with a couple of years ago, there’s such a hot demand for companies to try and figure out how to capture the environmental market,” says Mr Krupp. “A lot of companies are anticipating that there are big new markets here.”

Since 2001 Eaton has also been working in a public-private partnership with researchers at the Environmental Protection Agency on the development of another, similar technology: hydraulic (as opposed to electric) hybrid trucks. It appears to be paying off. In October 2008, another logistics company, UPS, placed an order for the first seven production-model hydraulic hybrids. “The market for this technology is truly global,” said Eaton’s CEO, Alexander Cutler. “It can provide significant improvements in fuel economy and emission reductions.”

Although both new lines of trucks cost less to run than conventional vehicles, they also cost more to buy. But as Eaton and Azure Dynamics scale up production and as other firms, such as Freightliner and International, enter the nascent but rapidly growing market for hybrid trucks, prices are coming down. When in full production UPS expects the fuel savings of their trucks to outweigh the additional costs of purchase within 3-4 years.

FedEx currently has only 172 hybrid trucks on the road. But since 2004 the trucks have saved the company around 90,000 gallons of fuel and have eliminated around 1,000 tonnes of greenhouse gases. FedEx has announced a commitment, subject to price, to convert its entire 35,000-vehicle fleet to hybrid technology by 2013.



Conclusion

Many of the companies mentioned in this report have been practicing proactive, bottom-line-driven corporate citizenship for a long time. For most American firms, however, these activities are in their infancy. But companies increasingly realise the importance of good corporate citizenship for building a sustainable business.

At the same time, with economic uncertainty prevailing, some companies have yet to commit themselves to incorporating corporate citizenship into their core values. They still view it as primarily an exercise in public relations. They can't see the forest for the trees.

Other companies, by contrast, take a longer-term view. Always on the lookout for new opportunities to enhance and grow their business, they have visionary leadership at all levels, understand that the ability to engage is the best way to recruit and retain high-quality employees, develop and apply rigorous metrics, and are willing to form partnerships with others for mutual benefit.

As this report shows, visible improvements to the bottom line can be achieved through environment-related issues such as reductions in waste and improvements in energy efficiency. According to the survey respondents and the other senior executives and experts consulted for this report, the following steps are recommended if companies are to profit from corporate citizenship:

1. Make the business case: "My starting point is that, unless it makes money, it's not sustainable," says Professor Hart. And 74% of respondents say that corporate citizenship can help to improve the bottom line at their company. This step is critical, especially during an economic downturn. "Business leaders who have not quantified the financial benefits will clearly do less, whereas those who have clearly defined the benefits will do more, regardless of the broader economic conditions," Dr Tebo says. Survey-takers agree: among respondents who say that their corporate citizenship initiatives are very important to their company's overall business strategy today, 52% say they will invest more money five years from now, irrespective of the economic situation.

2. Be proactive: Survey respondents who say their companies are proactive are also far more positive about the benefits of corporate citizenship. For example, 56% of respondents from proactive companies say they are stronger or much stronger than their competitors in terms of investing in corporate citizenship initiatives. For everyone else, the figure is only 32%. "Recognise that you will make mistakes, you won't always be successful. But unless you try, you won't be successful at all," says Mr Murray of



Herman Miller. Cornell's Professor Hart agrees: "As little as 5% of your investment capital could be enough to create a serious play in the sustainability area."

3. Identify the challenges: "Ask yourself, What is your Achilles heel? What is it that you really need to focus your efforts on to improve your own performance? For energy-intensive companies, this might be the environmental footprint of your operations; for others with an Asian supply chain, human rights issues," says Ms Rittenhouse of DuPont. "Pick five or six bold steps that are pertinent to your business," says Peter White of Procter & Gamble.

4. Set public goals: "It's OK to have philosophy and principles, but when you set goals, you're serious. Particularly public ones, because once you go public on your goals, that gives you an extra incentive to meet them," Dr Tebo says. At the same time, be honest: "Don't advertise how well you are doing when you haven't really got far down the track," says Herman Miller's Mr Walker.

5. Measure progress: Respondents who report that their company uses metrics, such as triple-bottom-line reporting or ISO 14001, to measure the effectiveness of corporate citizenship are far more positive about their initiatives than the other respondents in the survey. Specifically, 88% of those who use metrics also say that corporate citizenship can help to improve the bottom line, compared with only 68% of all other respondents who say the same. Not surprisingly, then, 23% of respondents whose companies use metrics also report that their primary motivation for corporate citizenship is revenue growth, compared with only 13% of all other respondents.

6. Tie corporate citizenship to core objectives: Corporate citizenship remains a fringe activity, not integrated into the core values of the company. "Connect to the business, that's the most important thing, you can't be divorced from the business," says Mr Litow of IBM. Survey respondents who say that their corporate citizenship initiatives are very important to their company's overall business strategy today also report that their profitability and revenue growth is "stronger" or "much stronger" than that of their closest competitors, at 57% and 52% respectively, compared with 41% and 38% respectively of those who do not see their strategy in this regard as very important. "It should become part of the core values of the company, not an add-on run by a corporate-relations group," says P&G's Peter White. Sticking to those values can be especially important during difficult economic times: "That's what gives employees and stakeholders—including investors—confidence in the company," Mr White continues.

7. The bottom line: "To make sustainability work, somebody's got to articulate the financial gain that comes from the results," says Dr Tebo. Respondents who say that their company's primary motivation for corporate citizenship is revenue growth also say that they are "much stronger" than their closest competitors in their ability to find and exploit new opportunities (20%, compared with 11% of respondents who do not say that revenue growth is their primary motivation). They are also much stronger in terms of profitability (24% versus 13%) and overall revenue growth (23% versus 11%).

Appendix: Survey results

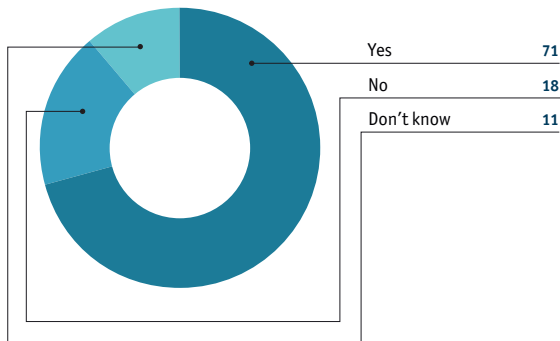
In your view, to what extent can the overall US economy benefit by promoting effective corporate citizenship?

(% respondents)



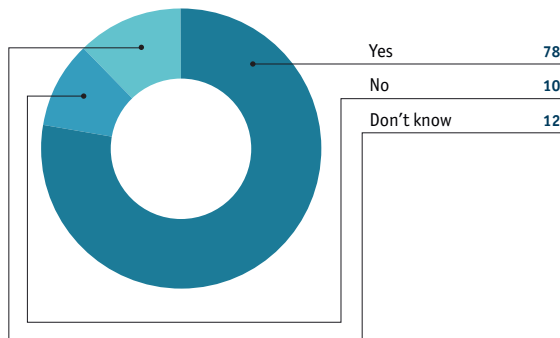
In your view, does business sustainability depend on effective corporate citizenship?

(% respondents)



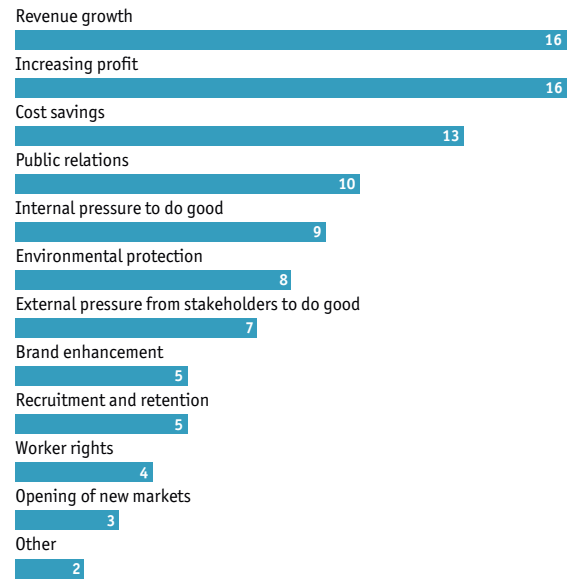
In your view, can corporate investment in education improve your company's bottom line 20 years from now?

(% respondents)



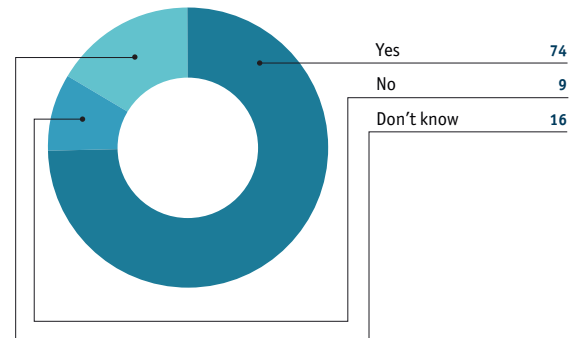
What is your company's primary motivation for corporate citizenship?

(% respondents)



In your opinion, can effective corporate citizenship help improve the bottom line at your company?

(% respondents)

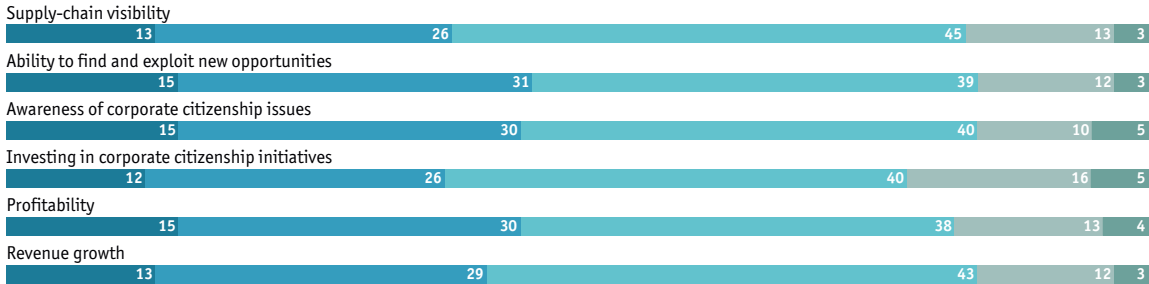


In your opinion, how does your company compare with its closest competitors in the following areas?

Rate on a scale of 1 to 5, where 1=We are much stronger and 5=We are much weaker.

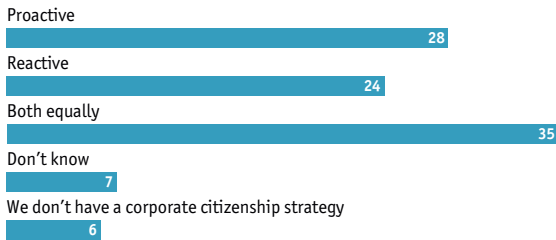
(% respondents)

■ 1 We are much stronger ■ 2 ■ 3 ■ 4 ■ 5 We are much weaker



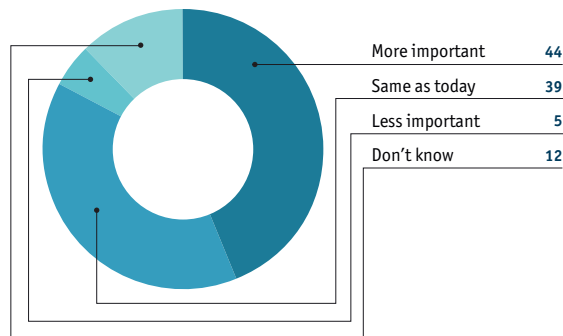
Do you consider your company's corporate citizenship strategy to be reactive or proactive?

(% respondents)



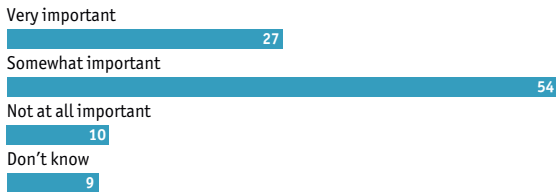
Five years from now, will corporate citizenship initiatives be more or less important to your company's business strategy?

(% respondents)



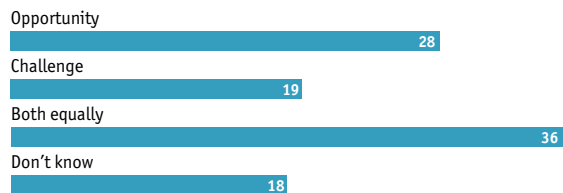
How important are corporate citizenship initiatives to your company's overall business strategy today?

(% respondents)

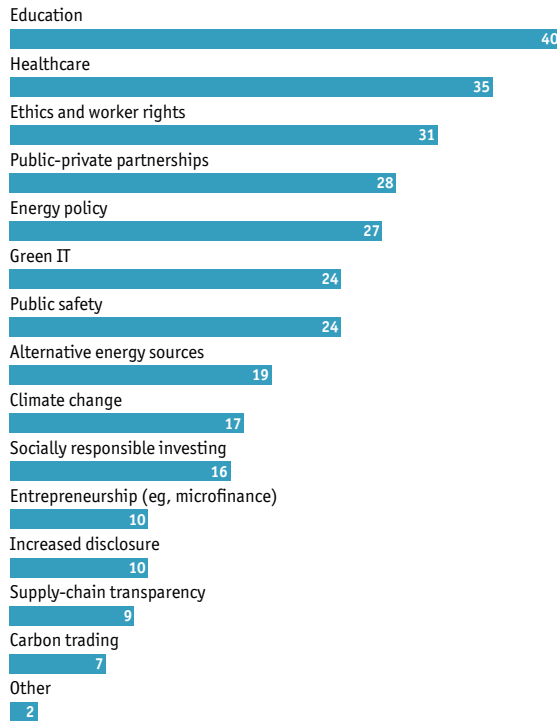


Does your company view corporate citizenship advocacy groups as an opportunity or challenge to business?

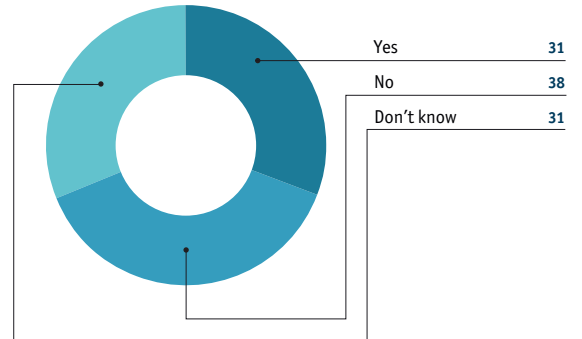
(% respondents)



In which of the following corporate citizenship areas is your company active? Select all that apply.
(% respondents)

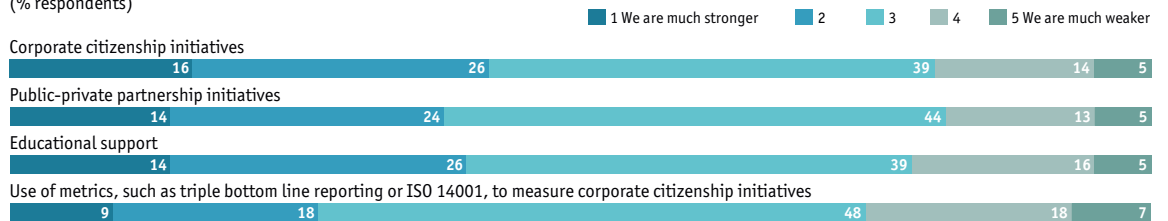


Does your company use metrics, such as triple bottom line reporting or ISO 14001, that take into account environmental and social performance in addition to financial performance, to measure effectiveness of corporate citizenship initiatives?
(% respondents)

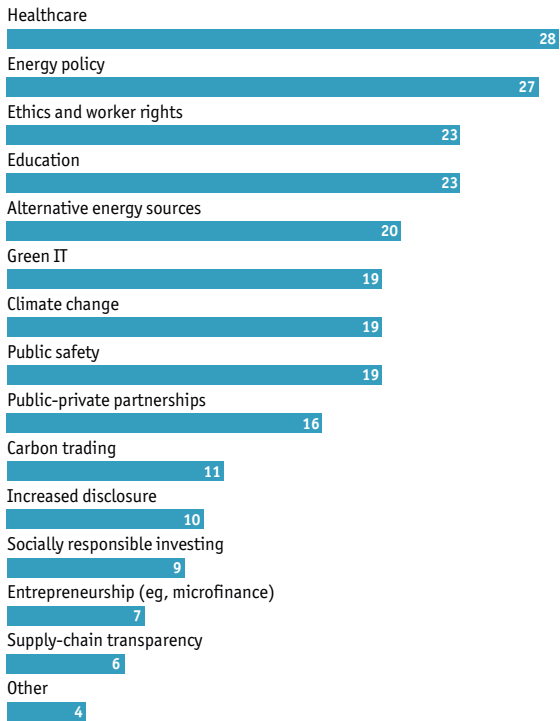


In your opinion, how do American companies compare with their foreign competitors in the following areas?

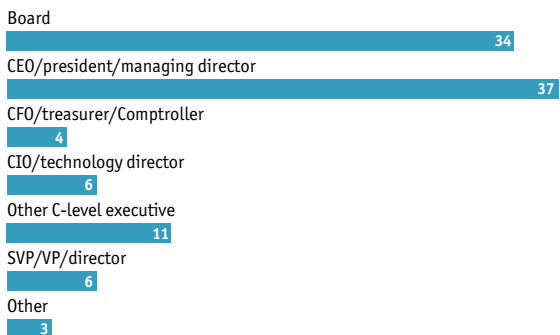
Rate on a scale of 1 to 5, where 1=We are much stronger and 5=We are much weaker.
(% respondents)



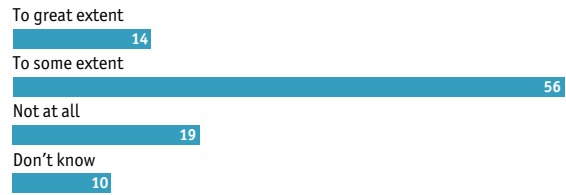
Would your company be open to more federal regulation in any of the following areas? Select all that apply.
(% respondents)



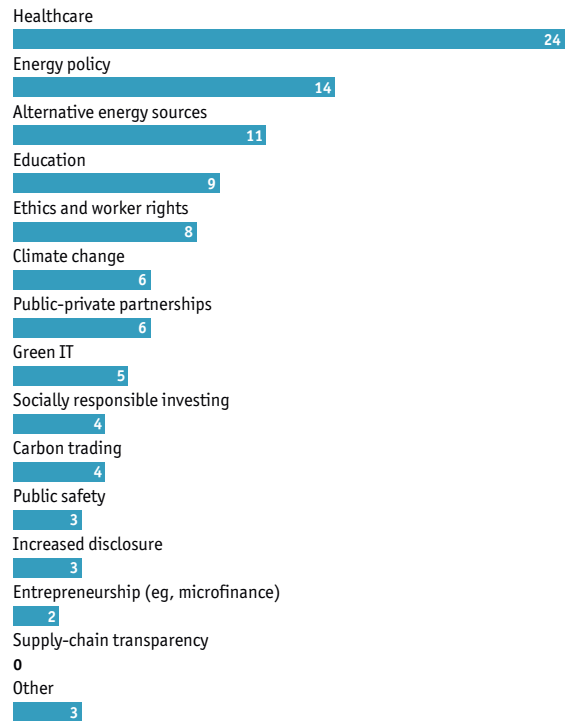
At your company, who is responsible for setting corporate citizenship strategy?
(% respondents)



At your company, to what extent are employees involved in setting corporate citizenship strategy?
(% respondents)



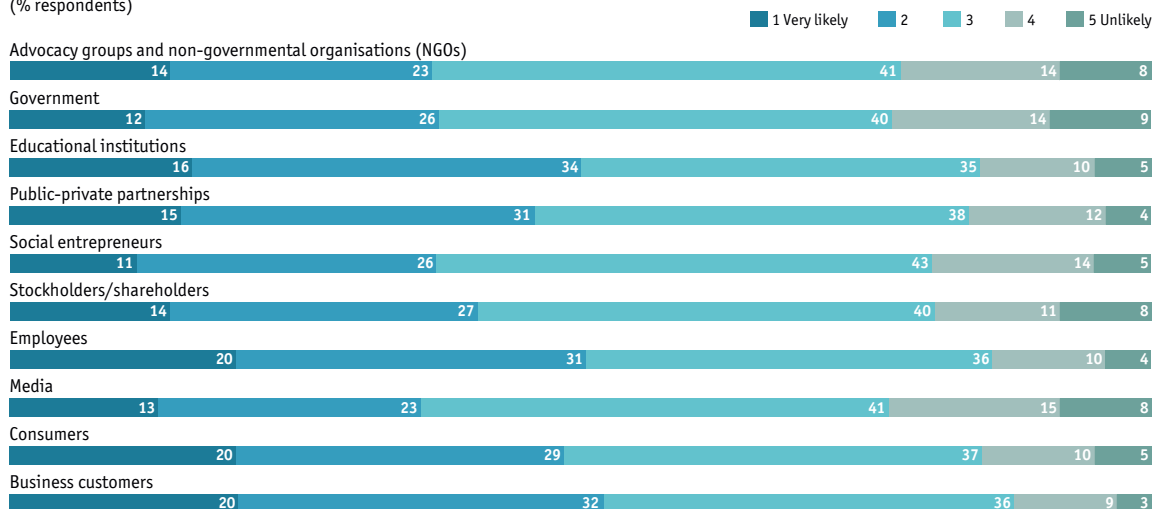
When the new administration takes office in January 2009, what should be its first priority within corporate citizenship?
(% respondents)



How likely is it that your company can increase profit from corporate citizenship initiatives by working with the following groups?

Rate on a scale of 1 to 5, where 1=Very likely and 5=Unlikely.

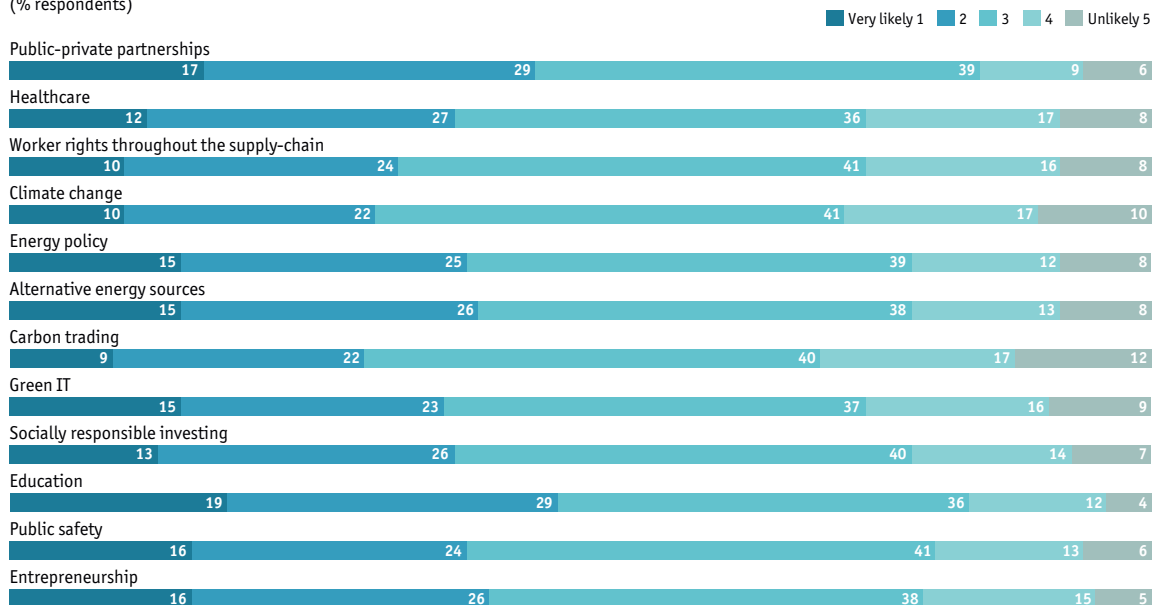
(% respondents)



How likely is it that your company can create profit from corporate citizenship in the following areas?

Rate on a scale of 1 to 5, where 1=Very likely and 5=Unlikely.

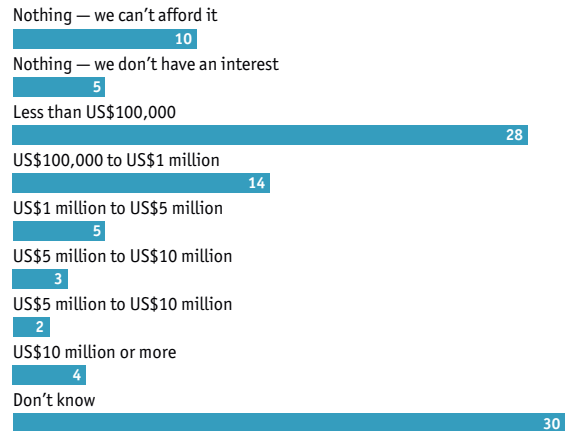
(% respondents)



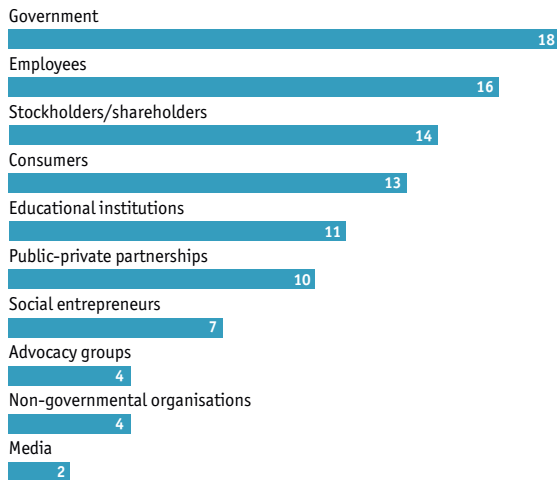
When it comes to corporate citizenship initiatives, which of the following groups does your company proactively engage?
Select all that apply.
(% respondents)



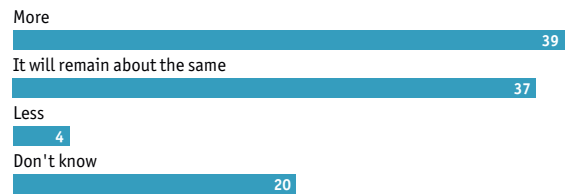
Approximately how much money does your company invest in corporate citizenship initiatives annually?
(% respondents)



Which of the following groups most affects your company's corporate citizenship strategy?
(% respondents)



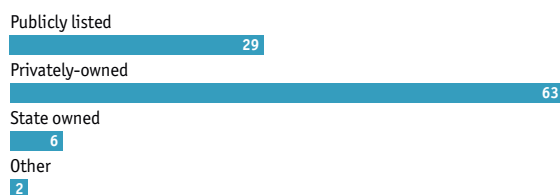
In your view, will your company invest more or less money in corporate citizenship initiatives five years from now?
(% respondents)



In which country is your company's headquarter located?
(% respondents)



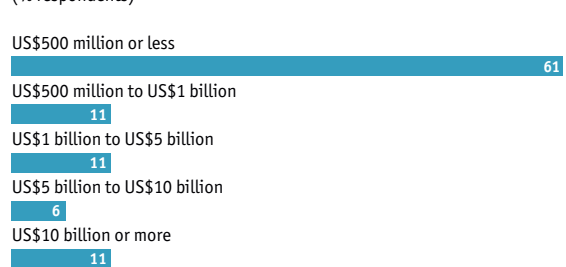
What is your organisation's ownership structure?
(% respondents)



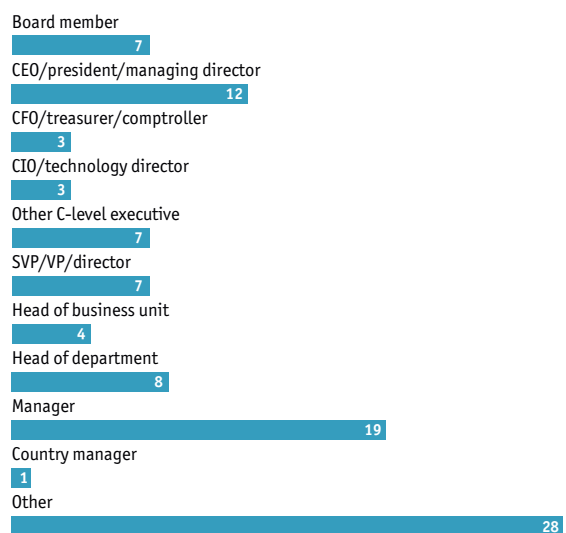
Which best describes your company's direct customers?
(% respondents)



What is your organisation's global annual revenues in US dollars?
(% respondents)

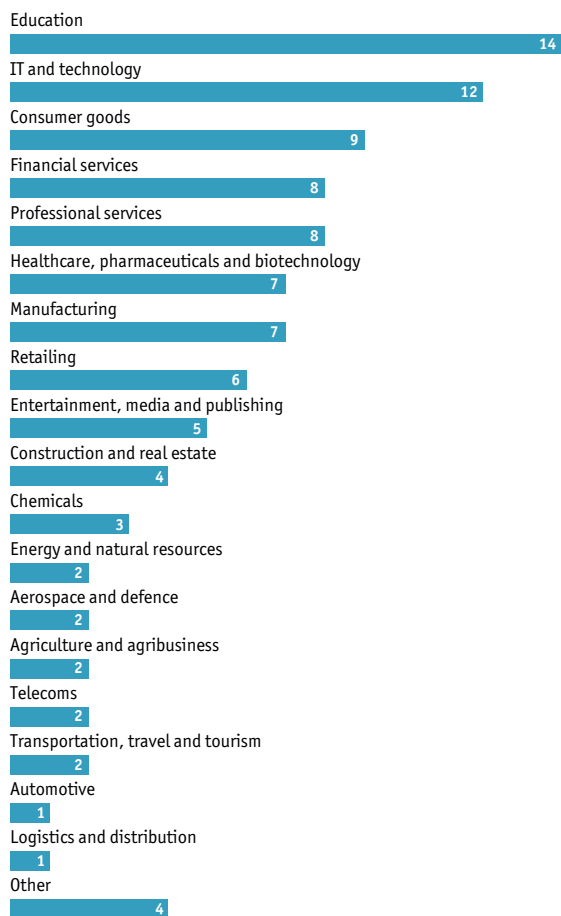


Which of the following best describes your title?
(% respondents)



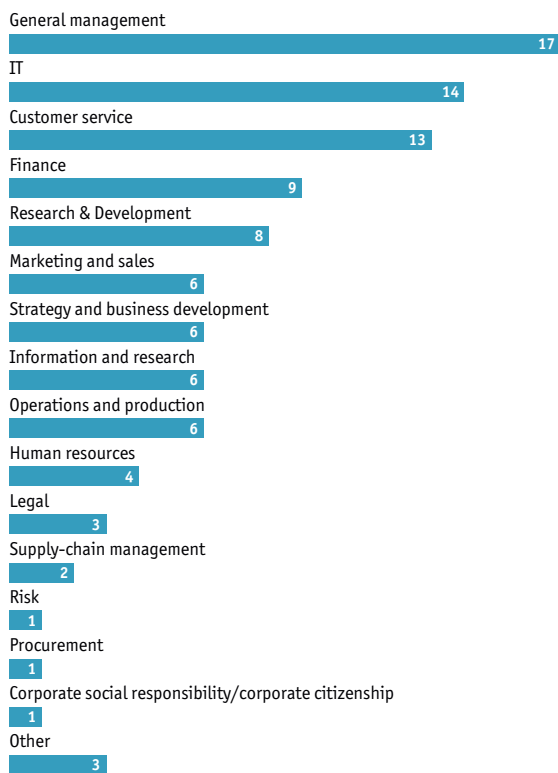
What is your primary industry?

(% respondents)



What is your main functional role?

(% respondents)



Whilst every effort has been taken to verify the accuracy of this information, neither The Economist Intelligence Unit Ltd. nor the sponsors of this report can accept any responsibility or liability for reliance by any person on this white paper or any of the information, opinions or conclusions set out in the white paper.

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