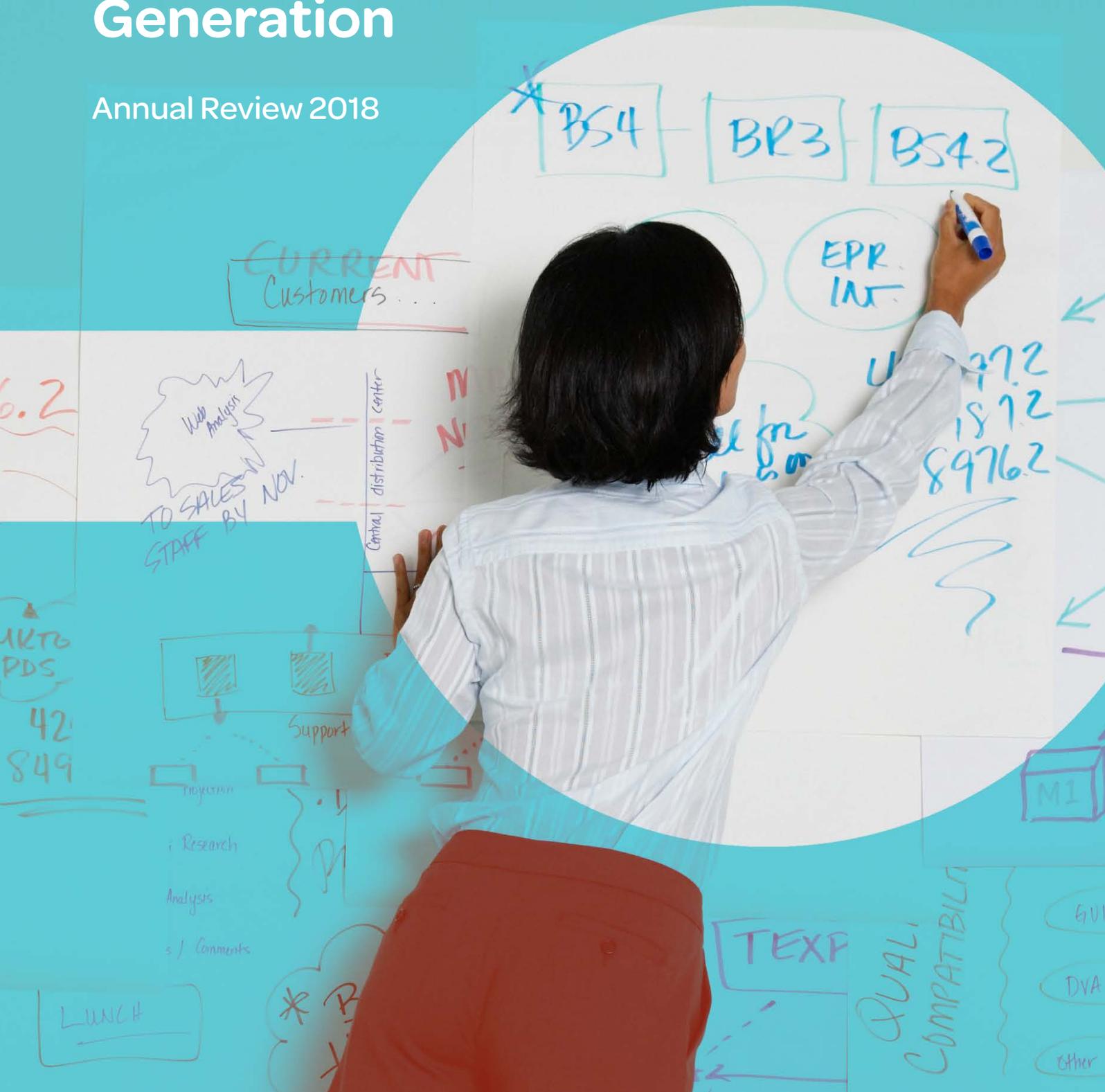


# LBG: The Third Generation

Annual Review 2018



# Welcome to the Annual Review 2018

Having recently joined Corporate Citizenship, one of the most interesting and compelling facts that became apparent to me - but which is often overlooked or little known - is that LBG is in fact the genesis of Corporate Citizenship.

Over the past 20 years the landscape of community contributions has changed enormously, as has the nature of corporate giving itself. We're now witnessing the remit and agenda of the CSR and Sustainability functions rapidly proliferate across organisations and enter the mainstream language at all levels of business.

With this, we're also witnessing social innovation and social procurement attracting ever more interest, which is reflected in the extension of the LBG Framework this year, outlined later in this report.

We're all hugely excited by opportunities for the future of LBG, and have ambitious plans to accompany those opportunities that will more closely support businesses measure the impact of their community contributions, as well as align and integrate them into their wider sustainable and responsible business activities.

I want to thank everyone who has put so much hard work and effort into this report, both the LBG teams at Corporate Citizenship, the Steering Groups, and all our member organisations. I look forward to working with you in the years ahead.

**Neil Davy, CEO**  
Corporate Citizenship

## The history of LBG

LBG was established in 1994 by six business pioneers who recognised the need to consistently measure community investment. Since its inception, LBG has always been led by business for business.

As its reputation grows and its network of members widens, LBG continues to expand its reach. The LBG Framework is

now recognised around the world and is incorporated into investor ratings like DJSI and supports reporting standards such as GRI.

Member companies represent varying sizes of operations and turnover from across the globe. For the most up to date list check out website <http://www.lbg-online.net/>

## Expanding the Framework: Business Investment for Social Impact

LBG has been integral to the changing nature of business investment in social and community causes for the past 20 years.

It has been at the forefront of the evolution of corporate community investment from a purely philanthropic cash concept in the 1990's to one that today embraces community

investment and commercial initiatives; one that looks to outputs and impacts, not just inputs.

We recognise that businesses continue to evolve and diversify the ways they create social impact. As such, the LBG Framework is extending to include an additional two routes to impact which members can use to measure their impact.

### Two new routes to impact

The core of LBG remains the same and there is no change for members focusing on corporate community investment. This is defined as businesses' voluntary contributions to charitable and community causes. An example would be a business' donations to its national charity partner.

But for members who wish to, the additional routes to impact expanding the Framework include:

#### 1. Business innovation for social impact

Investment into new ways of doing business or developing products that bring enhanced social impact. An example would be a bank creating new financial services that allow previously unserved populations access to affordable banking.

#### 2. Procurement for social impact

Purchasing power diverted to suppliers that are creating a positive social impact. An example of this would be a company choosing to procure supplies from a social enterprise that employs disadvantaged people.

# Our vision for community investment

Be known for the difference you make, not the amount you give. The vision of LBG is a world where every business measures community investment and shares this in an open and transparent way.

To make that a reality, LBG's mission is to provide a common standard for companies to measure and manage their community investment and a platform to learn together how to maximise their impact.

Over the past 20 years, over 300 companies around the world have engaged in the LBG network to apply, develop and enhance the Framework. LBG is now widely regarded as the international standard for measuring corporate community investment.

The value of LBG extends far beyond the Framework alone. It acts as a management tool, a private benchmark, and a network of professionals, which combine to equip community investment practitioners and businesses to maximise the efficiencies of their resources and the impact of their actions.

LBG is not a ranking mechanism as it recognises that members are at different stages of the journey.



## A management tool

LBG is a management tool which assists businesses' community investment strategies.

The LBG Framework is a simple but effective input output model, enabling any community investment activity to be assessed consistently in terms of the resources committed and the results achieved.

It breaks down the elements of the activity into: the inputs – *what's contributed?*, the outputs – *what happens?* and, ultimately, the impacts achieved – *what changes?*



## A private benchmark

LBG is a private benchmark, which can be utilised by LBG companies to compare with their peers and others globally.

The LBG member base gives companies access to data from over 150 international businesses, representing 15 diverse sectors.

Members can use LBG data to gain a detailed understanding of how they are operating and crucially, how they can improve.



## A network of companies

LBG is a network of companies and practitioners, providing a platform to share experiences, best practice, and new ideas.

The LBG network is a proven environment for facilitating collaboration and encouraging innovation.

It provides community investment practitioners, at the heart of developing and executing corporate community investment strategies, with an unparalleled opportunity to engage with peers, forge new connections, and develop professional relationships.

# What does good look like in 2018?

Knowing how other businesses typically approach community investment decisions can help a business to define the approach that is best for its own strategy, agenda, and ambitions. LBG helps businesses tackle some of the key challenges they face as well as inspiring them to strive to achieve more.

## Strategic giving globally

The total contribution of LBG members globally was

**\$2.8 billion**



**71%**

of these contributions were driven by strategic investment: by adopting a more strategic approach to giving, businesses are able to maximise the effectiveness and amplify the impact of their programmes



Pre-tax profit (average contribution)

**1.00%**



Percentage of turnover (average contribution)

**0.17%**



### How is this structured?

Proportion of total contribution that is cash

**68%**



Proportion of total contribution that is time

**7%**



## Making a difference

148 LBG Member companies have directly impacted at least

**125,000**

community organisations across the globe



**84 million**

beneficiaries reached in total across LBG: through continued commitment to supporting their communities around the world, businesses are having a positive impact on millions of lives



### How are employees involved?

Employees volunteering in paid time globally

**544,000**



Paid-time hours donated globally this year

**5.6 million**



Employees going on to volunteer in their own time

**221,000**



Last year, LBG members benefitted from dedicated member-only events covering a range of issues including healthy partnerships, data collection, impact measurement and engaging employees in volunteering

As a part of their membership, LBG members benefitted from one day of consultancy support from Corporate Citizenship. Members used this for a range of purposes from engaging charity partners on impact measurement to running workshops for employees.

## Tangible impacts, from UK members

52%

of businesses undertaking impact measurement: engaging beneficiaries to better understand the impact they have made supports businesses to make a measurable difference to the lives of millions



30%

organisations improved management processes



### What impacts are businesses having in society?

22%

beneficiaries experiencing behaviour or attitude change



34%

beneficiaries experiencing an impact on skill development



28%

beneficiaries experiencing a direct impact on their quality of life



46%

organisations delivering new services or have improved existing services



33%

organisations reaching more people or spending more time with clients



### What causes do businesses support

Health

receives the most investment from UK LBG members



### What are the impacts on employee volunteers?

43%

improved their job related skills



49%

improved their life skills



25%

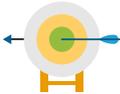
Changed their behaviour or outlook



# Why measure at all?

Measurement can be a valuable business tool to drive strategy, improve programme delivery and strengthen communications. Like other areas of business management, you can better manage what you measure.

## Measurement informs the following:

 <p><b>Strategy and objectives</b></p> <p>Measurement provides the context for setting strategic objectives, associated targets and KPIs. It can inform a new strategy or assess progress in an existing one.</p>	 <p><b>Management and delivery</b></p> <p>Measurement identifies the results achieved for the community and the returns to the business. This can inform and improve project delivery, energise employees and make the case for greater investment.</p>	 <p><b>Communication and engagement</b></p> <p>Data strengthens reporting, improves performance in external indices, demonstrates commitment to external stakeholders and can enhance the employee proposition.</p>
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LBG’s wide use is rooted in its simplicity, inclusivity and flexibility: any company at any point of the measurement journey can apply the model, whether at the beginning of recording contributions or in the advanced stage of assessing impacts.

## The LBG Framework:

<p><b>Inputs</b>  <b>What’s contributed; the resources a company provides to support a community activity.</b></p> <p><b>How:</b> Cash, time, in-kind, management cost</p> <p><b>Why:</b> Charitable gift, community investment, commercial initiative in the community</p> <p><b>What:</b> Issue addressed (education, health etc.)</p> <p><b>Where:</b> Location of activity</p>	<p><b>Outputs</b>  <b>What happens; the activities delivered, numbers reached, funds raised and business-related activity resulting from the contributions made.</b></p> <p><b>Community outputs:</b> Numbers helped, activities held etc.</p> <p><b>Leverage:</b> Additional funds raised</p> <p><b>Business outputs:</b> Media coverage, awareness</p>	<p><b>Impacts</b>  <b>What changes; The changes that happen to individuals, organisations and the company, in the short or longer-term, as a result of the activity.</b></p> <p><b>Community impacts:</b> Change in beneficiaries, organisations and/or society</p> <p><b>Business impacts:</b> Change in business performance</p>
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MEMBER CASE STUDY

## Showcasing societal impact through procurement

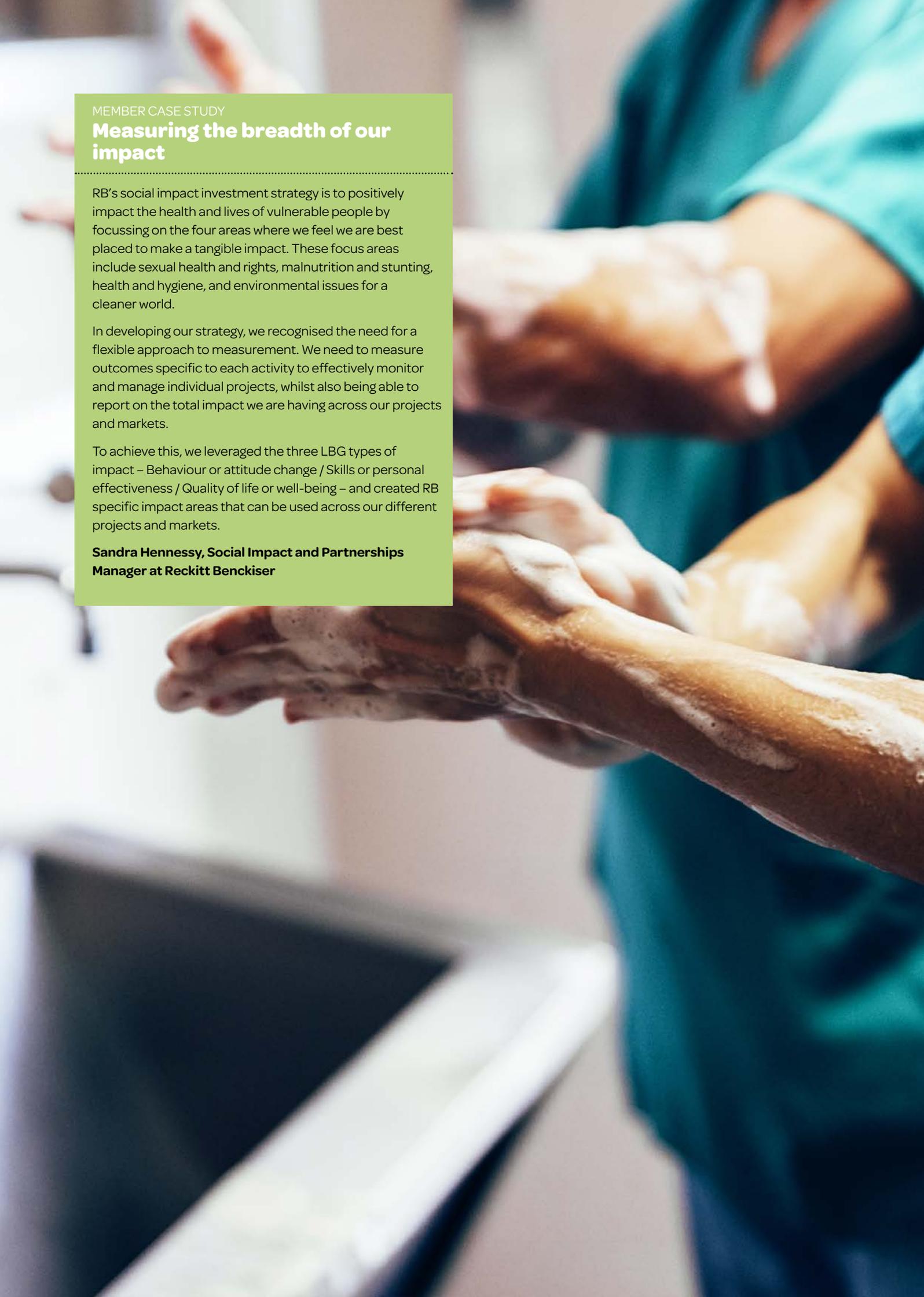
At Australia Post we believe that social procurement is one of the greatest opportunities to create economic, social and environmental value, simply by leveraging money that would have been spent anyway.

In the 2017-18 financial year we spent more than A\$7.4m with over 40 social enterprises and Indigenous businesses in our supply chain, with the objective of building diversity into the supply chain, creating job opportunities for under-represented groups and reinvigorating marginalised communities.

With our procurement spend in this area increasing each year, we need to find a credible way to quantify our total investment and assess the true value it brings to wider society.

The extension of the LBG Framework to include elements of wider business investment allows us to incorporate our social procurement initiatives into wider social impact measurement. Over the coming months, we look forward to testing new elements of the Framework, with the objective of providing our stakeholders with a more holistic report on our social impact.

**Susan Mizrahi, Head of Corporate Responsibility  
at Australia Post**



MEMBER CASE STUDY

## Measuring the breadth of our impact

RB's social impact investment strategy is to positively impact the health and lives of vulnerable people by focussing on the four areas where we feel we are best placed to make a tangible impact. These focus areas include sexual health and rights, malnutrition and stunting, health and hygiene, and environmental issues for a cleaner world.

In developing our strategy, we recognised the need for a flexible approach to measurement. We need to measure outcomes specific to each activity to effectively monitor and manage individual projects, whilst also being able to report on the total impact we are having across our projects and markets.

To achieve this, we leveraged the three LBG types of impact – Behaviour or attitude change / Skills or personal effectiveness / Quality of life or well-being – and created RB specific impact areas that can be used across our different projects and markets.

**Sandra Hennessy, Social Impact and Partnerships Manager at Reckitt Benckiser**



MEMBER CASE STUDY

## Using data to tell our story

The Willmott Dixon Foundation set itself the impact objective of enhancing the life chances of 10,000 young people by 2020 to drive our community investment strategy.

The target has helped us to focus activities around a common cause that has engaged all our offices and employees across the business – in fact; each area of the business has its own target.

We recognised that a consistent approach to measurement was required to measure and report on progress made towards the target and used the LBG depth of impact framework to help us.

Adopting an approach that tells us the extent to which young people are benefitting (in terms of ‘connecting’, ‘improving’ and ‘transforming’) has brought consistency to our measurement and enabled us to compare performance across offices.

Importantly it allows us to truly (and verifiably) report the impact we are having with regard to improving and transforming life chances. A massive move away from just reporting what we are inputting / investing. This data enables us to communicate the progress made towards our target with our customers, supply chain and employees. The data gives credibility to the fantastic stories we are creating.

**Sarah Fraser, Head of the Willmott Dixon Foundation at Willmott Dixon**

# The value of a network

The LBG Framework was developed by six UK-based companies in the mid-1990s – BP, GrandMet (now Diageo), IBM, Marks & Spencer, NatWest and Whitbread – supported by Corporate Citizenship. From their pioneering work has grown a network of 200+ companies around the world who work together to apply the Framework to their community investment programmes.

LBG has helped redefine community contributions from pure philanthropy to become a strategic investment with a return for community and company.

Today the journey continues, as member companies find new ways to contribute and to broaden the impact they can have.

Ensuring they are known for what they accomplish not just for what they give.

The best way to use LBG with confidence and apply the Framework to meet your community investment objectives and maximise the impact of your programme is to join the network.

## Member benefits include:

1



**Global Framework**  
to assess programmes and make more strategic decisions

2



**Global network**  
to engage, learn, inspire and be inspired

3



**Tools and processes**  
to streamline and enhance data collection

4



**LBG branding**  
to showcase alignment to global standards

5



**Events with industry experts**  
to understand best practice and share ideas

6



**Unique dataset**  
to benchmark and simplify reporting to indices and assess comparative performance

7



**Consultancy support**  
to tailor services to your needs

8



**Account manager**  
to support you at all times

# Advised by companies for companies

The LBG network represents companies from across many sectors and geographies. This is reflected in the composition of Steering Group members, who advise and counsel on developments and direction. Their involvement enshrines the view of the practitioner in the delivery of LBG's objectives.

## Consumer Goods

AkzoNobel Decorative Paints UK  
Bacardi  
Bettys & Taylors of Harrogate  
Britvic  
Coca-Cola Amatil  
Coca-Cola European Partners  
Coca-Cola Hellenic  
Diageo  
Heineken España  
Japan Tobacco  
JT International SA  
JTI UK  
Philip Morris International  
Management SA  
Reckitt Benckiser

## Engineering & Manufacturing

BAE Systems  
Gestamp  
Hitachi Europe  
Jaguar Land Rover  
Michelin  
Rolls-Royce  
Siemens  
Stora Enso Oyj

## Financial Services

ANZ  
Arab African International Bank  
Aviva  
AXA  
Banco Santander  
Bank of Ireland  
Bankinter  
Barclays  
BBVA  
Citi  
Credit Suisse  
CUA  
CYBG plc  
Deutsche Bank  
First Abu Dhabi Bank  
HSBC  
Intesa SanPaolo  
Investec  
LV=

Maybank  
National Australia Bank Ltd  
Nationwide  
Provident Financial  
Prudential  
RBS  
RSA  
Santander UK  
Schroders  
St James's Place  
Standard Chartered  
Standard Life Aberdeen  
Suncorp  
Teachers Mutual Bank  
UBS  
UniCredit  
Zurich

## Legal & Insurance

Freshfields Bruckhaus Deringer  
GMHBA  
Medibank  
Linklaters

## Media

Australian Turf Club  
Bankstown Sports  
ClubsNSW  
Experian  
Foxtel  
Liberty Global Europe  
Mingara Leisure Group  
Pearson  
RELX Group

## Pharmaceutical

Abbott  
AbbVie  
AstraZeneca  
GSK

## Professional Services

Accenture  
Generali  
JLL  
KPMG  
PwC

Rubik3  
Simplyhealth

## Property, Construction, Housing & Facilities

Abertis  
ACCIONA  
BAM Construct UK  
Berkeley Group  
British Land  
Ferrovia  
GPT Group  
Hammerson  
Howard de Walden Management  
Limited  
Intu Properties plc  
ISS UK  
Land Securities  
Mirvac Pty Ltd  
OHL  
Payce  
Shaftesbury  
Stockland  
Tideway  
Unite Students  
Vicinity Centres  
Willmott Dixon

## Retail

ASDA  
Aldi UK & Ireland  
Boots  
Coles  
Inditex  
Jéronimo Martins  
John Lewis Partnership  
Kingfisher plc  
Marks & Spencer  
Myer  
The Co-operative Group  
The Southern Co-operative

## Sports

Carlton Football Club  
Cricket Australia  
Geelong Football Club  
Hawthorn Football Club

## Technology

ARM  
BT  
Deutsche Telekom AG  
Nokia  
Optus  
Singtel  
STMicroelectronics

## Travel & Hospitality

Australian Rail Track Corporation  
Brisbane Airport Corporation  
FirstGroup  
Melbourne Airport  
Gatwick Airport  
Go-Ahead  
Heathrow Community Fund  
London City Airport  
Sydney Airport Corporation Ltd  
Tabcorp Holdings Ltd  
Yarra Trams

## Utilities & Services

Anglian Water  
AGL  
Australia Post  
Centrica  
Deutsche Post  
DHL Group  
DP World  
EDP  
Endesa  
Galp Energia  
Gas Natural Fenosa  
Iberdrola  
Jemena  
National Grid  
Port of Milford Haven  
Port of Tyne  
REE  
Royal Mail  
Scottish Power  
SGN  
Suez  
Southern Water  
Thames Water  
United Utilities

### **LBG is managed by Corporate Citizenship**

Corporate Citizenship founded LBG and we continue to manage the network and develop the framework. Corporate Citizenship is a global consultancy that starts with a very simple premise - that just as individual citizens have rights, responsibilities and aspirations, so do companies. For more

than 20 years we've helped businesses find their place in the world. Working as critical friends we ask the sometimes difficult questions that challenge our clients to fulfill their responsibilities and ambitions through practical action. Visit [www.corporate-citizenship.com](http://www.corporate-citizenship.com) for more information.



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