

# LBG: MEASURING CORPORATE COMMUNITY INVESTMENT

2011 ANNUAL REVIEW



# SERIOUS ABOUT CORPORATE COMMUNITY INVESTMENT

## CORPORATE COMMUNITY INVESTMENT STRATEGIES ARE BECOMING MORE SOPHISTICATED, STRATEGIC AND TARGETED.

Through better measurement, leading companies are doing more to understand and articulate their role in, and impact on, the community. LBG\* members have been working since 1994 to drive thinking and practice forward and maximise the value of businesses' contribution to the community.

### WHY MEASURE?

Effective measurement drives better management. It enables companies to allocate money, time and other resources to where they are most efficient and generate the highest social value. In addition, it helps drive improvement in performance and it increases the credibility of the investments.

### A FRAMEWORK

LBG provides a robust framework which measures the real value and impact of corporate community investments to both business and society. The consistent application of the framework by LBG members facilitates benchmarking amongst peers, competitors and sectors and makes it a credible methodology across the business community.

### A NETWORK

But LBG is so much more than a measurement framework. It is also a network through which members can share experiences, compare performance with industry peers, and network across industries and

cultures. Our members learn from each others experiences – both good and bad!

### RUN BY MEMBERS FOR MEMBERS

More than 120 companies across the world are part of the Group, including Unilever, Barclays, KPMG and Aviva. LBG is run by its members, and steered by a representative group of member companies. It is managed by the leading sustainability consultancy firm, Corporate Citizenship.

### A RECOGNISED APPROACH

Key corporate responsibility indexes have embedded the LBG methodology including Dow Jones Sustainability Indexes and Business in the Community's Corporate Responsibility Index. LBG data also enables companies to report against key Global Reporting Initiative indicators.

### A SIGNIFICANT COMMITMENT

Using the LBG model demonstrates members' continued commitment to society. In 2010/ 2011, over £1.4 billion was invested by LBG members in communities, benefiting over 70 million people.

LBG provides the consistent approach through which members are able to demonstrate the real impact that businesses are making in their communities.

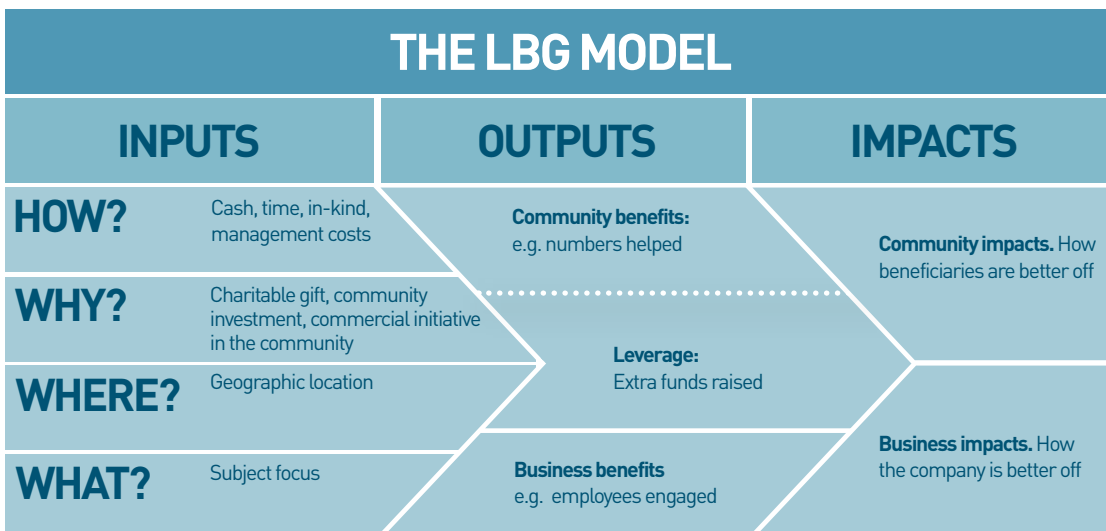
### HOW DOES IT WORK?

The LBG framework enables members to measure the totality of their contribution to the community, and then assess that in the light of the results achieved; the benefits that the contributions actually generate for both the business and the community.

Community benefits might focus on the changes in people's education, health or quality of life, while business benefits can include skills development in employees, increased brand awareness and better access to a specific market or target group.

LBG also allows the company to assess the long-term impact of its investments. This means they can establish the overall change experienced by an individual or group as a result of a company's support.

The methodology does not only cover cash contributions, but also covers in-kind investments, such as product and service donations, and time committed by employee volunteers. Through LBG, members gain a holistic view of the full picture of their investment – often this is a lot more than they think!



[www.lbg-online.net/about-lbg/the-lbg-model.aspx](http://www.lbg-online.net/about-lbg/the-lbg-model.aspx)

\*LBG started life as the London Benchmarking Group as it was formed by six London-based companies. Now it represents the international standard for corporate community investment and is known simply as LBG

# LBG IS EMBEDDED IN LEADING SUSTAINABILITY INDICES

LBG does not operate in isolation. It works with other corporate responsibility indices and frameworks and supports members to provide effective information when engaging with them.

## DJSI

The Dow Jones Sustainability Indexes (DJSI) track the financial performance of the leading sustainability-driven companies worldwide. LBG has worked with the DJSI ratings agency, SAM, to align the DJSI criteria on community investment with LBG principles. DJSI's questions on community investment now reference LBG and use its measurement classifications. DJSI criteria also include questions on programme-wide results which chime well with LBG's approach to whole-programme results.

## GRI

The Global Reporting Initiative (GRI) provides companies with a set of principles and indicators on which to base their CSR reporting. LBG data input number is a key element of the GRI's main economic indicator (EC1) and LBG data is relevant to other indicators under the economic, social and labour practices headings. The GRI approach and reporting principles are consistent with the LBG methodology, which has been endorsed in GRI sector supplements.

## BITC

LBG is recognised by BITC as a 'guru' when it comes to measurement of CCI. The Corporate Responsibility index that BITC developed eight years ago has based its measurement questions of inputs, outputs and impacts squarely on the LBG model. BITC's CommunityMark, is based on five principles, one of which is to "Measure and evaluate the difference that your investment has made in the community and on your business. Strive for continual improvement". It is with regard to this principle that LBG and BITC continue to work to align both models, to ensure that members' LBG data can feed directly into BITC.

## MEMBER PROFILE: JOHN LEWIS PARTNERSHIP

**THE JOHN LEWIS PARTNERSHIP IS ONE OF THE UK'S LEADING RETAILERS. COMPRISING JOHN LEWIS DEPARTMENT STORES AND WAITROSE SUPERMARKETS. 76,500 PEOPLE WORK IN THE EMPLOYEE-OWNED BUSINESS**



**Gemma Lacey** is the company's Head of Corporate Social Responsibility

### HOW DO YOU USE YOUR LBG DATA?

We have tended to use our data for reporting purposes, both internally for our Community Investment Committee and externally in our Corporate Responsibility report and for the BITC Corporate Responsibility Index. More recently we have used it to form the basis of a thorough strategic review of our overall approach to our community investment.

### HOW DOES LBG HELP YOU TO REVIEW YOUR COMMUNITY INVESTMENT?

Incorporating the LBG data in our strategic review enabled us to delve down into some key elements of the programme. It helped us understand the relationship between cash and non-cash contributions and move towards getting a comfortable balance between the two and a right fit for the business. It also enabled our senior management team to pick up on trends and to compare with peers.

### WHAT IS COMING NEXT IN YOUR USE OF LBG?

Impact is key. LBG data has helped us identify changes we would like to make in unifying some of our processes and we really want to move forward in assessing the difference we make.

### WOULD YOU RECOMMEND LBG TO ANOTHER COMPANY?

Yes. While it might be a challenge at first! It really helps to be able to make comparisons that are in-line with others.

### HOW LONG HAVE YOU BEEN A MEMBER OF LBG?

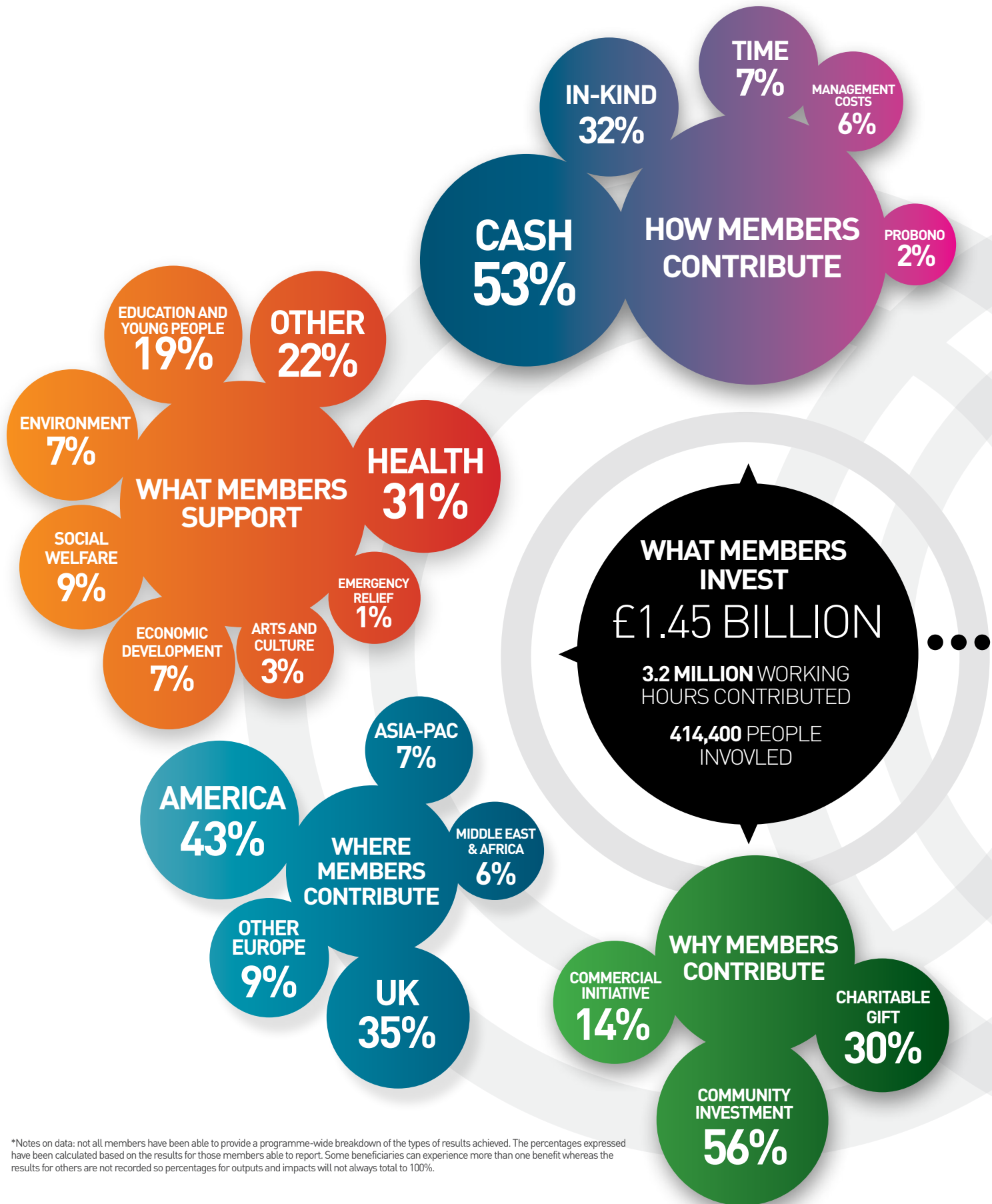
We joined in 2004.

### WHAT IS THE MAIN BENEFIT OF LBG?

LBG enables us to make a simple articulation of our community contribution and is a credible way of reporting and capturing our activity.

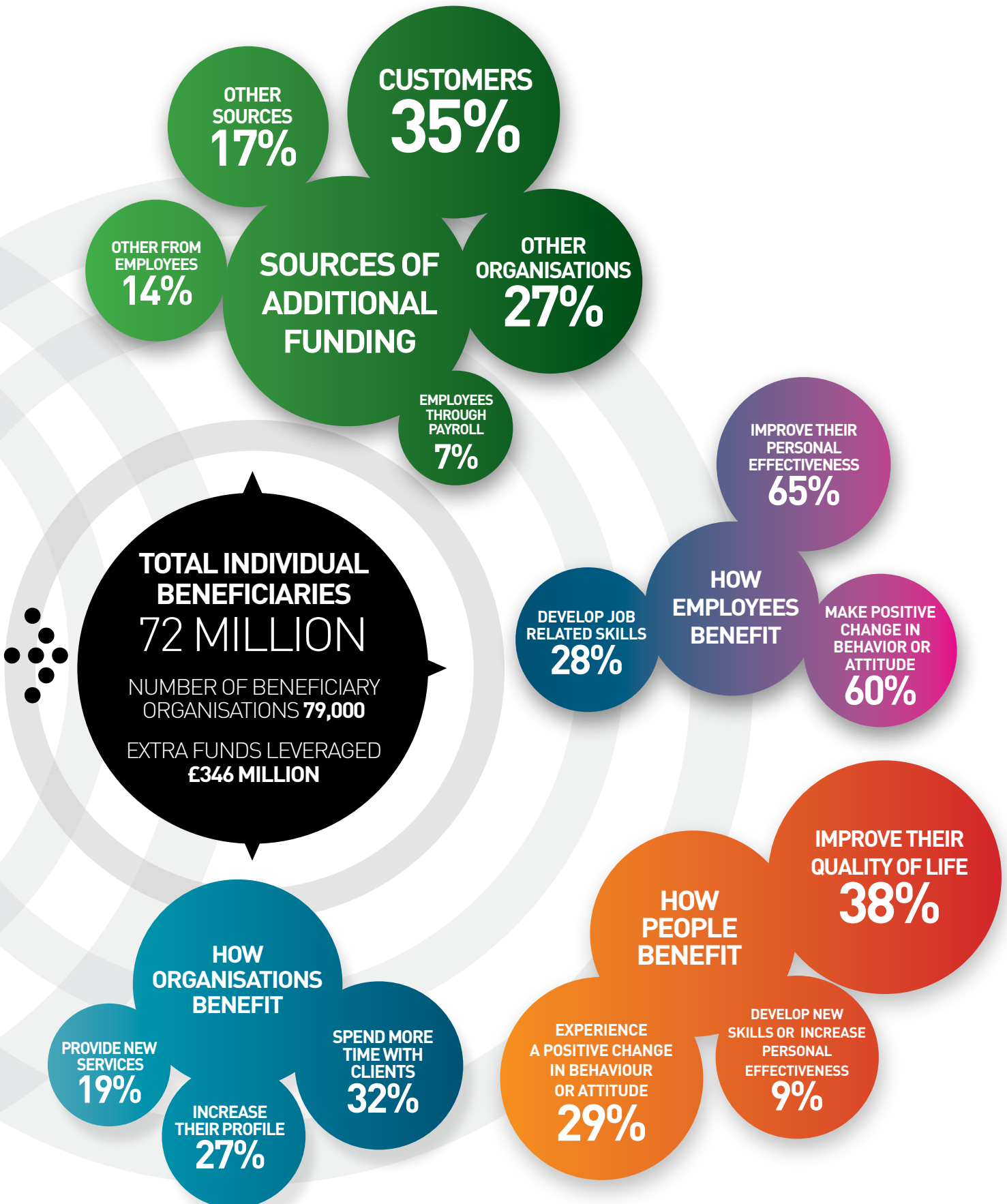
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# LBG'S VITAL STATISTICS



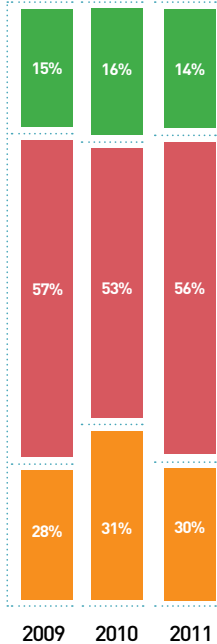
\*Notes on data: not all members have been able to provide a programme-wide breakdown of the types of results achieved. The percentages expressed have been calculated based on the results for those members able to report. Some beneficiaries can experience more than one benefit whereas the results for others are not recorded so percentages for outputs and impacts will not always total to 100%.

HERE ARE THE CONSOLIDATED GROUP-WIDE RESULTS FOR THE 2011 REPORTING PERIOD. MEMBERS CAN LOG ON TO [WWW.LBG-ONLINE.NET](http://WWW.LBG-ONLINE.NET) TO CONDUCT SECTOR AND PEER COMPANY COMPARISONS



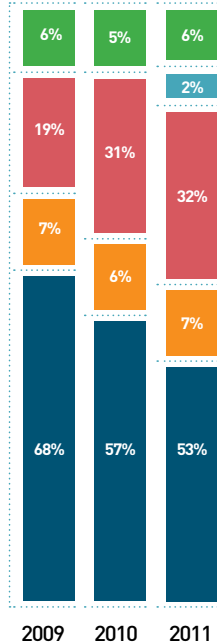
# WHAT IS THE DATA TELLING US?

## WHY MEMBERS CONTRIBUTE:



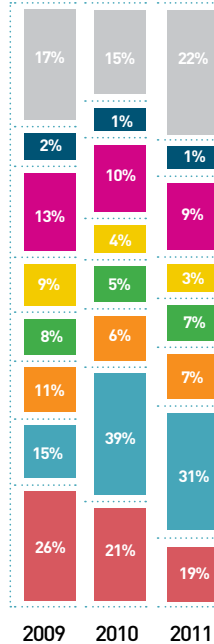
Charitable gifts  
Community investment  
Commercial initiatives

## HOW MEMBERS CONTRIBUTE:



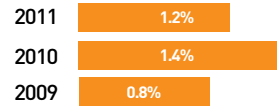
Cash  
Time  
In-Kind  
Pro-Bono  
Management Costs

## WHAT MEMBERS SUPPORT:

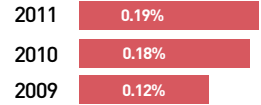


Education & Young People  
Health  
Economic Development  
Environment  
Social Welfare  
Emergency Relief  
Arts & Culture  
Other

## CONTRIBUTION AS A % OF PRE-TAX PROFIT



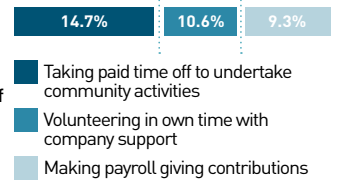
## CONTRIBUTION AS A % OF REVENUE



## CONTRIBUTION PER EMPLOYEE



## EMPLOYEE INVOLVEMENT 2011



Taking paid time off to undertake community activities  
Volunteering in own time with company support  
Making payroll giving contributions

## ANALYSIS OF THE DATA

### MEASURING THE REAL VALUE AND IMPACT OF CORPORATE COMMUNITY INVESTMENT

2011 saw a record number of companies submitting their LBG returns – this year the group broke the hundred barrier with 101 submissions! Along with the ever growing base of information comes a greater wealth of experience and best practice to share, not to mention a greater level of robustness to the data – let’s continue to build on these successes in coming years.

Overall, the average contribution per company remained fairly static compared with last year, at £14.4 million. This means that, as a group, we have channelled £1.45 billion into supporting our communities, an increase of £80 million compared to last year.

One of the recurring questions that members face is: OK, you’ve funnelled money into charitable causes, but what

has it achieved? Being able to measure these impacts gives members the opportunity to tell the real story behind the numbers and demonstrate exactly how, and why, they’ve helped.

So it is encouraging that along with the increase in the value of contributions, we have also seen a steady rise in the level of detail that members are reporting about achievements across their programmes. This year, 30% of members reported on impacts on people, such as an improved quality of life; 40% reported community partner benefits, including the ability to help more people; and 45% reported employee volunteer benefits, such as improved skills.

### CONTINUED COMMITMENT TO SOCIETY

The value of contributions per employee continued to increase, with an additional £66 per head to £471. But the employee tale

doesn’t stop there. The proportion of contributions made through volunteering and pro bono activities now make up 8% of contributions. Engagement of employees is also on the up, with 15% of the members’ workforce taking the opportunity to support their communities through volunteering day allowances (it was 13.2% in 2010).

This upward trend in employee contributions spreads wider than simply volunteering in work hours. With the support of LBG members, more employees are reaching into their own pockets or giving their own time. In 2011, 9.3% of employees contributed through payroll giving schemes (up from 7.4%) and 10.6% volunteered in their own time (up from 6.2%).

We also know that a number of members are in the process of developing comprehensive systems to capture volunteering and other data and this

continued improvement to measurement will be reflected in the figures over time.

### THE VALUE OF BENCHMARKING

The group-wide data is useful for illustrating the broad direction of contributions; however some of the more useful comparisons will be made by using LBG’s online benchmarking tools and other resources. These allow members to learn both from their sector and from individual company performances.

In terms of volunteering, for example, while the contribution from volunteering and pro bono represent 8% of Group-wide contributions, this can range from less than 1% to over 40% across different sectors.

So as 2011 comes to a close, members have once again given strength to the LBG credo: “we’re serious about corporate community investment.”

# MEMBER PROFILE: THOMAS COOK

**THOMAS COOK IS AN INTERNATIONAL LEISURE TRAVEL GROUP OPERATING IN 21 COUNTRIES.**



Rod Allerton is the company's Charity and Community Relations Manager

#### **HOW LONG HAVE YOU BEEN A MEMBER OF LBG?**

Thomas Cook joined in January 2011.

#### **HOW DOES LBG HELP YOU TO REVIEW YOUR COMMUNITY INVESTMENT?**

Given that we are a global company operating in many countries LBG has enabled us to embed a process by which activity is tracked on a consistent basis.

It identifies the community contributions made in each of the areas of focus that we wish to support and enables us to assess the medium and long-term impacts of the projects undertaken, such as our Gambia Excursion Project.

It enables us as an organisation to capture the value of our activity within LBG's defined areas and decide where best to focus our limited resources to support the communities we operate in.

#### **WHAT IS THE MAIN BENEFIT OF LBG?**

It's an excellent framework enabling individual businesses and departments in the organisation to capture their community activity in a disciplined and consistent way.

#### **WOULD YOU RECOMMEND BECOMING A MEMBER TO ANOTHER COMPANY?**

Absolutely I have already spoken to a number of organisations about joining LBG.

#### **DO YOU USE YOUR DATA INTERNALLY AND/OR EXTERNALLY?**

We plan to use the information in staff briefings, on our intranet and via specific staff newsletters such as our staff Airline magazine Plane Talking.

We will also use the data in our Sustainability Report and our Annual Report.

# MEMBER PROFILE: COCA COLA HELLENIC

**COCA-COLA HELLENIC IS ONE OF THE WORLD'S LARGEST BOTTLERS OF PRODUCTS OF THE COCA-COLA COMPANY. IT OPERATES ACROSS 28 COUNTRIES EMPLOYING MORE THAN 42,000 PEOPLE.**



Ulrike Gehmacher is the Group Public Affairs and Communications Manager

#### **HOW LONG HAVE YOU BEEN A MEMBER OF LBG?**

Coca-Cola Hellenic joined LBG in 2007 and adopted its model to better measure the company's community involvement.

#### **WHAT IS THE MAIN BENEFIT OF LBG?**

The model provides a comprehensive and consistent set of measures to calculate contributions, which takes strategic areas into consideration and demonstrates value. We also appreciate third-party opinions and thought-exchange with the LBG Team and other

members on a variety of topics. Also, it is good that LBG is aligned with other sustainability indices such as DJSI or GRI.

#### **HOW DOES LBG HELP YOU TO REVIEW YOUR COMMUNITY INVESTMENT?**

LBG helps us track data across our group in 28 countries and reports relevant community data in our CSR Report. Thanks to the LBG model, we are able to report on the following indicators: % spent per focus area, type of contribution, % of pre-tax profit invested in the community, number of volunteers, and so on.

#### **DO YOU USE YOUR DATA INTERNALLY AND/OR EXTERNALLY?**

We tend to report most of our data externally. It depends how robust the data returns are, with countries being at different stages in their data monitoring and reporting. Some countries are well advanced, for some there is still room for improvement.

#### **WOULD YOU RECOMMEND BECOMING A MEMBER TO ANOTHER COMPANY?**

Absolutely I have already spoken about it to other parts of the Coca-Cola System.

# LBG IS RUN BY MEMBER FOR MEMBERS

**JUST AS THE LBG FRAMEWORK WAS DEVELOPED BY COMPANIES FOR COMPANIES, SO THE GROUP IS RUN BY ITS MEMBERS FOR THOSE MEMBERS.**

LBG benefits from an active Steering Group, which is instrumental in setting LBG's objectives each year, debating key policy items and planning events such as the annual all-member meeting. Steering Group membership is open to all LBG members and as LBG grows the Steering Group strives to maintain a balanced representation across industry sectors, company size, international reach and experience in applying the model.

The Steering Group's core responsibilities are to:

- Provide good Governance of LBG, working with Corporate Citizenship who manage the group
- Act on behalf of the whole membership to maintain and enhance quality and consistency in applying the LBG model
- Work with Corporate Citizenship to encourage new members to join LBG and sustain the existing membership
- Review and shape the external communications strategy for LBG
- Review and shape member services including events and the website
- Support LBG with the international development of the LBG model and local benchmarking groups.

## CURRENT LBG STEERING GROUP MEMBERS ARE:



Pam Webb (Chair)  
Zurich Community Trust



Rod Allerton  
Thomas Cook



Michelle Dawson  
Hammerson



Sarah Dyson  
Reed Elsevier



Rose Gardner  
npower



Ulrike Gehmacher  
Coca-Cola Hellenic



Sarah Klueter  
The Co-Operative Group



Lauretta Lamont  
Britvic



Matt Sparkes,  
Linklaters



Mark Thain  
Barclays

## LBG MEMBERS

### MEDIA

Aegis Group plc, BBC, BSkyB, Pearson, Reed Elsevier, Yell Group

### NATURAL RESOURCES

AMEC, ENRC, Johnson Matthey, Shell UK

### OTHER PRODUCTS & SERVICES

Airbus, BAE Systems, British Airways, BUPA Camelot, City of London, East Midlands Airport, FirstGroup, Gala Coral, ISS UK, Man, Manchester Airport, Michelin, Perkins Engines, Rolls-Royce, Royal Mail, Siemens, Syngenta, Thales, Thomas Cook

### PHARMACEUTICAL

Abbott, AstraZeneca, BD, GlaxoSmithKline

### PROPERTY

BAM Construct UK Ltd, British Land Hammerson, Land Securities, Lend Lease, Morrison, Shaftesbury PLC, The Crown Estate

### REGULATED INDUSTRIES

Centrica, Energias de Portugal, National Grid, Network Rail PSEG, RWE npower, RWE npower renewables, ScottishPower, Seven Trent, Terna, Thames Water, United Utilities

### RETAIL

Boots UK Ltd, Home Retail Group, J Sainsbury Plc, John Lewis Partnership, Marks & Spencer, The Co-operative Group

### CONSUMER GOODS

British American Tobacco, Imperial Tobacco, JTI (UK), L'Oréal, Procter & Gamble UK, Unilever

### FINANCIAL SERVICES

Access Bank, Allianz UK ANZ, Arab African International Bank Aviva, AXA, Banco Espirito Santo Barclays, Capita Group, CGD, Deutsche Bank AG London Friends Life, HSBC, International Personal Finance, Investec plc Lloyds Banking Group, Morgan Stanley, Nationwide, Nomura, Provident Financial, Prudential plc RSA, Santander UK, Standard Chartered Bank, Standard Life, The Royal Bank of Scotland Group, UBS, Unicredit, Zurich

### FOOD & DRINK

Bacardi, Brakes, Britvic Soft Drinks, Coca-Cola Hellenic Bottling Company, Diageo, Kraft Foods, Müller Dairy, Nestlé UK, SABMiller

### LEGAL

Berwin Leighton Paisner, CMS Cameron McKenna LLP, DLA Piper, Freshfields Bruckhaus Deringer, Herbert Smith, Hogan Lovells International LLP, Linklaters, Wragge & Co

### PROFESSIONAL SERVICES

Accenture, Deloitte, Ernst & Young, KPMG, PwC

### TELECOMS

BT, O2, Portugal Telecom, Everything Everywhere Telecom Italia, Vodafone

LBG is managed by Corporate Citizenship, a global corporate responsibility and sustainability consultancy. For more information on the model and how it can benefit your community programme contact Corporate Citizenship or visit [www.lbg-online.net](http://www.lbg-online.net)



## CORPORATE CITIZENSHIP

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