

Pegasus



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A newsletter for the Caux Round Table Network
looking at business from above the clutter and confetti

Moral Capitalism At Work

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INTRODUCTION

The approach to capitalism directly recommended by business ethics and corporate social responsibility and indirectly by concern for sustainable development, links the goals and objectives of the firm to the interests of certain stakeholder constituencies.

The conventional categories of stakeholders include customers, employees, shareholders and creditors, suppliers, competitors and community.

In commentary about business ethics, corporate social responsibility and sustainable development, most attention has been directed to the constituencies of customers and shareholders. Less attention—both academic and practical—has been focused on the other sets of stakeholders.

But all are important if capitalism is to take and keep the moral high ground in our cultures.

The following research paper by Alexandra Lajoux, Javonte Moore, Abdullah Jones, and Cheryl Soltis Martel of the National Association of Corporate Directors (NACD) is unusual in that it brings to our attention responsibilities towards community.

This study of the practices of fifty companies asks fundamental questions: what is our community? Who is our neighbor? For whom does the bell toll, as poet John Donne asked?

Alexandra and her colleagues used the New Testament parable of the Good Samaritan to set before us the ethical question of just how far do we need to go in caring for others who have no tie of kinship, friendship or contract with us?

The practical information they present as to practices acceptable to many large companies begins to draw a baseline for us as to what capitalism might consider in terms of both market and non-market driven actions to deploy its resources and human talents on behalf of non-firm goals and objectives.

Consideration of the interdependency of firms and communities is leading many these days to conceptualize a new vision of using for-profit and market activities to benefit society and culture. This is the growing arena of social entrepreneurship.

Attending to the health and well-being of our communities is required by the Caux Round Table Principles for Business. We, therefore, welcome the thought leadership provided in this issue of Pegasus by Alexandra and her colleagues.

Stephen B. Young
Global Executive Director
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CORPORATIONS AND COMMUNITIES: THE ROAD TO JERICHO

BY ALEXANDRA LAJOUX, JAVONTE MOORE
ABDULLAH JONES, & CHERYL SOLTIS MARTEL
NATIONAL ASSOCIATION OF CORPORATE DIRECTORS

“A man was going down from Jerusalem to Jericho, and fell among robbers, and they stripped him and beat him, and went away leaving him half dead. And by chance a priest was going down on that road, and when he saw him, he passed by on the other side. Likewise a Levite also, when he came to the place and saw him, passed by on the other side. But a Samaritan, who was on a journey, came upon him; and when he saw him, he felt compassion, and came to him and bandaged up his wounds, pouring oil and wine on them; and he put him on his own beast, and brought him to an inn and took care of him. On the next day he took out two denarii and gave them to the innkeeper and said, ‘Take care of him; and whatever more you spend, when I return I will repay you.’ Which of these three do you think proved to be a neighbor to the man who fell into the robbers’ hands?”

— *Luke 10: 30-36, New American Standard Bible*

Patterns and Profiles in Sustainability

INTRODUCTION: CORPORATE COMMUNITY SERVICE

Around the world, people are born into communities and live out their lives in communities—from small villages, modest towns, and middle class suburbs to large cities in developed and developing countries. The quality of our lives is realized mostly in communities. Communities can thrive and communities can stagnate or fester. They can promote well-being or pull us down in poverty and anger. And who is responsible for the quality of our communities?

In particular, American communities large and small today are facing problems of a magnitude and gravity not experienced since the great Depression. Many Americans live at the intersections of grim trends: mounting debt, pervasive unemployment, decaying infrastructure, chronic homelessness, and random violence. But there is another kind of nexus and it is far more powerful. Today in America, corporations, charities, and community leaders are addressing these problems in innovative and increasingly more effective ways.

Easily tagged as corporate philanthropy and/ or public-private partnerships efforts to “give back” can improve community realities. This

article is really about the very body and soul of a moral capitalism. Titled after the parable of the good Samaritan on his way to Jericho in the Gospel of Luke, our research shows through real examples how corporations, charities, and communities are working together in innovative ways to solve very current and pressing material and social problems.

This article can help corporations, charities, and communities see what peers are doing in the area of corporate philanthropy and public-private partnerships. Further, we believe that the concept of “Road to Jericho” will catch attention and fire imagination of people from all faiths, as all promote charity.

This article hopes to speak to three primary audiences: leaders of companies that give to charities directly or through foundations, leaders of charities that receive funds from companies or their foundations, and leaders of municipalities seeking to improve conditions for their citizens through partnerships with both companies and charities.

A Matter of Opinion

Year after year, opinion polls show that a significant percentage of the general public views business in general—and large corporations in particular—in a negative light. According to the Pew Foundation, some 39 percent of Americans in 2013 had a negative view of “corporations,” an improvement since the economic downturn, but still of concern to businesses mindful of their reputations.ⁱ

This harsh view of corporations may be misplaced. In addition to providing jobs and paying taxes, many major U.S. corporations today make significant charitable contributions to the

local communities where they do business. Strong evidence of corporate good comes from reports of the United States such as the U.S. Chamber of Commerce, which annually spotlights leaders in corporate social responsibility, including local community service.ⁱⁱ The *Chronicle of Philanthropy* reports annually on the billions spent by the nation’s top companies.ⁱⁱⁱ Globally, the Caux Round Table, supported by and led by leaders of multinational businesses, has long advocated for corporate community service through its Principles for Business.^{iv} In a sign of the times, the Conference Board has an initiative focused on corporate philanthropy, launching a blog on the topic in December 2013.^v Other forces in the field include the Committee Encouraging Corporate Philanthropy^{vi} a group of leading corporate CEOs with a mission to “achieve unprecedented progress on societal challenges *while* driving business performance.”^{vii}

Our own recent study of five leading companies in each of ten industry sectors showed that *all fifty* without exception were engaged in their communities to a significant degree.^{viii} Such corporate citizenship not only benefits individual communities but also helps the nation at large as a vast fabric of communities.

But what exactly is a “community” for a corporation, what kinds of community “service” are there, and how can companies serve their communities in a way that contributes to sustainable company value?^{ix}

Definitions of “Community”

Companies scope their “communities” in a variety of ways—from an expansive global purview to one that is specific down to zip codes. Some companies define their “community” broadly as they consider all points along their supply

chain, from purchase to development to sale. In this broad definition, suppliers, employees, and customers are all considered part of a company's "community." Other companies identify their communities more specifically as the places where the concentrated presence of their employees and operations make a significant economic and environmental difference to a particular physical location, such as a single city where a company has headquarters, or a series of locations where the company has significant brick and mortar facilities—such as factories, stores, stations, or branches.

Headquarters location provides the most obvious definition of community for many companies, but for others, community services extends to locations where company branches or stores operate.^x

For the purposes of this paper, the term "community" refers to any specific geographic area affected by corporate operations—not only at headquarters but more broadly extending to the neighborhoods surrounding the company headquarters and radiating out to its various other locations via company factories, outlets, branches, or other means of physical presence. The people living in these areas tap into locally available resources—whether commercial, charitable, or public—in order to maintain sustainable lives, and corporations can play an important role in sustaining any and all of those resources.

The boundaries of community for any given company or company location are not always clear. In the banking industry, there are federal guidelines for bank branches to encourage local lending. (See box.) These same guidelines may be useful in identifying communities in other industries. This said, however, corporations are

the best judges of what locations are and are not "communities" for which they feel responsible.

Box: Community – A U.S. Federal Definition for Banks

In some industries, companies are required to disclose their definitions of community for regulatory review. In financial services, for example, applicable law (The Community Reinvestment Act, or CRA) provides guidelines for defining the community surrounding a branch for a commercial bank or a savings and loan. This 1977 law, which has been amended several times since enactment, encourages commercial banks and savings associations to help meet the needs of borrowers in all segments of their communities, including low- and moderate-income neighborhoods, consistent with safe and sound operation. Federal regulators take CRA into consideration when approving applications for new bank branches or for mergers or acquisitions. Under CRA regulations, a depository institution is required to delineate an "assessment area" where federal bank regulators will measure the institution's performance in helping to meet the lending needs of its "community."

The area is chosen by the institution itself, following certain principles. The assessment area:

- must be one or more metropolitan statistical areas (MSAs) as defined by the Office of Management and Budget, or one or more contiguous political subdivisions;
- must include the "geography" (defined as a census tract, or a block numbering area) in which the institution has its main office, any branches or deposit-taking ATMs, as well as surrounding geographies in which the institution has originated or purchased a substantial portion of its loan portfolio.

Corporate Community Service: Ordinary vs. Superior

A corporation's ordinary community service can occur as a result of normal operations within a community with ongoing attention to specific community needs. Commercially, an area's supermarkets, banks, retail stores, and hotels, simply by meeting basic needs for decent food, clothing, and shelter for a fair price while employing people at fair wages and paying local taxes already do make a positive difference in communities—even without extending additional service to these locations. In some cases, a company may offer both a positive effect (by paying wages and taxes) to a local community as well as a negative effect (by having a negative effect on the environment, at least temporarily). In this case, their ordinary community service via employment and tax payments would be offset by their negative features, suggesting that an investment in the community would be beneficial.^{xi} Given the importance of wages and taxes, sometimes, simply the decision to keep operating in a community despite a dip in revenues or profits, exhibits community service. Some of the greatest damages to communities have occurred when companies have relocated, so part of the spirit of community service may involve giving proper notice and helping with outplacement for employees losing their jobs in a particular location.

Beyond this, however, there is community service that extends beyond the service intrinsic to ethical business operations, reaching even farther into local communities to meet their needs. This kind of community services ranges from meeting urgent needs (such as needs for food, clothing, and shelter) to long-term needs such as a need for sustainable employment. Many commercial

enterprises do extend themselves even farther by supporting their surrounding infrastructure in the charitable or public domain. Corporations for example, directly through the corporation or indirectly through the company's foundation, may help food banks, thrift shops, schools, clinics, hospitals, faith-based missions, playgrounds, and even local police and fire departments. Through actions showing corporate social responsibility (CSR) these institutions and their people often define the community experience for residents, especially in economically distressed areas.

Based on our research into fifty large companies in ten industry sectors, there are three main channels that companies can use to serve their communities. In order of prevalence, these are donations, partnerships (with charities and/or local governments), and employee hours. Furthermore, again based on our research sample, there are five main types of community causes that have attracted corporate contributions of funds or time; namely, in order of the prevalence indicated by our limited study, education (ranging from job training to support for the arts)^{xii}; critical community needs (food, clothing, shelter); health; disaster relief; and human rights/safety. We call the intersection of these channels and these causes superior *community service*.

Basis and Value of Corporate Community Service

Under most state laws, community service is permitted by legal charters, and in most jurisdictions it is encouraged for its value to employees, customers, and shareholders.

—Relation to Articles of Incorporation

A typical charter for a for-profit company states that: “The purpose of the corporation is to engage in any lawful act or activity for which

corporations may be organized under the General Corporation Law” of the state.^{xiii}

State laws generally allow a for-profit corporation to “do all things necessary or convenient to carry out its business and affairs” including not only buying property, making loans, and the like, but also “to make donations for the public welfare or for charitable, scientific, or educational purposes.” So although standard for-profit corporations are not legally *required* to take actions that benefit local communities, they are legally *permitted* to do so by virtue of their incorporation.

In the past, any corporation that wished to pursue a social purpose rather than a purpose of returning income to investors had to be accepted as a “not-for-profit” corporation, and could not have investors. In recent years, however, there has emerged a new hybrid type of corporation, which rather than being a “not-for-profit” is deemed a benefit corporation or B Corp. These corporations—unlike the standard C corporation or its common for profit alternatives, the S corporation and the limited liability corporation (LLC)—can be formed explicitly for a social purpose.

—Direct Benefit to Employees and Customers

Whether corporations are formed as not-for-profits, B corps, or for-profit corporations, their good works in the surrounding “community” can have a positive impact right on their own operations.

Many employees and in some cases customers as well live in the vicinity of the corporation’s operations, and can benefit from the corporation’s community contributions and resulting positive reputation. Also, for employees who participate in community hours, there can be a broadening

of skills and well being through service.

Company support for communities often benefits company employees directly or indirectly, thus enhancing productivity and morale—and building company value as a result.

—Value for “Brand”

Corporate community service can enhance the company brand. One recent study showed a relationship between Brand Finance’s Brand Strength Index and CSRHub’s Sustainability Rating; of twelve sustainability categories, most (including community investments) were linked to measurable brand strength.^{xiv}

This in turn can help company productivity and sales, and thus boost returns to shareholders.

—Relation to Overall Company Financial Performance

Finally, there is a distinct subsection of shareholders that buy and sell shares based on a company’s overall social reputation; in these cases, if holdings are significant, the impact on share price can be direct.^{xv}

Corporate Debate

Within the corporate community there is general agreement that corporate community service is compatible with good financial performance. Many of the companies we studied state or imply that they will not pursue community service at the expense of financial performance and/or that they believe it is good for financial performance. As stated by the Committee for the Encouragement of Corporate Philanthropy (CECP), “CECP’s mission is to draw together and empower senior executives of the world’s leading companies to achieve unprecedented progress on societal challenges *while* driving

business performance.”^{xvi} A recent initiative started by Michael Porter of Harvard University, called “Shared Value,” starts from the premise that company and community prosperity are interconnected.^{xvii} We have not found any examples of companies stating otherwise, or of studies showing otherwise.^{xviii}

—*Shareholder Objections to Some Types of Community Giving*

Over the history of board-shareholder relations there have been episodes where corporate giving to community causes has been viewed, rightly or wrongly, as an initiative driven by the personal preferences of the CEO, rather than as an initiative that can build long-term company value. Community contributions that have met with criticism include an oil company’s support for an art museum housing a collection from its late CEO. In July 1991, resolving shareholder litigation, the Delaware Supreme Court endorsed a settlement that limited the amount of money that the company could spend on the museum and imposed other controls on the company’s relationship with the art center.^{xix}

—*“Insurance” Value of Community Giving via Impact on Stock Price*

A landmark study by Paul C. Godfrey and Jared M. Hansen found that firms engaged in philanthropy experience smaller declines in share prices following negative events such as legal or regulatory developments perceived as unfavorable to the company. The authors conclude that corporate philanthropy “does appear to have an insurance effect.”^{xx} The authors found this to be particularly true of direct community giving in areas such as housing and education. As the paper states, there was a greater share performance by companies that disclosed “direct

giving toward tangible causes such as support for discrete and concrete community projects.” Notably, “firms involved in housing and education saw greater insurance value.”^{xxi}

—*The Issue of Shareholder Value*

Despite emphasis in recent decades on “shareholder value” as a measure of corporate success and sustainability, many investors believe in what we might call “social value.” To be successful over time companies must be not only financially successful from quarter to quarter or year to year but also socially responsible. Nearly half of all proxy resolutions filed every year pertain to this aspect of company activities, and of these a substantial percentage address sustainability disclosure.^{xxii} Indeed, community involvement is a recognized aspect of social responsibility, a subject considered by some shareholders to be important for long-term company value.

PATTERNS OF SUCCESS: THE “WHAT” AND “HOW” OF SUPERIOR COMMUNITY SERVICE

Community service can be described in two ways: what a company does (areas of service) and how it does it (channels for service).

Areas for Community Service

As mentioned, our review of corporate community service has identified five main community causes, namely, education, critical community needs, health, disaster relief, and human rights/safety.

Two of these categories, community needs and disaster relief, are particularly prevalent for global corporations and tend to be global as well as domestic for those companies. In the education

field, many companies combine their own goals as employers with their support of education by focusing on science, technology, engineering, and/or math—often called STEM programs.

Channels for Community Service

When it comes to serving communities, some companies do so directly, but most (eight in ten, according to our sample) have established foundations. As mentioned, there are three main ways that companies may help their communities. In order of prevalence, these are donations, partnerships (with charities and/or local governments), and employee hours. The most common pairing is a combination of donations and partnerships.

Sector Trends

During 2013, we conducted a review of community engagement by a wide range of Fortune 200 public companies (2013 list). For the purposes of strict comparison, we identified a subgroup of fifty companies with five from each industry sector (using two-digit GIC codes for ten industry sectors).^{xxiv}

We looked at industries as well as individual companies because a company's public reputation can be impacted by its industry. Research (Forbes, Gallup, and when relevant, by the American Customer Satisfaction Index) shows that some industries are more popular than others. Industries with an environmental or systemic impact may be more vulnerable to criticism and may have a greater need for a positive image in their communities.^{xxv}

We then tried to develop a sense of the companies' individual engagements in sustainability. In particular, we noted how the companies

communicate their work for the community, noting whether they follow the Global Reporting Initiative (GRI), a disclosure template that provides companies a consistent way to report on the environmental, social, and economic aspects of their businesses if they choose to do so. Prevalence of GRI reporting was high for this group of fifty large companies, with 34 of 50 using the framework.

We also noted the most popular causes and channels for community engagement, noting these in the brief sector summaries below. Finally, we selected one company from each sector to give a live example of community service in action. Our selection at this level was random, as all provided equally compelling evidence of community involvement.

PROFILES OF SUCCESS

All fifty companies we studied were effectively engaged in their communities. The following ten profiles are representative of the variety and generosity of community service provided by companies today. Each profile gives an overview of the company's community giving. The profile also includes a look at the company's board, especially the use of a committee beyond the basic three of audit, compensation, and governance. Boards with committees engaged in social policy or operations have a closer look into the domain of community impact. Finally, we note how the companies communicate their work for the community, noting whether or not they follow GRI.

Unless otherwise identified, all descriptions are based on the company websites.^{xxvi} We boldfaced numbers to highlight the quantitative aspect; however, we did not conduct financial analysis beyond what the companies themselves reported in accessible locations.^{xxvii}



Overview. Cameron, headquartered in Houston, is a leading provider of flow equipment products, systems and services to worldwide oil, gas, and process industries. Its community service involves monetary resources, in-kind gifts, employee time, and employee expertise donated in the following areas: arts and cultur; civic, community and environment; education and youth; human services; and disaster relief. It refers to this as “strategic giving and employee involvement,” that “creates meaningful impact and aligns with our core values and culture. Cameron contributed approximately \$2 million to charitable causes in 2012 by expanding our giving in locations where we have facilities in and outside the U.S.

Currently a majority of Cameron’s direct monetary donations are made in and around the Houston area where the company’s headquarters are located, and where it has the highest concentration of employees. Each year, Cameron employees volunteer **hundreds** of hours to worthy organizations. For example, in 2012 and early 2013, they volunteered for 43 events for the United Way alone. As an example of employee involvement, Cameron is a longtime supporter of Child Advocates, and through its annual Cameron Child Spree, more than **300 volunteers** take **500 underprivileged youth** on shopping trips for back-to-school clothes and supplies.

Disclosure. Cameron is a GRI reporter; the material in its Sustainability Report is “presented in the spirit” of GRI. The sustainability report includes seven pages of detail on Cameron’s community giving.



Overview. Alcoa, headquartered in New York with main operations in Pittsburgh, is the world’s leading producer of primary aluminum and fabricated aluminum, and the world’s largest miner of bauxite and refiner of alumina, employing 61,000 people in thirty countries. Among other indices, it is listed on the Dow Jones Sustainability Index, which includes only companies known for sustainable business practices.^{xviii}

Alcoa does most of its community service through the Alcoa Foundation, which has invested more than **\$572 million** in local community programs—or nearly **\$10 million per year**—since its founding in 1952. In 2012 alone, the foundation spent more than **\$40 million** in community programs meeting a full range of issues. That same year, the company disclosed net income of \$191 million. Thus the ratio of foundation community spending to company net income in 2012 was **1 to 5**. Alcoa is ranked number 41 in the country for its total giving, according to the Foundation Center.^{xxix}

The Alcoa Foundation partners both locally and globally, with half its funds in the U.S. and the remainder overseas. Each location has an advisory board, and these often include members of the local community. All nonprofit organizations that apply for donations must define their programs in terms of outcomes to be achieved with milestones and specific plans; these metrics enable the Alcoa Foundation to communicate the impact of their funding in their communities.

In 2012, Alcoa employees donated **800,000 hours**. In a designated month of service, these employees

supported **2,015 nonprofits**. In 2012, the Alcoa Foundation launched a new program, Alcoans in Motion, to support teams of employees who participate in athletic events for charity.

Alcoa has a board-level public issues committee that oversees the company's reputation and responsibility, among other issues related to sustainability.

Disclosure Approach. Alcoa publishes a GRI-topic index locating disclosures on GRI-recommended topics. The community topic appears in the Alcoa Foundation report.

Reputation. *Green Company* magazine, a leading Asian publication, selected Alcoa as one of 100 companies out of more than 1,000, based on five criteria including performance, competitiveness, innovation, environmental impact, and contribution to society. Alcoa's CEO Klaus Kleinfeld was named **one of 100 leading CEOs** in promoting education in STEM by STEMconnector, a leading nonprofit in the field.^{xxx} Alcoa itself has won an award from the Business Civic Leadership Center of the U.S. Chamber of Commerce as one of five companies named as "Best International Ambassador" in developing nations.^{xxxi}

Industrials
Lockheed Martin



Bethesda, Maryland, is a global security and aerospace company that focuses on advanced technology systems, products, and services. The company defines sustainability as "fostering innovation, integrity and security to protect the environment, strengthen communities and

propel responsible growth." Lockheed Martin's sustainability initiatives are guided by the Office of Corporate Sustainability, which is led by its vice president of ethics and sustainability, who reports directly to the CEO and president as well as the board of directors.

Lockheed Martin focuses its community contributions in the areas of military and veteran support, STEM education, community and volunteer engagement, and employee programs. In the community, for the past eight years, employees of Lockheed Martin have annually logged more than **one million hours** of volunteer service.

The Lockheed board has an ethics and sustainability committee that includes "community outreach" as part of its charter.

Disclosure Approach: Lockheed Martin's 2012 sustainability report included—for the first time—an index that follows the GRI framework.

Reputation. In the past two years (2012-2013), Lockheed Martin has won more than **20 awards** in the category of social responsibility, including several pertaining to education in engineering. In September 2013, Lockheed CEO and President Marillyn A. Hewson was a winner of the **2013 Responsible CEO of the Year Award** by *Corporate Responsibility Magazine*.

Consumer Discretionary
The Home Depot



Overview. The Home Depot, founded and headquartered in Atlanta, Georgia, is the world's largest home improvement specialty retailer. Its code of conduct states that "doing the right thing each and every day for the benefit of our associates, customers, vendors, suppliers

and the communities we serve is critical to our ongoing success.” The company gives through The Home Depot Foundation. The foundation focuses mainly on veterans, working with eight different partner organizations, including the Fisher House Foundation and the Semper Fi Fund. Nationwide, in 2013, alone, The Home Depot employees logged **100,000 hours** to complete more than **350 projects** hitting all **fifty states** in Celebration of Service, focused on helping veterans.

In addition, The Home Depot Foundation meets a variety of needs in Atlanta. Over the last six years (from January 2008 through December 2013), The foundation has donated more than **\$35 million** to **1,000 nonprofit organizations** in Atlanta. These donations ranged from support for veterans to support for civil rights and related history, notably a donation of **\$1.1 million** to preserve the papers of Dr. Martin Luther King Jr. at Morehouse College—arguably a gift to the nation and world as well as Atlanta. Some of the largest Home Depot donations were for local disaster relief.

Although The Home Depot has no committee focused on community service, its lead director, Bonnie Hill has a significant background in this field as well as in public company operations and governance. Hill is the former president and CEO of The Times Mirror Foundation, a charitable foundation affiliated with Tribune Company.

Disclosure Approach. The Home Depot, the first retailer to establish environmental principles (in 1991) publishes a regular sustainability report. The report, which does not follow the GRI guidelines, provides details on the work of The Home Depot Foundation as well as the company’s environmental record.

Reputation. The Home Depot ranked within the **Top 50** of the 2013 Fortune Most Admired

Companies list. This list is built from many industry specific lists (e.g., specialty retail) that include community service as a ranking criterion. Therefore, with respect to this award, The Home Depot’s community work directly contributed to its overall reputational ranking.^{xxxii}

Consumer Staples General Mills



GENERAL MILLS *Overview.* General Mills, a leading global food manufacturer and marketer based in Minneapolis, is known as “generous mills” in the Minneapolis-St. Paul area. The company conducts much of its community service activities through the General Mills Foundation.

Founded in 1954, the foundation has contributed more than **\$1 billion** in support to nonprofit organizations in our communities. In fiscal 2013, the foundation and the company reached a milestone, donating more than **\$154 million**, or nearly **\$3 million a week**. The money came from a combination of corporate contributions, foundation grants, and food donations. For **14 years in a row**, General Mills has been the largest contributor to United Way for the twin cities. It is ranked number **25 in the nation** for amount of funds contributed to charities.^{xxxiii}

The foundation uses all channels (donations, partnering, and employee hours) and covers all types of causes. In addition to a concern for community building the main focus of the company’s philanthropy is alleviating hunger and advancing nutrition and wellness.

The General Mills board has a public responsibility committee to help the board “oversee the Company’s position on issues of corporate social responsibility, public policy and corporate citizenship around the world.”

A particular area of oversight is corporate citizenship, defined as “charitable giving and volunteerism.” Dr. Reatha King, a past chair of the General Mills foundation, is currently the chair of National Association of Corporate Directors (NACD).

Disclosure Approach. The General Mills report on Global Responsibility 2013 includes a GRI index. The index lists the GRI reporting categories and references where the information is found.

Reputation. General Mills is currently ranked by the Dividend Channel as a **Top 25 Socially Responsible Dividend Stock**. In 2012, the Business Civic Leadership Center of the U.S. Chamber of Commerce named it a Best Partnership finalist along with Merck in recognition for the work that it did with CARE. In 2010, the company was honored by the Committee Encouraging Corporate Philanthropy.^{xxxiv}

Healthcare **Amerisource Bergen**



Overview. AmerisourceBergen Corporation (ABC), headquartered in Valley Forge, Pennsylvania, is one of the world’s largest pharmaceutical distribution companies. It distributes drugs to community pharmacies and oncology practices, inspiring a decentralized, community-based approach to corporate giving. The company makes its own charitable contributions (not through a foundation), centered in three concepts that operate as boundaries. First, the company must be financially successful: “Our financial success as an enterprise will be a major factor in determining the level of resources that we can devote to charitable contributions.” Second,

the company “must understand and respect the legitimate interests of our various constituencies—including shareholders, communities, neighbors, associates and customers.” Finally, giving will show “initiative and creativity,” and will encourage and support employee contributions.

One of the most prominent ABC programs is the company’s support for education. ABC funds a number of National Merit Scholarships, and has teamed up with Good Neighbor Pharmacy to offer community scholarships to pharmacy students. The company also supports research into diabetes and Amyotrophic lateral sclerosis. The company supports Kaboom! for community playgrounds.

Much of the corporation’s giving is decentralized. As its website states, “Across the country, associates and different business units are involved with several organizations—giving their time, energy and financial resources. In the past few years, their efforts have helped to raise awareness and funds for specific medical conditions, assist the less fortunate, provide educational assistance to students, and support community-wide efforts. AmerisourceBergen recognizes their diverse commitments and applauds their involvement.”

The ABC corporate governance principles state that, “both the Board of Directors and management recognize that the long-term interests of stockholders are advanced by responsibly addressing the concerns of other stockholders and interested parties, including employees, recruits, customers, suppliers, ABC communities, government officials and the public at large.”

Disclosure Approach. ABC describes its corporate giving programs in its annual report. It does not follow the GRI format.

Reputation. ABC is included in the Dow Jones Sustainability Index series, mentioned earlier.

Financial Services BNY Mellon



BNY MELLON

Overview. BNY Mellon is a diversified financial institution operating in more than 100 markets worldwide. One type of client served by BNY Mellon is the charitable sector, represented by endowments and foundations, which tend to outsource their investing activities.^{xxxv}

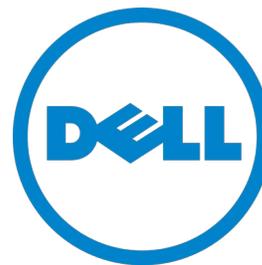
The bank's main conduit for charitable giving is the BNY Foundation. In 2013, BNY Mellon reported that corporate, foundation and employee cash giving totaled **\$33.6 million** in 2012–**\$19.1 million** in direct giving, and **\$14.5 million** in matching employee contributions. Employees volunteered **84,000 hours** of their time. The bank has a global community partnership program. In the past the foundation gave to a wide variety of causes but it has recently decided to focus on dire need. It has announced, “We are prioritizing partnership programs that provide assistance for the most disadvantaged in our communities by delivering basic needs and workforce development.”^{xxxvi} The Powering Potential program, which accounts for 41 percent of the dollar value of the company's philanthropic activity, combines charitable donations, sponsorships and the pro bono hours given by employees. A signature program is Pathways, which provides support for the education and training of youth leaving foster care. In 2012 alone the program helped **550 youth** in the focal U.S. cities of Boston, New York, and Pittsburgh, as well as more than 100 outside the U.S.

Other causes supported by BNY Foundation include services for returning veterans, programs for individuals with disabilities, and supplies to fill basic needs. In this last category, the foundation reports **\$1.2 million** donated for food in 2012 alone.

BNY Mellon has a corporate social responsibility committee, which among other functions, “will consider the impact of the corporation's businesses, operations and programs from a social responsibility perspective, taking into account the interests of shareholders, clients, employees, *communities* and regulators” (emphasis added). The committee's charter includes oversight over strategic philanthropy and employee community involvement as well as compliance with the Community Reinvestment Act (CRA), among other, more general, CSR issues.

Disclosure Approach. BNY follows the GRI template for reporting its sustainability activities, including community service.^{xxxvii}

Reputation. Among other awards, BNY has received the Robert D. McAuliffe Community Service Award, 2013, and numerous other awards reflecting its contributions to the community and its inclusiveness as an employer.



Information Technology Dell

Overview. Dell, headquartered in Roundrock, Texas, has journeyed private to public and back to private, but through it all has been involved in its communities. By having a separate charitable arm (the Michael and Susan Dell Foundation), the company could continue its community work uninterrupted.

The Dell Foundation is ranked 78 in the nation for the size of its asset base.^{xxxviii}

The foundation focuses on transforming the lives of children living in urban poverty through better health and education. The company's giving has an informational aspect. "Corporate giving is smarter when a business connects its business strategy and purpose to the way it gives back to the community," says Dell. The company seeks to "apply our expertise, our team members' passion and time, and our technology to create a positive social impact." Community giving is one of the cornerstones of the company's 2020 Legacy of Good Plan. In fiscal 2013, Dell employees contributed **707,000 hours** to their communities.

The new Dell board is composed of Michael Dell and representatives of Silver Lake, the venture capital firm that helped the buyout with a 25 percent stake.

Disclosure Approach. In previous years, when it was a public company, Dell published a GRI index referencing GRI categories found in its regular filings. Going forward the company is likely to continue communicating its community activities. The Dell Foundation requires grant recipients to provide details on their accomplishments, posting a sample grant report for viewing.^{xxxix}

Reputation.^{xl} Dell's work in local communities for health and education through the use of technology has been honored by a variety of sources ranging from the Brookings Institution, to FTSEForGood.^{xli}

Telecommunications
Sprint



Overview. Sprint, based in Overland Park, Kansas, is a telecommunications company serving more than 54 million customers. The company focuses its sustainability initiatives around operations, products and services, customers, employees, and communities. Under the communities umbrella, the telecommunications giant is focused on supporting K-12 education, youth development, and the environment through charitable contributions and through employee volunteer efforts. The company has a variety of programs to advance persons with disabilities.

Sprint spearheads some of its giving through its foundation, which was established in 1989. In 2012 alone, the company offered charitable support to more than **400 organizations** and gave over **\$4 million** from the Spring Foundation. Of those grants, 19 percent were related to education and 18 percent to youth development, with community development, arts and culture, and disaster relief rounding out the company's giving areas. With its highest concentration of employees at the company's headquarters, the majority of grants awarded by the foundation are concentrated in this locale.

The Sprint Governance Guidelines, overseen by the board's nominating and governance committee, include community service in the opening paragraph when describing the role of the board: "The Sprint Corporation Board of Directors oversees the management of Sprint for the benefit of its owners, the stockholders. Corporate governance is one of the important ways the Board carries out those oversight duties.

The Board and management recognize that the interests of Sprint’s stockholders are advanced by responsibly addressing the interests of Sprint’s stockholders, customers, employees, communities, suppliers and other relevant stakeholders.”

Disclosure Approach: Sprint was the first wireless company in the United States to issue a sustainability report and to develop long-term related goals. The company is also a GRI reporter.

Reputation. Sprint, listed on the Dow Jones Sustainability Index, is the only U.S. telecommunications company whose reputation improved from 2012 to 2013, with scores trending upward across each of the seven dimensions of reputation measured, according to The Reputation Institute. In 2013, Sprint CEO Dan Hesse was named CR Magazine’s Corporate Responsibility Lifetime Achievement Award winner for 2013 – *CR Magazine* (Oct. 2013). Sprint is the first U.S. telecom company to deliver an “A+” Corporate Responsibility Performance Report, achieved in November 2012. In October 2013, it was named DisAbility Champion winner for 2013, through the Business Leadership Network of Greater Kansas City. Finally, in November 2013, it was awarded OneKC award for community leadership and corporate achievement by the Kansas City Area Development Council.^{xlii}

Utilities
Southern Company



Overview: Southern Company, headquartered in Atlanta, Georgia, and with offices in Birmingham, Alabama, provides electrical power to consumers in four states—Alabama, Florida, Georgia, and

Mississippi. It is currently building a nuclear power plant, the first in the U.S. in thirty years.

The company has a long history of community service. As the company website notes, the company is “woven into the community.” Its policy is to “be a citizen where we serve.” As stated by Preston Arkwright, an early leader: “When we go to a place we go not as tourists, not as transients... not as promoters, and not as tenants. When we and where we go, we build and construct a permanent character that can never be moved away. Our first act upon arrival constitutes that we have selected that particular place in which to become a citizen. Not for just an hour, not for just a day, but for always.”

Southern Company makes direct corporate contributions and endows non-profit foundations that contribute to arts and culture, health and human services, civic and community projects, safety, education and the environment. Total giving, including all Southern Company subsidiaries, exceeded \$25 million in 2012. The company and its subsidiaries maintain community service programs for both employees and retirees, who donate more than 200,000 hours per year to community causes.

Projects often engage multiple members of the Southern Company. Project Share, which provides emergency assistance to customers who need help with basic necessities (housing, food, medical care, and utility services) is funded by the company, its subsidiaries, employees, and customers (who are asked on their electricity bills to donate). Southern Company is a founding partner of the Troops to Energy Jobs program, a recruiting source that links veterans to job openings in the energy industry.

The Southern Company board has a nuclear/operations committee with broad responsibility for review and oversight of the company's significant operating segments, including nuclear operations. Through this committee, the board has a close view of the company's impact on local communities.

Disclosure Approach. Given the controversial nature of nuclear power, the company's work in the community rightly receives prominence. The company, a GRI reporter, emphasizes community giving on its website. The home page includes a prominent section on corporate responsibility.

Reputation. Southern Company has won numerous awards for its programs to employ veterans, including the U.S. Department of Defense's Pro Patria award.^{xliii} It is continually ranked among the top utilities in Fortune's annual World's Most Admired Electric and Gas Utility rankings.^{xliv}

DISCLOSURE OF COMMUNITY SERVICE

These ten profiles did not require extensive research; the information needed was disclosed by the companies, often through sustainability reporting. It is significant to note that this kind of disclosure is generally appreciated by shareholders. Indeed some shareholders have asked corporations to explain how much they are giving to charities and why.^{xlv} Reports about a corporation's contributions to local communities may appear in a separate sustainability report, or may be included within the annual report in an effort to achieve "integrated reporting" of financial and nonfinancial data.^{xlvi}

The Narrative Approach to Community Service Disclosure

Although community involvement is not an issue championed overtly by activist shareholders—there are no shareholder resolutions demanding the companies give back to their communities per se—many shareholders do want to know what companies are doing for society. Some of the most successful sustainability resolutions in recent proxy seasons, winning the highest level of support next to diversity proposals, have been calls to have companies publish a sustainability report.^{xlvii} Most requests pointed to the Global Reporting Initiative (GRI) guidelines as the preferred reporting format.^{xlviii} As mentioned earlier, GRI provides companies a consistent way to report on the environmental, social, and economic aspects of their businesses.^{xlix} To date nearly 6,000 companies have published sustainability reports following the GRI model, with nearly 15,000 such reports issued over the past decade.¹

Within the GRI reporting format, there is a section on community. The G4 format, approved in 2013, advises companies to "present the overall vision and strategy for the short term, medium term, and long term, particularly with regard to managing the *significant economic, environmental and social impacts that the organization causes and contributes to, or the impacts that can be linked to its activities as a result of relationships with others* (such as suppliers, people or organizations in local communities)" (Emphasis added).

Accounting Issues in Community Service Disclosure (FASB)

Whether or not a company publishes a sustainability report, it must follow certain

accounting practices with respect to its charitable donations. Accounting standard setters have guidance for this, however, accounting rules are still in flux.

In April 2013, the FASB approved a major change in accounting for charitable donations. The new FASB Guidelines require that “a recipient not-for-profit entity [must] recognize all services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity.”^{lii}

The most common understanding of corporate community service is corporate philanthropy focused on local charities. In a strict accounting sense, philanthropy creates no economic value for shareholders. In the words of the “master glossary,” of the Financial Accounting Standards Board (FASB) it is “an unconditional transfer of cash or other assets to an entity or a settlement or cancellation of its liabilities in a voluntary nonreciprocal transfer by another entity acting other than as an owner.”^{lii} The words “unconditional” and “voluntary” bring us back to the opening of our article, Jericho.

CONCLUSION

The “road to Jericho” most companies travel crosses through communities. It is up to companies to decide whether they will pass by community needs looking the other way, or stop to help those fallen by the wayside.

Boards and senior managers have an important role in this. Much like the innkeeper in the parable of the good Samaritan, they may be asked to advance funds to take care of local needs. In the end however, although they give voluntarily and unconditionally, they are likely to be repaid—generously.

It is true that board decisions generally aim to preserve and enhance long-term company value on behalf of all “shareholders.” For many corporations, however, this value is linked to the well-being of other corporate stakeholders, including local communities.

This white paper has identified patterns of success across 10 industry sectors. We hope that the information and insights in this paper will encourage the companies profiled, and will inspire others to follow their lead.

Alphabetical List of Companies Studied

1. Alcoa*
2. American Electrical Power^{liii}
3. Amerisource Bergen*
4. Amgen
5. Archer Daniels Midland
6. AT&T
7. Baker Hughes
8. Berkshire Hathaway
9. Block H&R
10. BNY Mellon*
11. Cameron*
12. Campbell Soup
13. Caterpillar
14. Consolidated Edison
15. CVS
16. Dell *
17. Delta Airlines

18. DirecTV
19. Dow Chemical
20. E-Bay
21. Exelon
22. Exxon Mobil
23. Fannie Mae
24. First Energy
25. Ford Motor
26. General Dynamics
27. General Mills*
28. General Motors
29. Halliburton
30. Hewlett-Packard
31. Home Depot*
32. International Paper
33. John Deere
34. Johnson & Johnson
35. JP Morgan & Chase
36. Lockheed Martin*
37. McKesson
38. Microsoft
39. Motorola
40. Northrup Grumman
41. Oracle
42. PG&E Corp.
43. PPG Industries

44. Praxair
45. Southern Electricity*
46. Sprint*
47. Starbucks
48. United Health Group
49. Verizon
50. Wal-Mart

*Profiled in this report.

About this Research

In this year-long research project, NACD staff identified fifty corporations for analysis. Using the Global Industry Classification Standard (GICS), we selected a variety of Fortune 200 companies, five each within ten economic sectors. The list of sectors (and their classification code) follows: Energy (10), Materials (15), Industrial (20), Consumer Discretionary (25), Consumer Staples (30), Healthcare (35), Financials (40), Information Technology (45), Telecommunications (50), and Utilities (55).

In order to analyze the kinds of community service offered by these companies, as well as the range of channels, the researchers gathered all materials available from a variety of sources, including the websites of the companies and any foundations of the companies, the companies' sustainability reports, and the companies' annual reports. Based on this research, it is clear that all of these companies, without exception, gave back to their communities in significant ways. Any one of the fifty could have been profiled here. In this report, we have tried to convey the range of community service.

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This white paper grew out of a year-long research project at the National Association of Corporate Directors (NACD). The project was staffed primarily by **Javonte Moore**, who was recommended to NACD by Covenant House, a nonprofit offering local youth housing, job-training, and education in Washington, D.C. and other communities. Moore provided his services during a stipended NACD internship from October 2012 through November 2013. Moore is currently a student at the University of the District of Columbia. Covenant House receives corporate support from a variety of corporations including Aviva insurance, Sephora beauty products, and LinkedIn for Good. **Abdullah Jones**, manager, NACD Proposal Center manager, led the project and served as Javonte's primary mentor. **Alexandra R. Lajoux**, chief knowledge officer, NACD, wrote the final document, with **Cheryl Soltis Martel**, content manager, NACD Education, writing some of the company profiles, and **Robyn Bew**, director of research, providing helpful comments. **Dr. Stephen Young**, executive director, Caux Round Table, provided overall direction through dialogue and editing.

Alexandra Reed Lajoux, is the author or coauthor of all books in the Art of M&A series of McGraw-Hill, which has sold some 100,000 from 1988 to 2014. She is also the coauthor, with **Robert A. G. Monks**, of *Corporate Valuation for Portfolio Investment* (Wiley, 2011). Lajoux has an M.B.A. from Loyola University in Maryland, and a Ph.D. from Princeton University in Comparative Literature.

Notes

ⁱ For this and other findings see *Five Years After the Crash: What Americans Think About Wall Street, Banks, Business, and Free Enterprise*, American Enterprise Institute. http://www.aei.org/files/2013/09/10/-five-years-after-the-crash-what-americans-think-about-wall-street-banks-business-and-free-enterprise_083339502447.pdf

ⁱⁱ See the Corporate Citizenship Center at the U.S. Chamber of Commerce Foundation, a unit of the Chamber, at <http://ccc.uschamber.com/>

ⁱⁱⁱ See <http://philanthropy.com/article/Big-Businesses-Expect-Modest/140341/>

^{iv} See Principles for Business at <http://www.cauxroundtable.org/index.cfm?&menuid=8>.

^v See <http://www.conference-board.org/philanthropy/>

^{vi} See <http://cecp.co/>

^{vii} See <http://cecp.co/about-cecp.html>. Emphasis in original text.

^{viii} This study was conducted under the auspices of the National Association of Corporate Directors (nacdonline.org) and benefited from review by our colleagues in the Research department. However, the analysis, opinions, and conclusions of this paper are the responsibility of the authors alone.

^{ix} It is beyond the scope of this paper to define company value. For guidance, see Robert A. G. Monks and Alexandra R. Lajoux, *Corporate Valuation for Portfolio Investment: Analyzing Assets, Earnings, Cash Flow, Stock Price, Governance, and Special Situations* (Wiley 2011). This book includes extensive discussions of the impact of social responsibility on company value measured in various ways.

^x An intriguing example is Western Union.

This was not one of our focus companies, but this company has a particularly compelling view of community, extending to some 58,000 agent locations. See http://ir.westernunion.com/files/doc_downloads/Governance%20docs/CodeOfConduct_English.pdf

^{xi} For an example from the mining industry, see “Measuring Returns on Community Investments in Mining,” First International Seminar on Social Investments in Mining, October 2011. <http://commdev.org/userfiles/SRMining%20Veronica%20Nyhan%20Jones,%20Jelena%20Lukic,%20Arjun%20Bhalla,%20Dafna%20Tapiero%20-%20July%202015.pdf>.

^{xii} This category includes support for the arts and arts education as well as help for remedial education. The most prominent theme however related to education and training in science, technology, engineering, and math (STEM).

^{xiii} See State of Delaware: Certificate of Incorporation: A Stock Corporation. <http://corp.delaware.gov/incstk09.pdf>. In addition, if there is a “public benefit corporation” there may be a specific purpose focused on a community, and permitting directors to place community interests before shareholder interests.

^{xiv} See “Which Sustainability Factors Are Most Linked to Brand Strength?” July 22, 2013, a multivariate analysis comparing the twelve CSRHub subcategory scores and the Brand Finance Brand Strength Index. Of 12 sustainability categories, most (including community investments) were linked to measurable brand strength. The author cautions however that communication may be a challenge, as “it is hard for a company to brag about its good deeds without appearing to be ‘paying for

love.’ Further, an investment in one community may not pay off with brand benefits in other/all communities.” <http://www.triplepundit.com/2013/07/sustainability-factors-linked-brand-strength/>

^{xv} In addition to sustainability indexes such as the aforementioned Dow Jones Sustainability Index and the FTSEForGood (http://www.ftse.com/Indices/FTSE4Good_Index_Series/index.jsp) there are also investment funds such as Calvert that have as their goal to make socially responsible investments.

^{xvi} About CEPC see <http://cepc.co/about-cepc.html>

^{xvii} For more information on the Shared Value Initiative, see <https://www.sharedvalue.org/>.

^{xviii} We did identify one study with neutral findings: “Measuring Returns on Community Investments in Mining,” First International Seminar on Social Investments in Mining, op. cit., note xi.

^{xix} Item in Law & Regulation, July 11, 21991, *Los Angeles Times*, http://articles.latimes.com/1991-07-11/business/fi-3039_1_delaware-supreme-court. See also a discussion of this case “Corporate Charity: Societal Boon or Shareholder Bust?,” *Stetson Law Review* XXVII 1997 <http://www.stetson.edu/law/lawreview/media/introduction-to-transcript-of-proceedings.pdf>

^{xx} Paul C. Godfrey and Jared M. Hansen, “Toward a General Theory of CSRs: The Roles of Beneficence, Profitability, Insurance, and Industry Heterogeneity,” *Business and Society*, 2008. <http://bas.sagepub.com/content/49/2/316> See also “Do Shareholders Value Corporate Philanthropy?: An Event Study Test” Undated paper. <http://home.business.utah.edu/finea/CSR%20Event%20Study%201.1.doc>

^{xxi} See Ibid.

^{xxii} As of August 20, 2013, reports the Sustainable Investments Institute, investors had filed 401 sustainability-related resolutions to be included in the proxy statements of U.S. companies, exceeding last year’s total of 393. Of these, 40 percent came to a vote. Average support levels were 20 percent, up from 10 percent a decade ago. Source: “2013 Season Poised to Break Records in Filings, Support Levels for Environmental and Social Policy Shareholder Resolutions.” Press Release dated August 20, 2013. http://siinstitute.org/press/2013/08202013_Si2_Press_Release_Proxy_Review_FINAL.pdf The average annual number of shareholder resolutions filed per year in recent years can exceed 1,000, but only about half of these get filed because either the company obtains permission from the Securities and Exchange Commission to exclude the resolution, or because shareholders voluntarily withdraw the resolution following discussions with the company. See Ion Bogdan Vasia and Braydem G. King, “Social Movements, Risk Perceptions, and Economic Outcomes The Effect of Primary and Secondary Stakeholder Activism on Firms’ Perceived Environmental Risk and Financial Performance,” *American Sociological Review*, August 2013.

^{xxiii} This category includes support for the arts and arts education as well as help for remedial education. The most prominent theme however related to education and training in science, technology, engineering, and math (STEM).

^{xxiv} The General Industrial Classification system was developed by MSCI and is now used by many information providers, including the S&P 500 and Dow Jones Industrial Average at McGraw-Hill Financial.

^{xxv} Nicholas Elliott, “Why Reputation Matters for Hated Industries,” *The Wall Street Journal*, October 21, 2013. <http://blogs.wsj.com/riskandcompliance/2013/10/21/the-morning-risk-report-why-reputation-matters-for-hated-industries/> See also Harry Bradford, “The 10 Most Hated Industries in America.” *The Huffington Post*, August 24, 2013. *The 10 Most Hated Industries In America*. http://www.huffingtonpost.com/2013/08/24/most-hated-industries_n_3804661.html

^{xxvi} Our research files contain the specific urls for companies and their foundations. We can provide them upon request if needed.

^{xxvii} This would be a logical next step for this research, and we hope that there may be academic interest in pursuing such a study.

^{xxviii} See <http://www.djindexes.com/sustainability/>.

^{xxix} See “Fifty Largest Corporate Foundations by Total Giving.” As of November 2, 2013. <http://foundationcenter.org/findfunders/topfunders/top50giving.html>

^{xxx} See Bailey Jacobs, “Alcoa CEO: The Key to Stem is Partnerships,” July 18, 2013. Published by the U.S. Chamber of Commerce Foundation, the Business Civic Leadership Center. <http://bclc.uschamber.com/blog/2013-07-18/alcoa-ceo-key-stem-partnerships>

^{xxxi} See <http://bclc.uschamber.com/press-release/us-chamber-recognizes-20-companies-positive-impact-people-communities-and-environment>

^{xxxii} To arrive at the top fifty Most Admired Companies overall, the Hay Group contacted 4,100 executives, directors, and securities analysts who had responded to surveys asking for most admired companies within specific industries.

The Home Depot’s record of environmental and community responsibility served as one of the eight ranking criteria in that list. (See <https://corporate.homedepot.com/OurCompany/Documents/environment.pdf>) These analysts then selected the 10 companies they admired most. They chose from a list made up of the companies that ranked in the top 25% in last year’s surveys, plus those that finished in the top 20% of their industry. Anyone could vote for any company in any industry. <http://money.cnn.com/magazines/fortune/most-admired/2013/list/>

^{xxxiii} See “50 Largest Corporate Foundations by Total Giving,” Foundation Center, as of November 2, 2013. <http://foundationcenter.org/findfunders/topfunders/top50giving.html>

^{xxxiv} See “Excellence Awards in Corporate Philanthropy.” <http://cecp.co/events/excellence-awards/winners/previous-award-winners.html>

^{xxxv} See “For the most part, endowments and foundations use external asset managers for their investment activities.” *The Business of Investing at U.S. Endowments and Foundations*. Finadium and BNY Mellon. Third Quarter, 2012 (a study of 305 endowments and foundations). <http://www.bnymellon.com/foresight/pdf/endowments-0912.pdf>

^{xxxvi} See <http://www.bnymellon.com/about/csr/2012/world.pdf>

^{xxxvii} See <http://grifocalpointblog.org/usa/wp-content/uploads/sites/12/2013/11/GA-GRI-North-American-Reporters-List-20131024.pdf>. See also <http://www.bnymellon.com/about/csr/2012/csr.pdf>

^{xxxviii} See “Top 100 U.S. Foundations by Asset Size.” <http://foundationcenter.org/findfunders/topfunders/top100assets.html>

^{xxxix} See GRI Index at EC8 – Local. <http://www.one-report.com/report/gri-index.html>

^{xi} See Dell <http://www.dell.com/learn/us/en/uscorp1/corp-comm/awards-and-recognition>

^{xli} See <http://www.dell.com/learn/us/en/uscorp1/corp-comm/awards-and-recognition> and http://www.ftse.com/Indices/FTSE4Good_Index_Series/Downloads/FTSE4Good_Index_Rules.pdf

^{xlii} See <http://newsroom.sprint.com/awards/company/>

^{xliii} See http://www.electricenergyonline.com/?page=show_news&id=172584 .

^{xliv} See Ibid.

^{xlv} In 2006 and 2007, Citigroup received proposals for better disclosure of their charitable giving. The company responded that its disclosures were already clear and comprehensive, and the proposals failed to pass, gaining a vote of less than 8 percent both years.

^{xlvi} See the website of the International Integrated Reporting Council <http://www.theiirc.org/>.

^{xlvii} See “2013 Season Poised to Break Records in Filings, Support Levels for Environmental and Social Policy Shareholder Resolutions” Sustainable Investments Institute, August 20, 2013. http://siinstitute.org/press/2013/08202013_Si2_Press_Release_Proxy_Review_FINAL.pdf

^{xlviii} For a PDF chart of GRI reporters as of year end 2013 see <http://grifocalpointblog.org/usa/wp-content/uploads/sites/12/2013/11/GA-GRI-North-American-Reporters-List-20131024.pdf>. A current “real time” list of GRI reporters is maintained at XXX.

^{xlix} For details on G4 Guidelines. See globalreporting.org.

¹ See <http://database.globalreporting.org/>

^{li} See Quoted in Not-for-Profit Entities (Topic 958): Services Received from Personnel of an Affiliate: A Consensus of the FASB Emerging Issues Task Force, No. 2013-06. April 2013.

^{lii} The guidance continues: “Those services should be measured at the cost recognized by the affiliate for the personnel providing those services. However, if measuring a service received from personnel of an affiliate at cost will significantly overstate or understate the value of the service received, the recipient not-for-profit entity may elect to recognize that service received at either (1) the cost recognized by the affiliate for the personnel providing that service or (2) the fair value of that service.” The two dissenters stated that the disclosure will be misleading and pose undue burdens on corporations and their foundations, where this rule is most likely to apply. See Not-for-Profit Entities (Topic 958): Services Received from Personnel of an Affiliate op. cit., note li.

^{liii} For a profile of community service by AEP, see NACD Directorship May-June 2014 at nacdonline.org.

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