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# LBG AUSTRALIA & NEW ZEALAND

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# 2011

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## MEASURING CORPORATE INVESTMENT

LBG is the internationally recognised standard for measuring and evaluating a company's community investment.

# BENCH-

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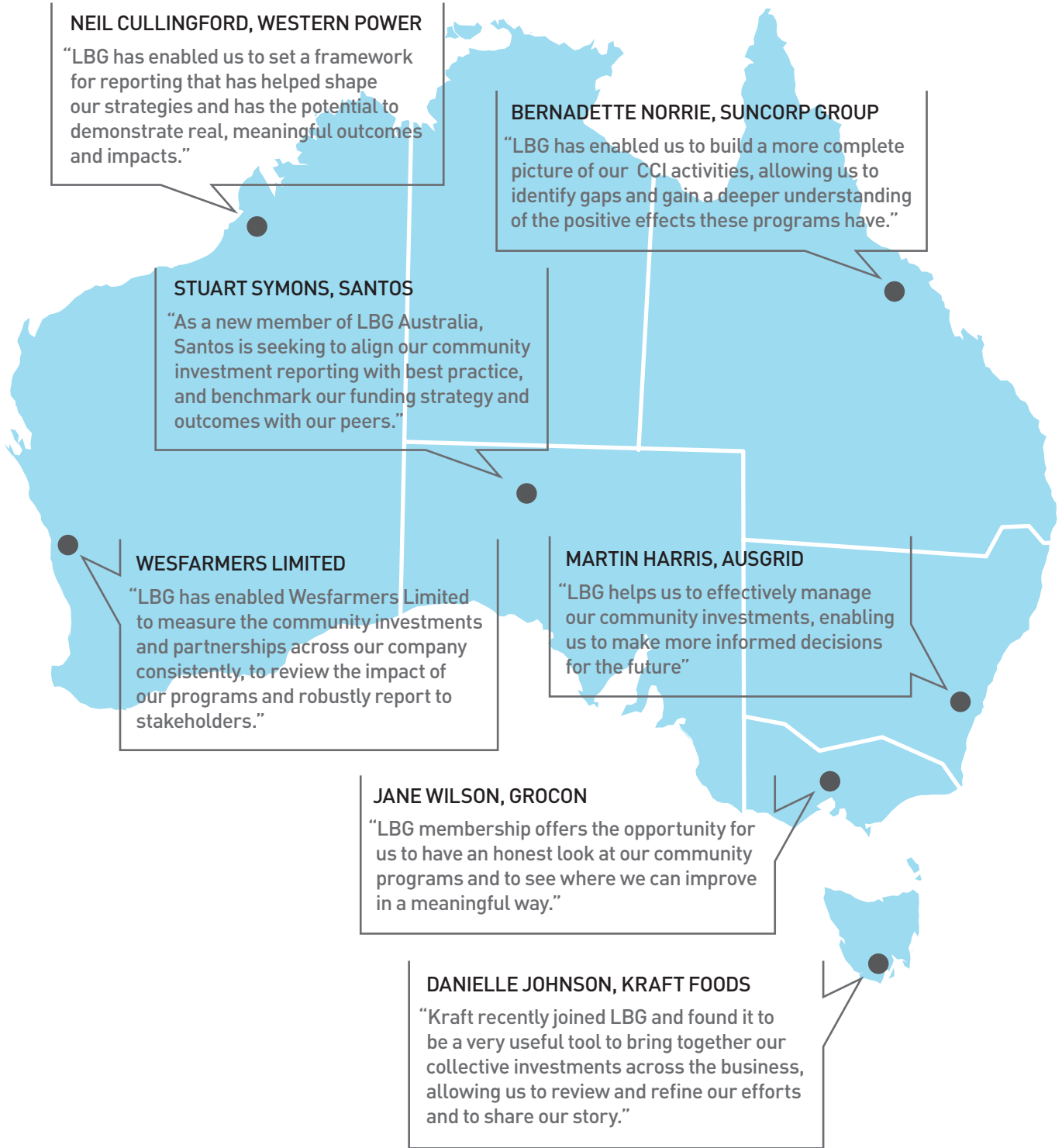
# MARKING

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# REPORT

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# LBG AUSTRALIA & NEW ZEALAND

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# TWENTY-ELEVEN HIGHLIGHTS

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TOTAL CONTRIBUTIONS REPORTED

**\$259 MILLION**

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AVERAGE CONTRIBUTION PER EMPLOYEE

**\$392**

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EMPLOYEES VOLUNTEERING IN PAID COMPANY TIME

**51,832**

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CONTRIBUTIONS AS A PERCENTAGE OF PRE-TAX PROFITS

**0.60%**

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CONTRIBUTIONS AS A PERCENTAGE OF TOTAL REVENUE

**0.08%**

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THE VALUE OF LEVERAGE (FACILITATED THIRD-PARTY CONTRIBUTIONS) REPORTED BY MEMBERS

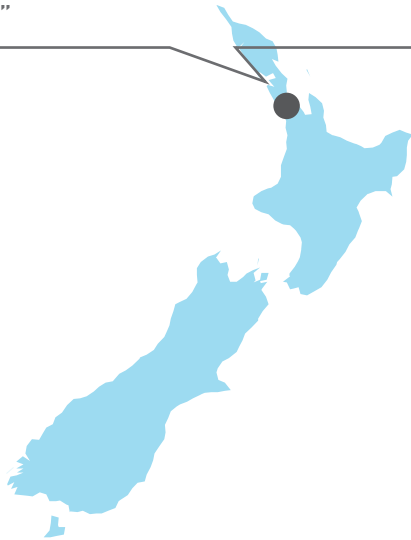
**\$114 MILLION**

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LEANA HUNT, FONTERRA CO-OPERATIVE GROUP

“LBG has been very helpful for capturing our community investments. External verification provides added weight when communicating our figures to internal and external stakeholders. We thoroughly recommend the model for other businesses.”



# LBG'S VITAL STATISTICS

## TOTAL CONTRIBUTIONS

**\$258,867,437**

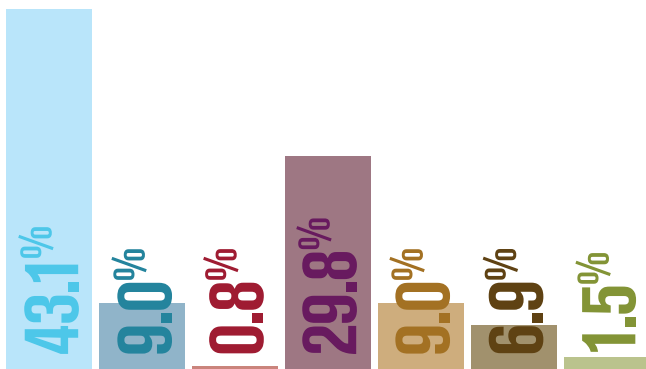
## WORKING HOURS CONTRIBUTED

**414,656**

## PEOPLE INVOLVED

**51,832**

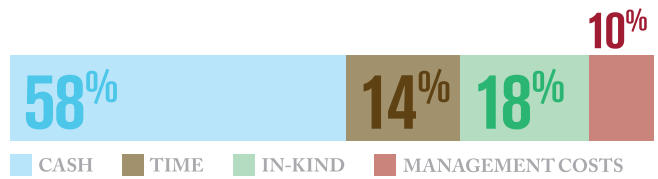
## LEVERAGE



- CUSTOMERS
- EMPLOYEES
- FRANCHISEES
- GENERAL PUBLIC

- GOVERNMENT
- PARTNERS
- OTHER

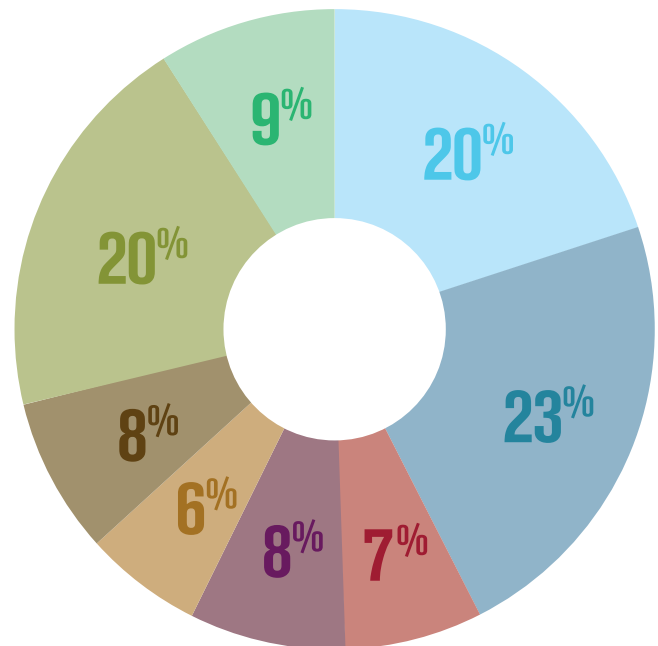
## HOW MEMBERS CONTRIBUTE



## WHY MEMBERS CONTRIBUTE



## WHAT MEMBERS CONTRIBUTE



- EDUCATION / YOUNG PEOPLE
- HEALTH
- ECONOMIC DEVELOPMENT
- ENVIRONMENT
- ARTS / CULTURE
- SOCIAL WELFARE
- AID & DEV / EMERGENCY RELIEF
- OTHER

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# LBG STEERING GROUP



**Jill Riseley - Chair**  
**SUSTAINABILITY MANAGER,**  
**SENSIS**  
Joined Steering Group in 2008



**Meg Lupton**  
**NATIONAL COMMUNITY &**  
**SUSTAINABILITY MANAGER, IAG**  
Joined Steering Group in 2010



**Nicola Airey**  
**GROUP SPONSORSHIP MANAGER,**  
**NEW ZEALAND POST**  
Joined Steering Group in 2010



**Helen Maisano**  
**MANAGER CORPORATE SOCIAL**  
**RESPONSIBILITY, OPTUS**  
Joined Steering Group in 2008



**Vanessa Van den Broek**  
**SPONSORSHIP AND PROMOTIONS**  
**MANAGER, SOLID ENERGY**  
Joined Steering Group in 2010



**Julia Hellyer**  
**SENIOR ADVISOR COMMUNITY**  
**ENGAGEMENT, TELSTRA**  
Joined Steering Group in 2011



**Samantha Torrens**  
**CORPORATE COMMUNICATIONS**  
**MANAGER, WESFARMERS**  
**CHEMICALS, ENERGY &**  
**FERTILISERS**  
Joined Steering Group in 2010



**Jo Ferrie**  
**MANAGER COMMUNITY AFFAIRS,**  
**WOODSIDE**  
Joined Steering Group in 2011



**Armineh Mardirossian**  
**GROUP MANAGER CORPORATE**  
**RESPONSIBILITY, WOOLWORTHS**  
Joined Steering Group in 2011

# FOREWORD

This sixth annual LBG Benchmarking report contains consolidated data on community contributions of 48 reporting member companies in Australia and New Zealand. In particular, it explores important and prevalent themes in the key areas of disaster relief and employee engagement.

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Sadly, both Australia and New Zealand have been impacted by seemingly endless natural disasters over the last year. LBG Australia & New Zealand members have played their part to help affected communities through programs providing relief to those most in need, partnerships with local organisations, and by providing volunteer support staff to aid in rebuilding areas devastated by disasters.

It has been a rewarding experience to hear how effective our members have been in implementing activities and programs in times of crisis and during the uncertainties faced by thousands of Australians and New Zealanders.

Over the past year, LBG Australia & New Zealand has grown and evolved to provide further sophistication and expertise in measuring and benchmarking corporate community investment. In 2011, the LBG Australia & New Zealand facilitators proposed data sharing as a long-term goal. Member consultations throughout 2011 confirmed a majority of LBG Australia & New Zealand members strongly support data sharing, which will allow members to compare their summary LBG data against other members' summary LBG data. In the future we will extend Australian and New Zealand data sharing to global LBG members.

Information taken from data sharing can inform business cases for community investment strategies, initiatives and resourcing. It will give members a better indication of how and where companies are making an impact in social investment on a comparative level.

I'm encouraged by the increasing number of members

using the Output Impact Assessment tool following a series of training workshops. The tool looks at what corporate investment achieves against indicators in five key areas: people, community organisations, environment, business and employees, to assess the impact the investment has made.

On a whole, the membership has had a strong year in terms of growth, and soon we will have 60 members. Over the past year some great ideas have been proposed by the Steering Group and individual members, and we are set to implement exciting changes in 2012, including extending LBG Australia & New Zealand in the digital and social media realm.

On behalf of the LBG Steering Group and the wider membership I would like to thank Scott Delzoppo from Foster's for his great leadership and support of the group during his eight month term as Chair. Scott took the reins at the end of 2010 from Michelle Commandeur, from ANZ, who provided commendable leadership in the preceding year.

Thank you to the Steering Group who have continued to provide excellent support and are constantly looking for ways to improve and grow the membership.

I look forward to a great year ahead, with our membership growing and new developments in our processes and systems adding greater value to all our current and future members.

**JILL RISELEY**  
Chair, LBG Australia and New Zealand  
Steering Group

# HOW TO USE THIS REPORT

The Annual Benchmarking Report, along with the individual company report issued to members (who submit data for benchmarking) contains valuable information that can be used in a variety of ways.

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## COMPARE ACTUAL EXPENDITURE AND OUTCOMES AGAINST THE COMMUNITY INVESTMENT STRATEGY

LBG provides objective data that can be used to 'make the case' internally for community investment. It can provide answers to questions such as, 'Did we achieve what we planned to do at the start of the year?' The data provides a useful reference point to understand where your investment is going and to reflect on the effectiveness of that investment by reviewing output and impact measures.

Importantly, the data provides 'hard' evidence of inputs, which can help to validate the investment contributed by the business. It also gives a company insight into how its community investment strategy may be altered to ensure future contributions are more strategic and aligned with business goals, if this is the direction a company wishes to take.

Sector comparisons benchmark a company against others operating in the same sector, which gives a useful context to contributions, with the confidence each company has measured their contributions in a consistent manner, adhering to LBG's globally accepted framework.

## EMPLOYEE ENGAGEMENT

Distributing your company's results internally is an important part of engaging employees. Even in the absence of a formal community investment policy, many companies make a significant community contribution based on fundraising and other activities initiated by staff. It's exciting for them to see, for example, how their individual fundraising efforts throughout the year have collectively made an impact in the community.

Sharing your company's results internally and explaining how the company fares against other member organisations gives employees the ability to contribute to, and share in, your company's community investment vision.

## COMMUNICATING THE RESULTS EXTERNALLY

The LBG model makes it easier to inform customers, shareholders and the general public about your company's community contribution because the data can be easily customised to each target audience in a digestible format. The integrity of the data is verified through the use of an internationally recognised framework which is used by many of the world's leading companies.



# HISTORY OF LBG

The London Benchmarking Group (LBG) was established in the United Kingdom in 1994, when six companies came together to develop a framework to measure, manage and assess the value of their charitable contributions.

The group grappled with some fundamental questions, which now form the basis of the LBG model:

- What should companies include when reporting on community investment?
- What value should they put on non-cash contributions?
- How can they assess achievements and therefore, make a more effective contribution?

The result was the development of agreed standard approaches and valuations for a range of community contributions, which quickly gained international recognition and appeal. Over the years, the LBG model has been adapted to take into account developments in corporate community investment. LBG is now recognised as the international standard for measuring and benchmarking corporate community investments.

Today, the LBG network comprises over 250 companies globally. The global membership has grown to more than 120 companies and there are LBG groups operating across the world, including Canada, Czech Republic, France, Germany, Spain and Poland with other regions being explored.

## LBG AUSTRALIA & NEW ZEALAND

The Australia & New Zealand LBG network started in 2005. With nearly 60 members, it is now the second-largest group.

LBG members measure and report their corporate community investment (CCI) using the LBG model. LBG is a member-driven organisation, with companies working collectively to:

- Continually evolve the model to ensure it stays relevant and responsive to the needs of companies and communities
- Develop and refine measurement tools
- Learn from each other, sharing ideas and best practice
- Ensure the model drives innovation and improvement within their company, sector and region
- Contribute to the global standard for measuring and reporting of CCI.

# THE YEAR IN REVIEW

In looking back at 2011 much has been achieved. Membership continues to grow, currently standing at 58 members across Australia and New Zealand, and this growth has enabled us to host our first members meeting in Brisbane, Queensland.

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Guidance and workshops to support the ongoing training needs of members to apply the model as well as new workshops to focus on the use of the Output Impact Assessment tool have been offered throughout the year. Members trained in the use of the tool are beginning to better understand the impact of their contribution to the community. Twelve members reported impact related data impacting over 1.1 million people. This will grow in 2012.

Globally, we continue to strengthen our links with other LBG facilitators by participating in regular meetings and event promotion, as well as strengthening our alignment with other sustainability measures such as the Dow Jones Sustainability Indexes (DJSI) ([www.sustainability-index.com](http://www.sustainability-index.com)), The Global Reporting Initiative (GRI) ([www.globalreporting.org](http://www.globalreporting.org)) and The Corporate Responsibility Index from Business in the Community ([www.bitc.org.uk](http://www.bitc.org.uk)).

In July, we ran a pilot 'community partner' workshop to introduce key community partners to the Output Impact Assessment tool. The pilot workshop generated great enthusiasm from participating groups and as a result we are planning more workshops for 2012.

During the year we surveyed our members to ask what was important to them. The response was overwhelmingly positive. Ranking high in importance amongst our members was data collection and management. In response, a detailed systems analysis has been undertaken and an improved online data management and reporting system for members will roll out in 2012.

Members also ranked communication high in importance. The major partnership with *The Australian* will build on the success it enjoyed in the last two years and the *LBG Special Report* will be published on 10 November 2011. A new members' newsletter has been introduced and a social media strategy, incorporating Twitter and LinkedIn, has been developed and is in early stages of implementation.

With these changes planned and the continued growth of the membership, 2012 promises to be an exciting year for LBG Australia & New Zealand.

# LOOKING FORWARD

Despite uncertainty in the global economic environment, the LBG Australia & New Zealand membership is focusing on forming long-term relationships with community partners. Members continue to become more sophisticated about who they set up their partnerships with, and how.

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This helps to ensure they can sustain their levels of commitment and be able to measure the impacts or the difference they are making. Assessing impacts will become an ever increasing focus for our companies serious about effective corporate community investment. The Output Impact Assessment tool is set to become integral to this process.

As members become more strategic with their social responsibility programs, the request from members to be able to report more information has resulted in a move toward sharing data in 2012. Data sharing will be implemented over time as a staged process and will allow members to compare their summary LBG data against the summary data of other members. On a practical level it means any member can select the summary data of another member to compare or benchmark against their own results.

Other useful comparisons will also be available using the new members' online operating system. These comparisons will allow members to learn both from their sector and from individual company performances.

Members globally have used comparative summary data of similar sized companies or those in similar industries to gain valuable insights into corporate community investment (CCI) activity and draw upon data for business case studies and strategic decisions. Through data sharing, LBG Australia & New Zealand members will be aligned to the LBG global membership. This will add greater insight into global CCI trends and activities.

On an international front the entire LBG membership

base is expanding, particularly in the Asian region. In Asia, the LBG group is represented by CSR Asia, a leading provider of services on sustainable business practices. As the Asian LBG group grows there will be opportunities for the two groups to form closer associations.

The LBG Australia & New Zealand membership is steadily growing, with the group set to hit 60 members in 2012. In the next few years continuing to build the membership and establishing concrete sector groups is a key focus. This will also include more networking events in each capital of Australia and New Zealand. Additionally, the annual Plenary will be profiled as the key event for all CCI professionals to meet, learn and network.

The LBG Australia & New Zealand facilitators will be developing workshops for members' community partners to assist them to understand the LBG model and tools. Sharing this information with community partners will enable members to more accurately report the inputs, outputs and impacts of the partnerships, therefore enabling a more accurate assessment of the success of the CCI activity.

Plans for a re-design of the LBG Australia & New Zealand website in 2012 will incorporate an online data management system to make it easier and more efficient for members to collect and report their CCI data.

In 2012 and beyond, LBG plans to become the hallmark for corporate community investment in Australia and New Zealand.

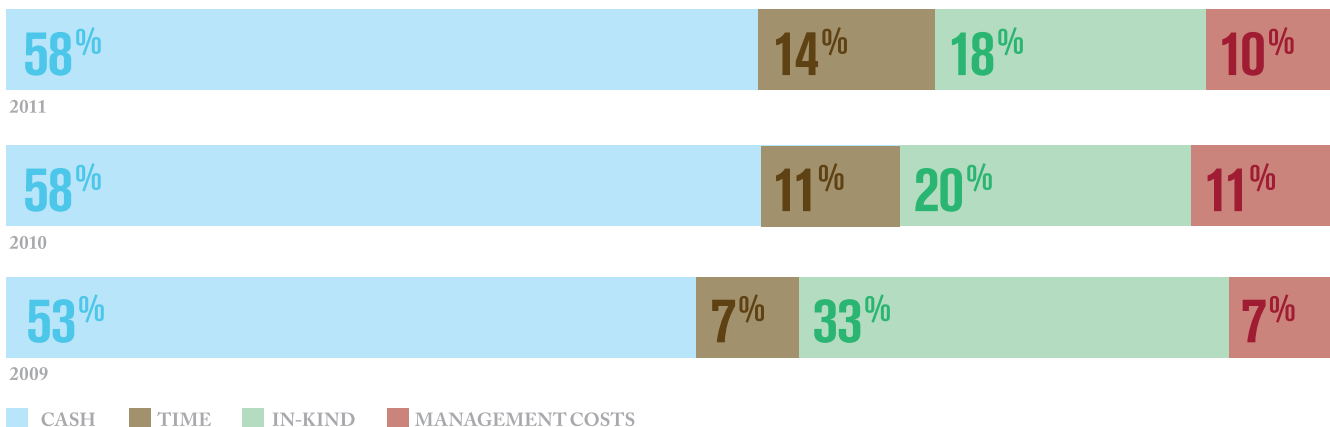
# GROUP WIDE CONTRIBUTIONS

The total value of contributions in 2011 increased to almost \$259 million, an increase on 2010 with 48 members reporting in 2011.

With more members reporting this year we have seen a slight increase in contributions however, contributions reported this year are less than contributions reported in 2009. This may be due to a number of factors. In 2009 we saw vast support for those affected by the Victorian bushfires and flooding in New South Wales. Sadly, in 2011, we have seen natural disasters devastating communities in Christchurch, Queensland, Victoria and overseas, and businesses have responded with their own resources as well as mobilising unprecedented levels of support from employees, customers and the general public.

This support has been reflected in much higher levels of contributions made by third parties (reported as leverage). However, contributions are up from last year despite a backdrop of increasing economic uncertainty in Australia and New Zealand. Members have also become more considered in how best to respond to natural disasters, ensuring support is targeted and useful. Therefore, the overall dollars reported may be less than reported in 2009 but the benefits and impacts are likely to be more significant.

## HOW MEMBERS CONTRIBUTE



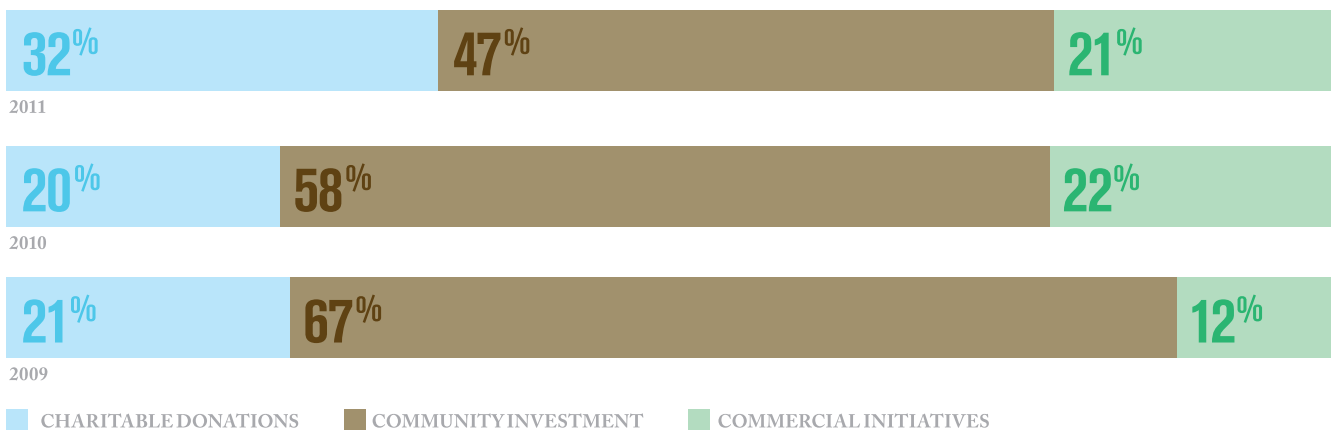
Cash contributions have remained static with in-kind contributions decreasing slightly from 20% to 18% of contributions overall. Since 2009 the proportion of members who contribute 'time' to the community has doubled from 7% to 14%. This reflects the increase in companies recognising the personal and professional development gained by employees who volunteer, along with community partners realising the value of utilising a company's expertise. The number of employees volunteering in company time increased this year by 12% to 51,832.

## GROUPWIDE CONTRIBUTIONS

Members are asked to consider their motivations for contributing – whether as a donation (a one-off contribution), a community investment (a longer-term partnership) or a commercial initiative (made with some commercial objective in mind).

This year has seen a strong shift away from community investment (down from 57.7% to 46.3%) to donations (up from 20.4% to 32.3%) with commercial initiatives remaining virtually unchanged as a proportion of overall contributions. A likely cause would be the response to natural disasters in our region and beyond, which may have meant limited budgets were redirected to support those in more immediate need.

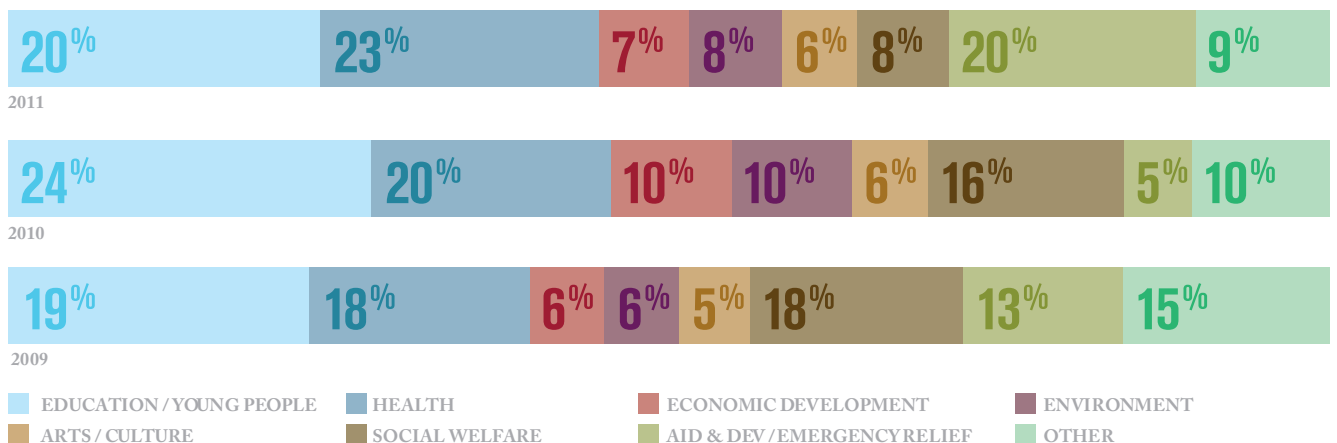
## WHY MEMBERS CONTRIBUTE



Health, education / young people and, not surprisingly, emergency relief, received the largest proportion of contributions in 2011. Health represented the largest proportion (23%), overtaking education / young people (20%) which had received the largest proportion of contributions in the previous three years. It is no surprise to see emergency relief jump from just 5% last year to 20% this year.

As a result, funding has been redirected from social welfare, where the proportion of overall contributions has halved from 16% to 8%. Again, this would support the observation that budgets may have been switched to support those affected by natural disaster and away from longer-term community investments.

## WHAT MEMBERS SUPPORT



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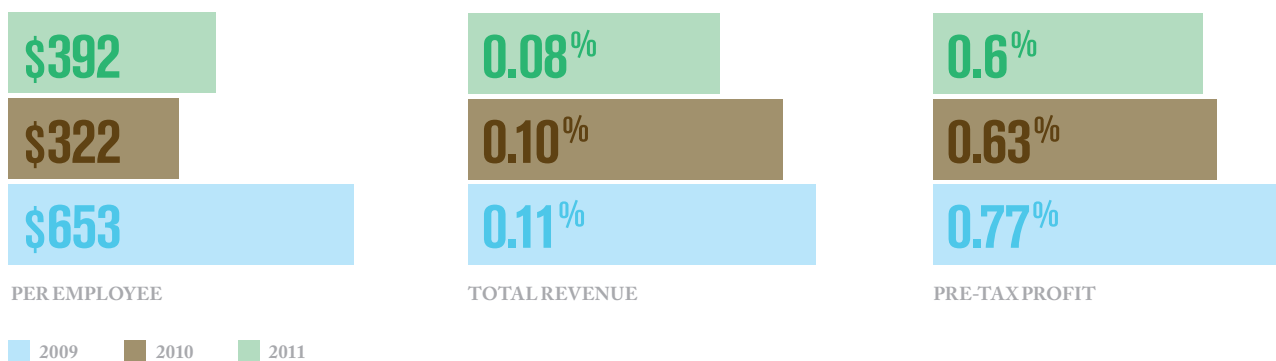
## GROUP WIDE CONTRIBUTIONS

Members are able to compare their contributions against three key indicators:

- Contribution per employee represented as dollar value
- Contribution as a percentage of pre-tax profits<sup>1</sup>
- Contribution as a percentage of total revenue<sup>2</sup>

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### MEMBER CONTRIBUTIONS



Both percentages against profit and against revenue are down this year and in both cases have shown a downward trend for the last three years, reflective of the tough economic climate in which our membership operates.

The number of full time equivalent (FTE) employees in each company determines whether the contributions per employee would be a relevant comparison. Companies with large numbers of staff (e.g. retail) will generally have smaller contributions per employee, while companies with smaller numbers of staff (e.g. property) will typically have larger contributions per employee.

In 2011 the average contribution per employee is up by \$70 and is in line with figures reported in 2008. The average contribution per employee increased in 2009 due to support for the Victorian bushfires, and dropped back in 2010. This drop is likely to be attributed to a reduction in budgets as members faced uncertain economic times. This is particularly true of New Zealand members who have operated in especially challenging times with an economic downturn and the aftermath of the Christchurch earthquakes.

### CONTRIBUTIONS FROM EMPLOYEES

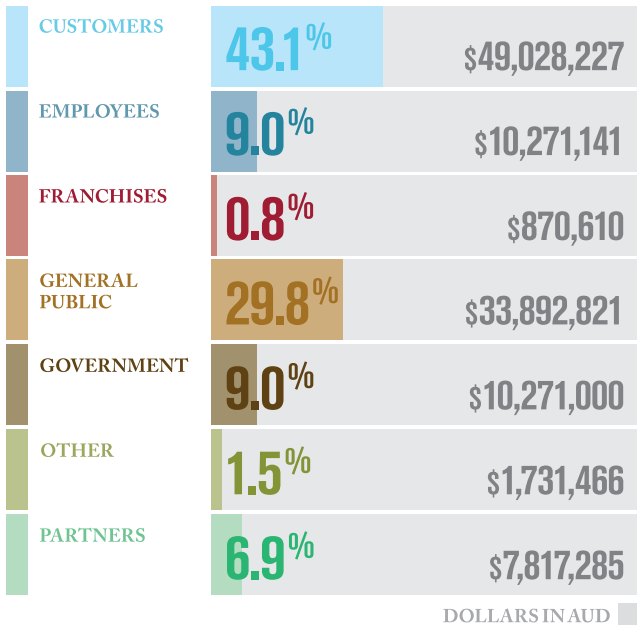
The component of a company's support for the community provided through employees continues to increase. The average percentage of employees having paid time off to volunteer is 7.8% (up from 5.8% in 2010) with 51,832 employees involved. The average number of employees undertaking community activities with company support is up to 9.8%. This rise may be due to more active promotion of volunteering by members but also improved data collection. Employee volunteering continues to represent a huge opportunity for business to further its community contributions.

Payroll giving, one of the easiest forms of employee contribution, continues to show an upward trend with this year 17,187 employees giving to the community in this way. The average participation rate across the membership in payroll giving is 7.1% of the workforce and 19 members match employee contributions.

**GROUP WIDE CONTRIBUTIONS**

Leverage is defined in LBG terms as contributions directly facilitated from third parties, such as customers or employees, by virtue of the company’s contribution. An example would be a company’s payroll giving program where employee contributions are matched by the employer. In the LBG model, the employee contribution is counted as leverage, the matched component is counted as a cash donation by the company.

**LEVERAGE**



**TOTAL LEVERAGE**

**\$113,882,550**

We have seen the total leverage reported by members increase significantly, doubling to almost \$114 million in 2011. We believe this represents a much lower figure than is the reality as capturing leverage, particularly for companies new to LBG, can prove challenging. We expect leverage to continue to increase in the future as companies improve data collection processes and develop a better understanding of the impacts of their corporate community investments.

Enabling customers and the general public to contribute using a company’s infrastructure can be a simple way for business to support communities, particularly those affected by natural disasters that need help quickly. This seems to be reflected in the amounts of leverage increasing from the public and employees.

This year saw the first twelve members reporting impact related data using Output Impact Assessment. The direct beneficiaries of those twelve members numbered nearly 1.2 million people.

<sup>1</sup> The total contributions of all reporting members as a percentage of the total pre-tax profits of all reporting members – all reporting members provided pre-tax profits in 2011.

<sup>2</sup> The total contributions of all reporting members as percentage of the total revenues of all reporting members – all reporting members provided revenue figures in 2011.

# GLOBAL AND AU & NZ COMPARISONS\*

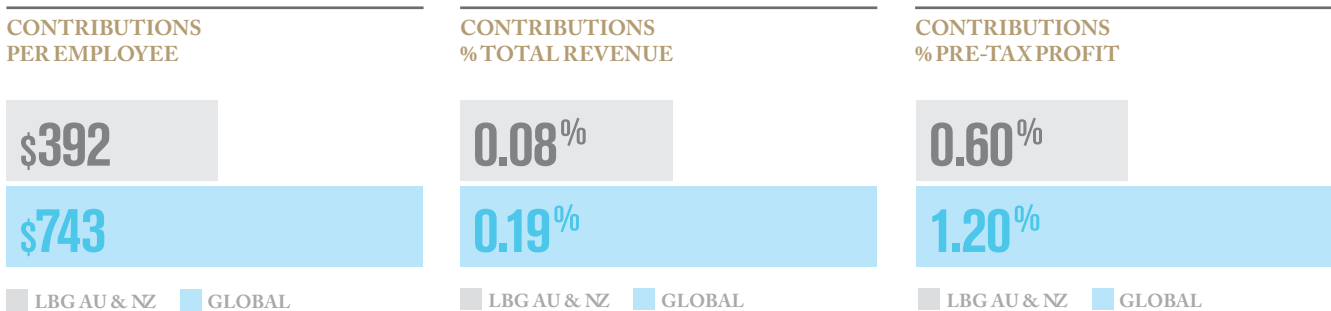
LBG was established in the UK in the mid-1990s and has grown steadily to become the international standard for measuring and benchmarking corporate community investments. The global group, based in the UK, now has 120 members across 15 countries. LBG Australia & New Zealand is made up of nearly 60 members and is the second largest membership.

Overall, the average contribution per company remained fairly static compared with last year, at £14.4 million (\$AU22.06 million). The group channelled a total of £1.45 billion (\$AU 2.24 billion) into supporting communities, an increase of £80 million (\$AU122 million) compared to last year.

The global group has also seen a steady rise in the level of detail members are reporting about achievements across their programs. This year, 30% of members reported the 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.

The value of contributions per employee increased with an additional £66 per head to £471. The proportion of contributions made through volunteering and pro bono activities now make up 8% of contributions. Engagement of employees is also increasing with 15% of the members’ workforce taking the opportunity to support their communities through volunteering, up from 13.2% in 2010. 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 (up from 7.4%) and 10.6% volunteered in their own time (up from 6.2%).

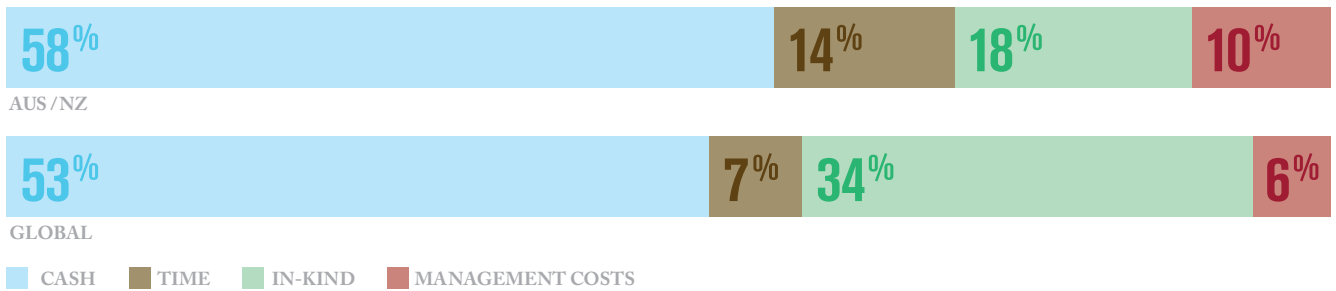
The following provides analysis and comparison between the global group and the Australia & New Zealand group.



\*To ensure consistency across reports, LBG have converted the UK Pound to the Australian Dollar at the rate .6208



## HOW MEMBERS CONTRIBUTE



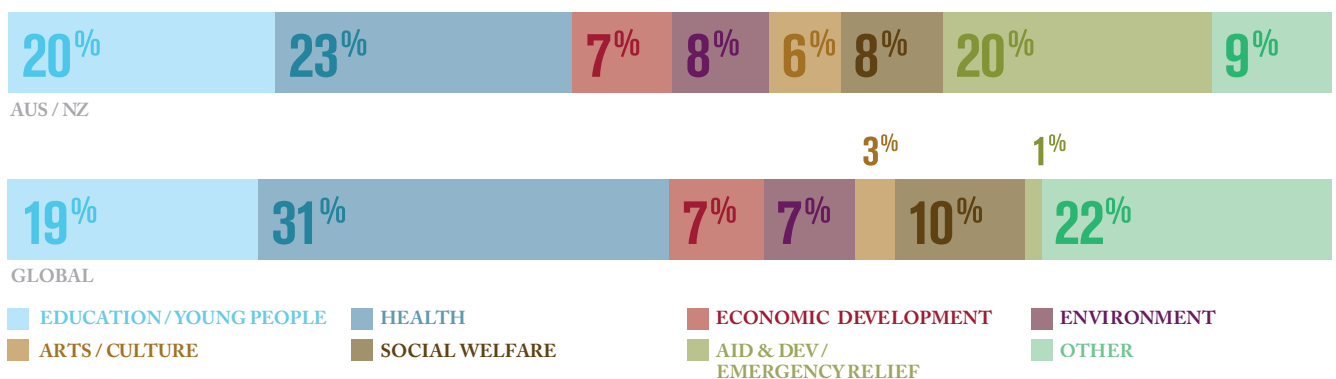
In comparing the LBG Australia & New Zealand membership against the global group, the data is consistent with 2010 and shows the global group tends to contribute much more in-kind and much less in time. The proportion contributed in time by the Australia & New Zealand membership being twice that of the global group. Management costs are also higher as a proportion.

## WHY MEMBERS CONTRIBUTE



Only slight shifts in the global group's motivations have been observed this year. Cash donations are now about the same for both the global and Australia & New Zealand groups. Community investment as a motivation is now a smaller proportion in Australia & New Zealand and commercial initiatives as a motivation, larger. This shift has been observed since 2010 when community investments and commercial initiatives were similar across both groups.

## WHAT MEMBERS CONTRIBUTE



Overall, since 2010 there has been little change to what the global membership supports, with a slight reduction in health yet it remains the largest beneficiary. The 'other' category however has grown significantly from 9% to 22%.

There are two differences of note between the global group and the Australia & New Zealand group's data. Firstly, and not surprisingly, a much higher proportion of contributions support emergency relief from the Australia & New Zealand group (20% compared with only 1% from the global group). Contributions categorised as 'other' are much higher in the global group. The ongoing focus within the Australia & New Zealand group to reduce the number of contributions being classified as 'other' continues to be effective.

# NEW ZEALAND COMPANIES\*

New Zealand members received increased LBG assistance in 2011 with the employment of a locally based facilitator to support and grow the New Zealand membership. This is the fourth year an analysis of New Zealand members compared to the membership as a whole has been possible.

Despite New Zealand members operating in particularly tough times, the contributions continued to increase in 2011. In 2011 average contributions per member were up from \$NZ4.9 million to \$NZ6.93 million. However, this figure as a percentage against pre-tax profits fell back slightly, whilst as a percentage against revenue increased slightly.

The average contribution per employee increased from \$NZ733 to \$NZ921. A very notable increase was in reported leverage up by more than \$NZ4 million. This significant increase is likely to be due to improvements in the collection of leverage data.

Amongst the New Zealand membership contributions to social welfare and economic development have halved while contributions toward emergency relief have doubled. Contributions toward the preservation of Maori and Pacific Island culture are usually reported in the focus areas of arts and culture, contributing to arts and culture being double that of the membership as a whole. In considering how members contribute in New Zealand there has been very little change observed, and contributions are in line with the membership as a whole.

Given the unprecedented and devastating effects of the earthquakes in Christchurch it is not surprising to see donations have increased this year and commercial initiatives decreased. These shifts in the New Zealand contributions are consistent with the broader Australia & New Zealand membership as a whole.

## NEW ZEALAND MEMBERS

**ANZ<sup>†</sup>**  
**ASB BANK LIMITED**  
**BANK OF NEW ZEALAND**  
**FONTERRA CO-OPERATIVE GROUP LIMITED**  
**NEW ZEALAND POST**  
**SOLID ENERGY**

<sup>†</sup>New Zealand

## AVERAGE CONTRIBUTIONS (NZD)

**\$6,928,448**

% PRE-TAX PROFIT

AVERAGE CONTRIBUTION PER HEAD (NZD)

**1.01**

**\$921**

% OF REVENUE

% EMPLOYEE PAID VOLUNTEERING

**0.16**

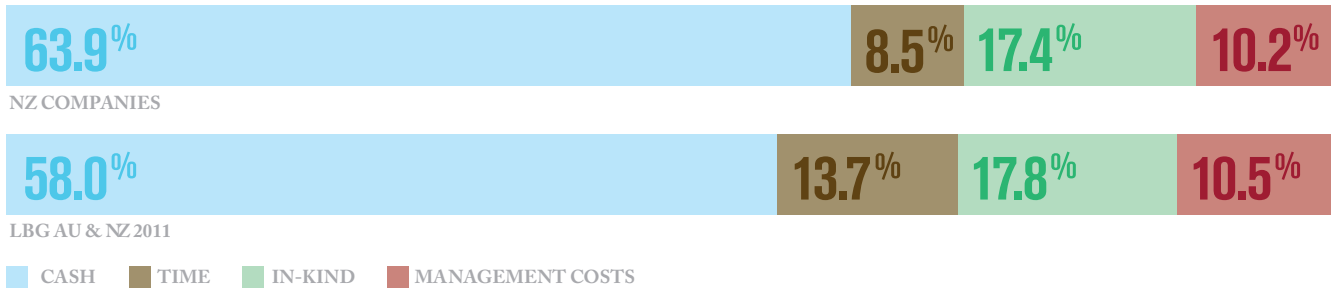
**22.9**

## AVERAGE LEVERAGE (NZD)

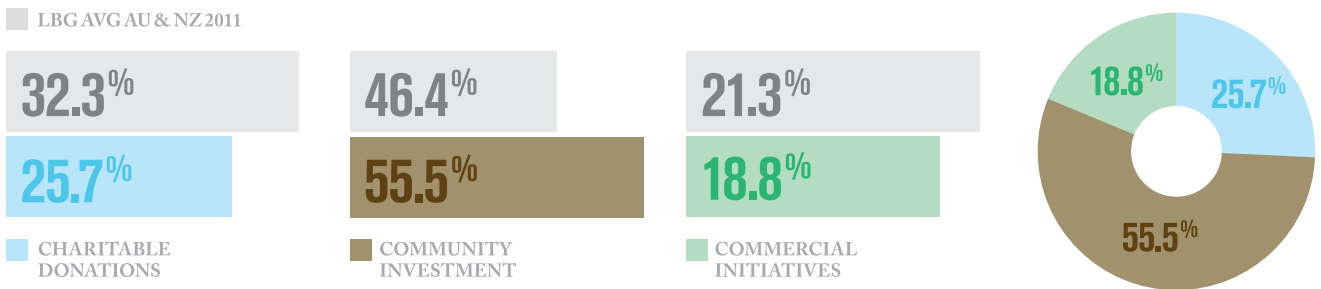
**\$4,784,154**

\*To ensure consistency across reports, LBG have converted the New Zealand Dollar to the Australian Dollar at the rate 1.3044

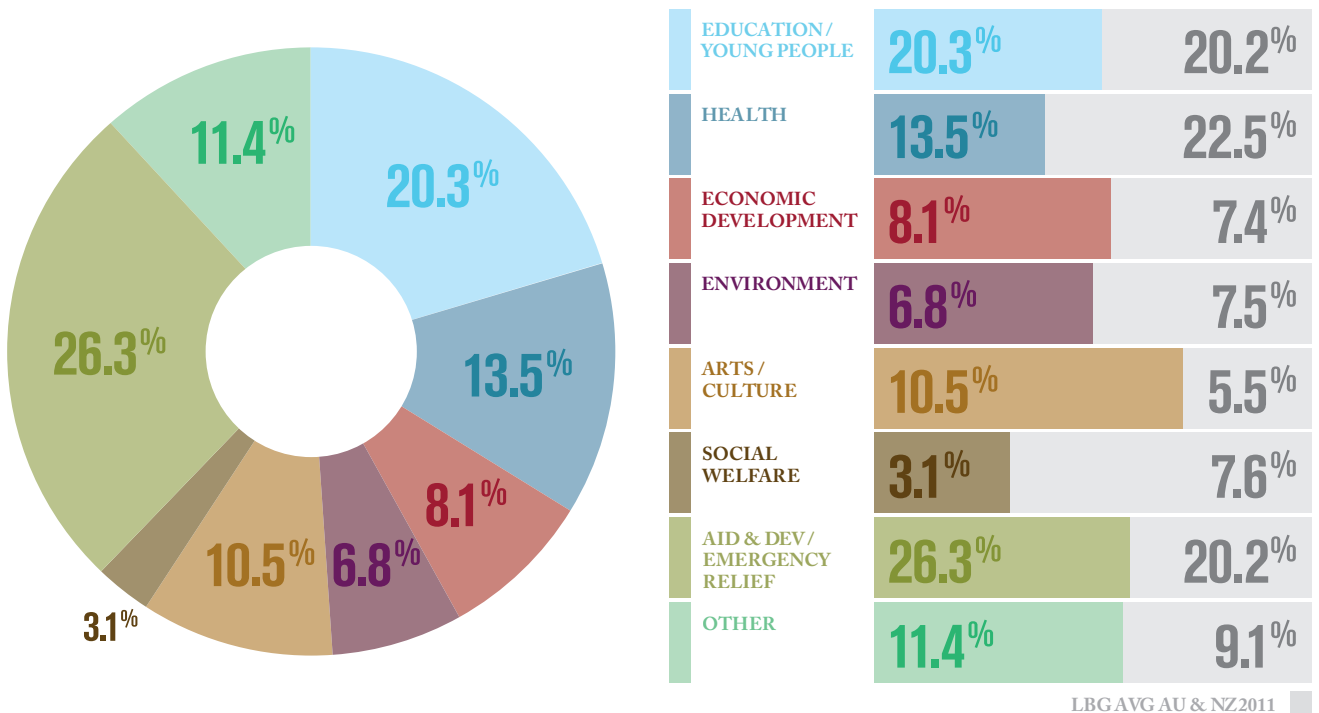
HOW NZ MEMBERS CONTRIBUTE



WHY NZ MEMBERS CONTRIBUTE



WHAT NZ MEMBERS SUPPORT



# LBG VERIFICATION

LBG verification is conducted to ensure the LBG model is applied consistently and accurately across member data. Verification is conducted annually by the LBG team at Haystac, facilitators of LBG Australia & New Zealand.

Members submit their corporate community investment data for review. Using the LBG methodology, data is examined in detail by the verifier to ensure consistency and comparability of data and contributed benefits. This is a robust process that detects inconsistencies or areas requiring further analysis and data collection. Supporting documentation is also sighted by the verifier to validate the contribution. This promotes transparency of information without the need for an independent audit. Some members do seek further external assurance of their data as part of their broader sustainability/corporate responsibility reporting processes or to meet other reporting standards, such as the Global Reporting Initiative (GRI) or the Corporate Responsibility Index (CRI).

Once the verification process has been completed members are provided with a verification statement, which they can include in their external reporting such as sustainability/CSR reports. If members are unable to provide supporting documentation, they are requested to reflect this within any external reports.

## SAMPLE VERIFICATION STATEMENT:

### VERIFICATION STATEMENT FROM LBG AUSTRALIA & NEW ZEALAND

The LBG model helps businesses improve the measurement, management and reporting of their corporate community investment programs. It covers the full range of contributions (cash, time and in-kind donations) made to community causes and assesses the results achieved for the community and for the business.

As facilitators of LBG Australia & New Zealand, we have worked with “**Company A**” to review its understanding and application of the LBG model in respect of the wide range of community programs supported. Our aim has been to ensure the evaluation principles have been correctly and consistently applied.

Having conducted an assessment, we are satisfied that this has been achieved. Our work has not extended to an independent audit of the data.

# SECTOR OVERVIEW

This is the fourth year sector group data has been available to members and has been reported publicly.

Three companies are required to create a new sector group. With the increase in members this year, there have been some changes to the classification of sector groups. Sector groups and the members within these groups are listed in the following pages.

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## SECTOR GROUPS IN 2011

1. ENERGY & WATER
2. ENTERTAINMENT & MEDIA
3. FINANCIAL SERVICES
4. INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)
5. MANUFACTURING
6. PROPERTY
7. RESOURCES
8. RETAIL AND WHOLESALE
9. DIVERSIFIED AND MANAGED SERVICES

Key to the continued success of LBG is that it continues to deliver value to its members. More members enable the creation of more and larger sector groups and provides for richer levels of information and data analysis. The opportunity for members to benchmark themselves against the membership as a whole has value but being able to benchmark against similar companies is of even more significance.

Each sector analysis lists the members included in that sector group at the time the report was published.

Members not reporting in 2011 are marked with an asterisk (\*).

# ENERGY AND WATER

Throughout 2011 the Energy and Water sector has been preparing for major changes and with a carbon tax now adopted by the Australian and New Zealand Governments, there is likely to be significant impacts for sector members in the short term. The focus on environmental sustainability remains a priority for this sector, which contributes to some of the highest proportionate spend supporting the environment.

This sector’s average contribution has gone up by \$400,000 with the average contribution per employee increasing by \$70. The reported leverage has gone down by \$90,000.

Cash contributions continue to grow (up from 65.0% to 73.6%). This represents the highest proportion of cash contributions of any sector group. The contribution of time, as a component reduced further this year to 3.2%, below the average of the group.

The sector’s motivations have shifted, with donations increasing and commercial initiative decreasing. Donations remain, as was the case in 2010, at half that of the average for the membership.

Education and the environment remain the largest beneficiaries of this sector as was seen in 2010. Both areas have received increased support since 2010. Contributions to the environment continue to grow, almost treble that of the membership as a whole. Support for health has doubled and social welfare halved.

SECTORMEMBERS

- AGL
- AUSGRID
- CITY WEST WATER
- ENERGEX
- ERGON ENERGY
- ORIGIN ENERGY
- WESTERN POWER

AVERAGE CONTRIBUTIONS

**\$2,371,622**

%PRE-TAX PROFIT

AVERAGE CONTRIBUTION PER HEAD

**0.46**

**\$715**

%OF REVENUE

%EMPLOYEE PAID VOLUNTEERING

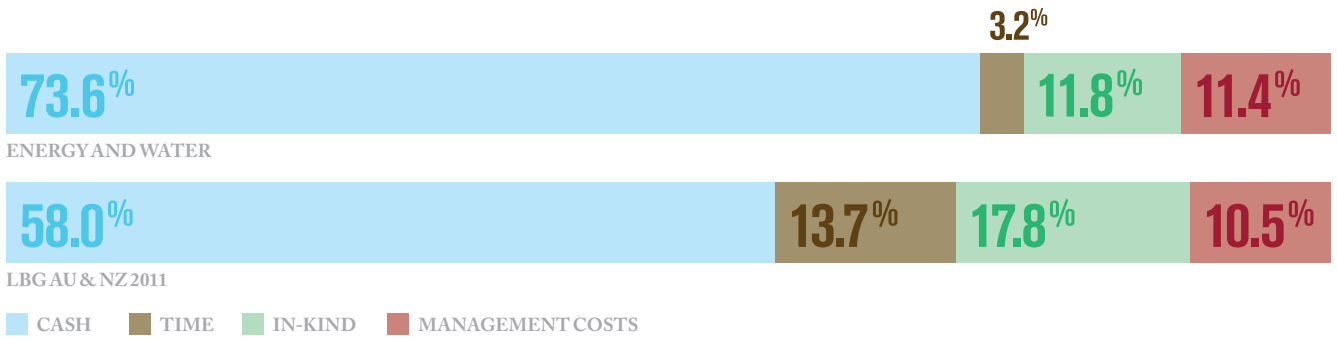
**0.06**

**5.5**

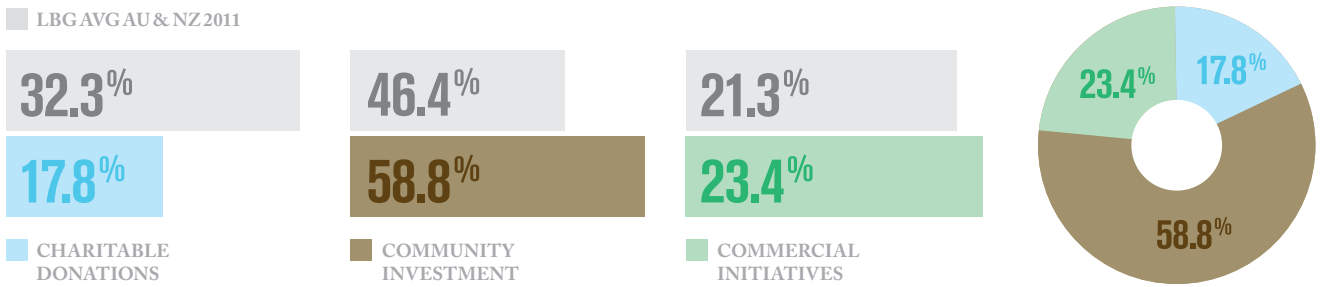
AVERAGE LEVERAGE

**\$341,737**

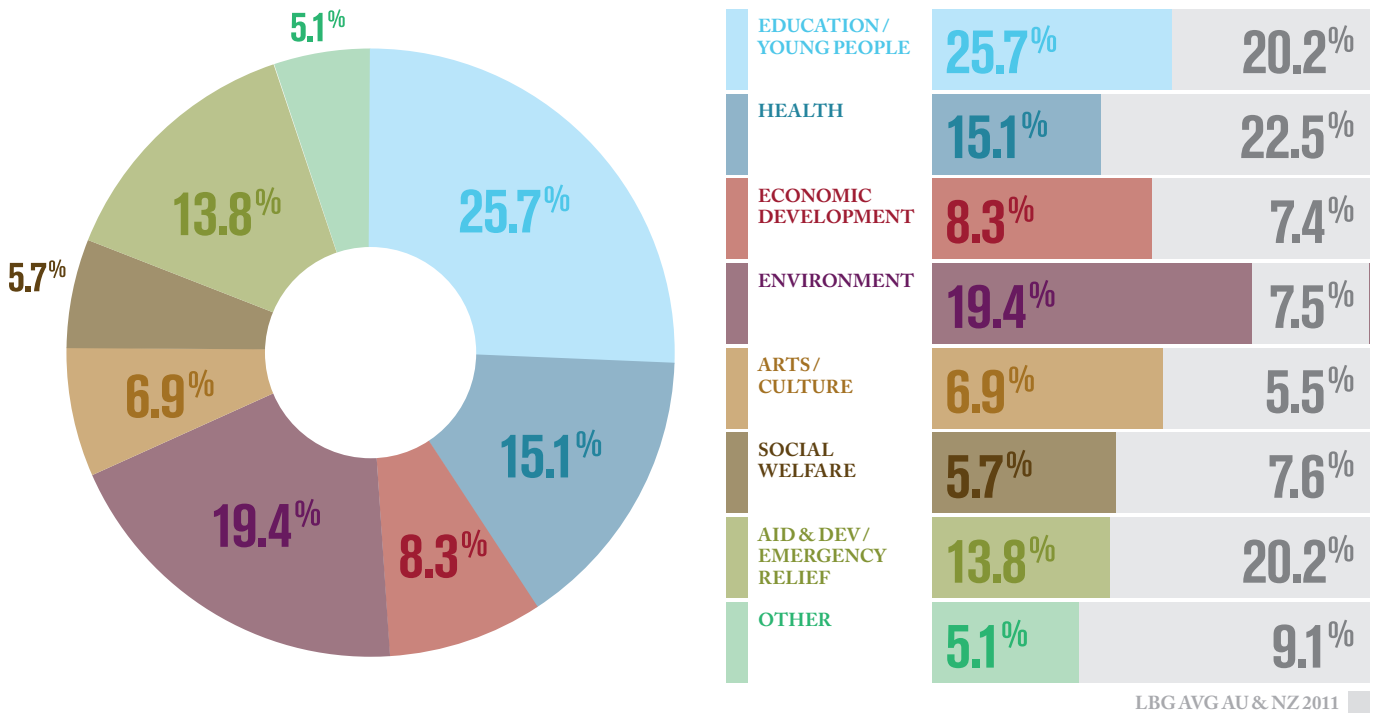
HOW SECTOR MEMBERS CONTRIBUTE



WHY SECTOR MEMBERS CONTRIBUTE



WHAT SECTOR MEMBERS SUPPORT



# ENTERTAINMENT AND MEDIA

With the exponential growth of online activity and the power of social media, members in the entertainment and media sector have seen changes in the use of traditional media. Some of these challenges may be reflected in the changes we have observed in the sectors community contributions this year.

This year the sector’s contributions are more closely aligned to the membership as whole with reductions across the board in average contributions, percentage against pre-tax profit and revenues being reported. Contributions per employee remain higher than the membership as a whole, as does the level of employee paid volunteering. The leverage reported has also increased significantly.

This sector’s ability to support the community with broadcast and communications means the proportion of in-kind contributions is always much higher than the group as a whole. This remains the case in 2011. This sector can also play a key role in facilitating third parties to support community causes and as such we have seen a jump in the reported leverage.

There have been two shifts in the motivations for this sector, with community investment dropping from 60.7% to 45.2% and commercial initiatives doubling. These shifts have brought the sector to be more or less in line with the membership as a whole.

Support for the education sector has doubled since 2010, with economic development halving. Consistent with the broader membership, contributions toward emergency relief have increased significantly. Arts and culture has continued to increase and receives almost three times the level of support from this sector than from the membership as a whole.

## SECTOR MEMBERS

AEGIS MEDIA PACIFIC  
ESSENDON FOOTBALL CLUB  
FOXTEL  
SENSIS  
TABCORP  
VILLAGE ROADSHOW\*

## AVERAGE CONTRIBUTIONS

**\$2,171,103**

% PRE-TAX PROFIT

**0.56**

% OF REVENUE

**0.13**

AVERAGE CONTRIBUTION PER HEAD

**\$784**

% EMPLOYEE PAID VOLUNTEERING

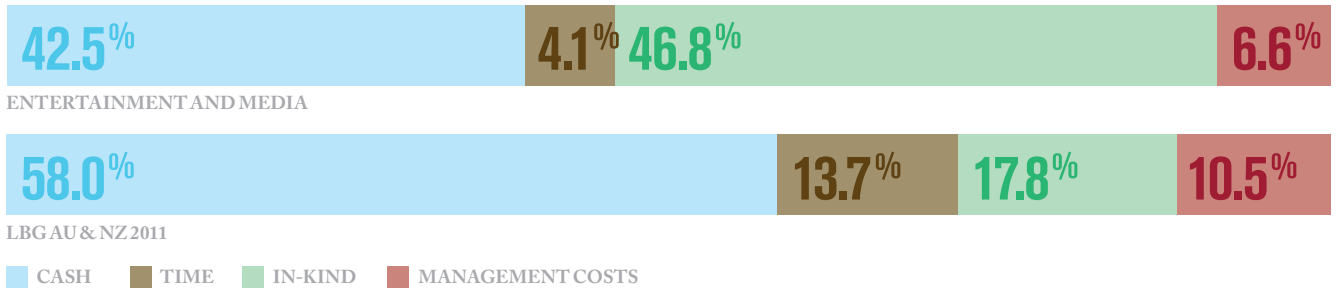
**15.4**

## AVERAGE LEVERAGE

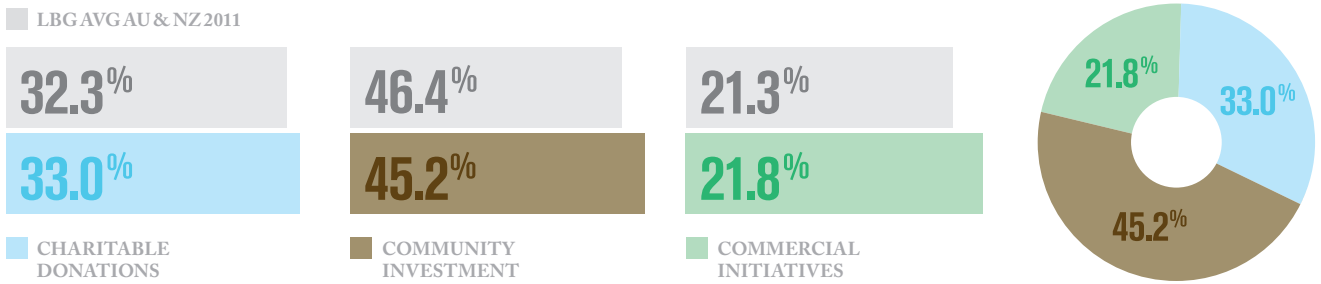
**\$2,057,725**



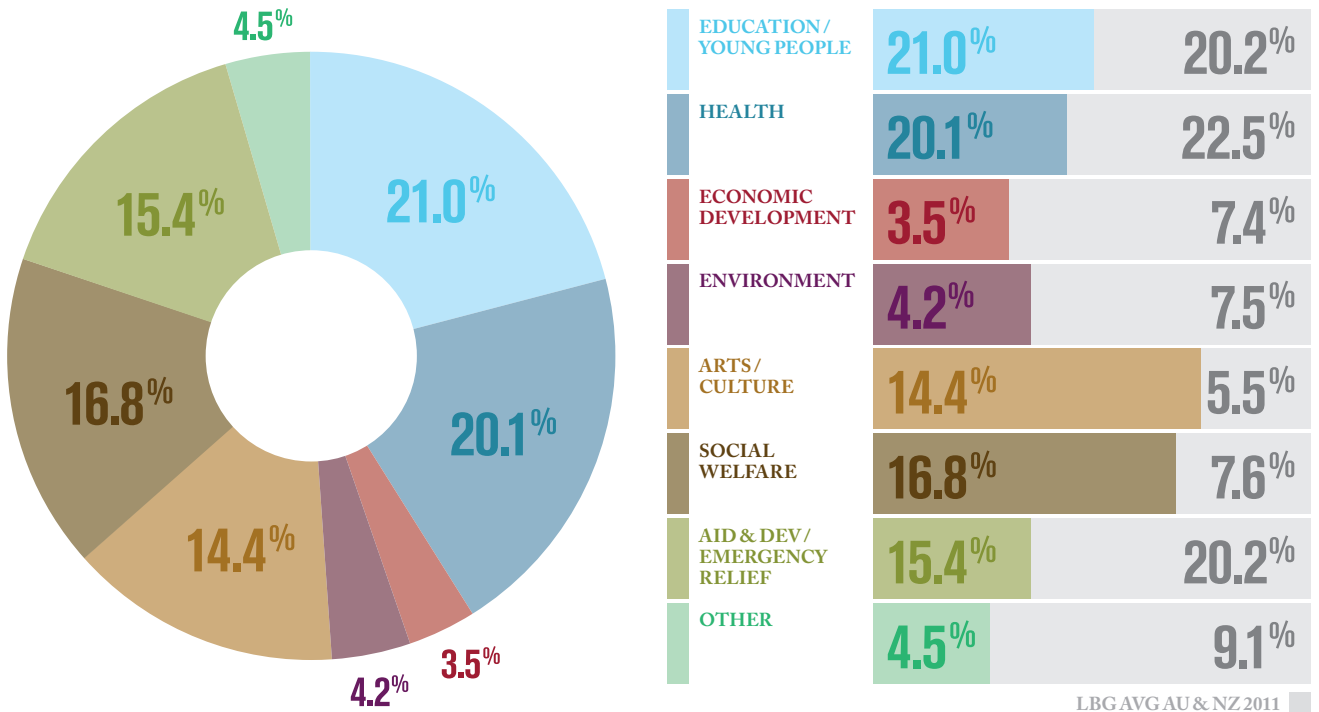
HOW SECTOR MEMBERS CONTRIBUTE



WHY SECTOR MEMBERS CONTRIBUTE



WHAT SECTOR MEMBERS SUPPORT



# FINANCIAL SERVICES

The impact of the first Global Financial Crisis and the threat of a second crisis looming has been reflected in this sector taking a conservative and measured approach to its operations. Banks have been extremely cautious about the services they are offering their customers, who are demanding greater transparency and security. A resulting 'steady as she goes' approach to corporate community investment seems to be reflected in the LBG data this year.

This the largest sector group within the Australia & New Zealand membership, with nine members and trend data dating back to 2008.

Overall the KPI data remains broadly consistent with 2010. The sector continues to be more successful than the membership as a whole in engaging staff, with much higher rates of employee volunteering. Leverage reported this year has shown a jump up from \$1.96 million to \$4,71 million – it is believed this is due to a greater level of focus on collecting this data.

Given the conservative nature of this group it is not surprising to see little change in how members have contributed. Figures remain consistent with last year with a slight increase in reported in-kind contributions and management costs.

Education has dropped back with health gaining, bringing the sector in alignment with the membership as a whole. Education and health now receive equal contributions from this sector and are jointly the largest beneficiaries. Arts and culture has trebled and receives almost double from this sector than the average from the membership. Whilst reducing from last year, the 'other' category remains high.

## SECTOR MEMBERS

ANZ  
 ASB BANK LIMITED  
 AUSTRALIAN UNITY  
 BANK OF NEW ZEALAND  
 IAG  
 MEDIBANK  
 NAB  
 SUNCORP GROUP<sup>†</sup>  
 WESFARMERS LIMITED<sup>††</sup>

<sup>†</sup> Incorporating AAMI    <sup>††</sup> Wesfarmers Insurance

## AVERAGE CONTRIBUTIONS

**\$9,381,216**

% PRE-TAX PROFIT

AVERAGE CONTRIBUTION PER HEAD

**0.47**

**\$740**

% OF REVENUE

% EMPLOYEE PAID VOLUNTEERING

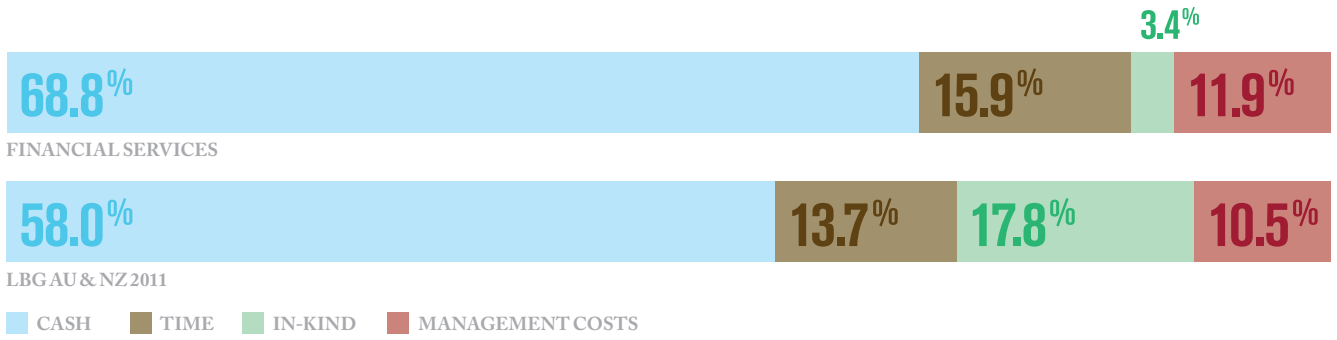
**0.15**

**30.9**

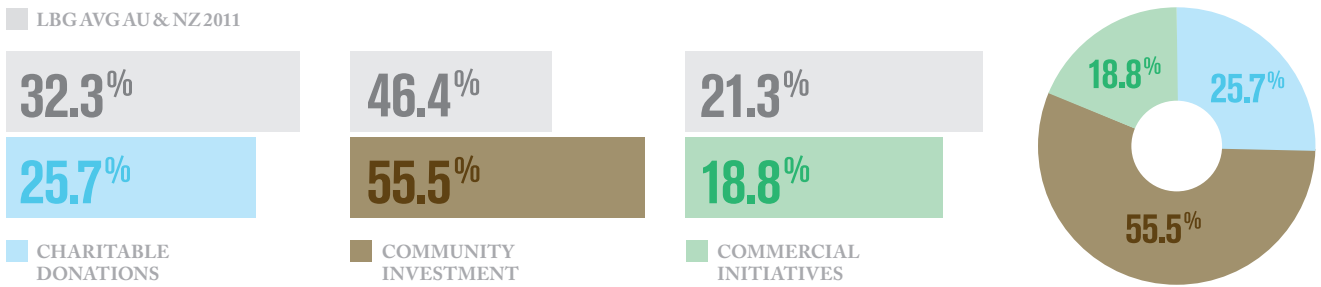
## AVERAGE LEVERAGE

**\$4,714,946**

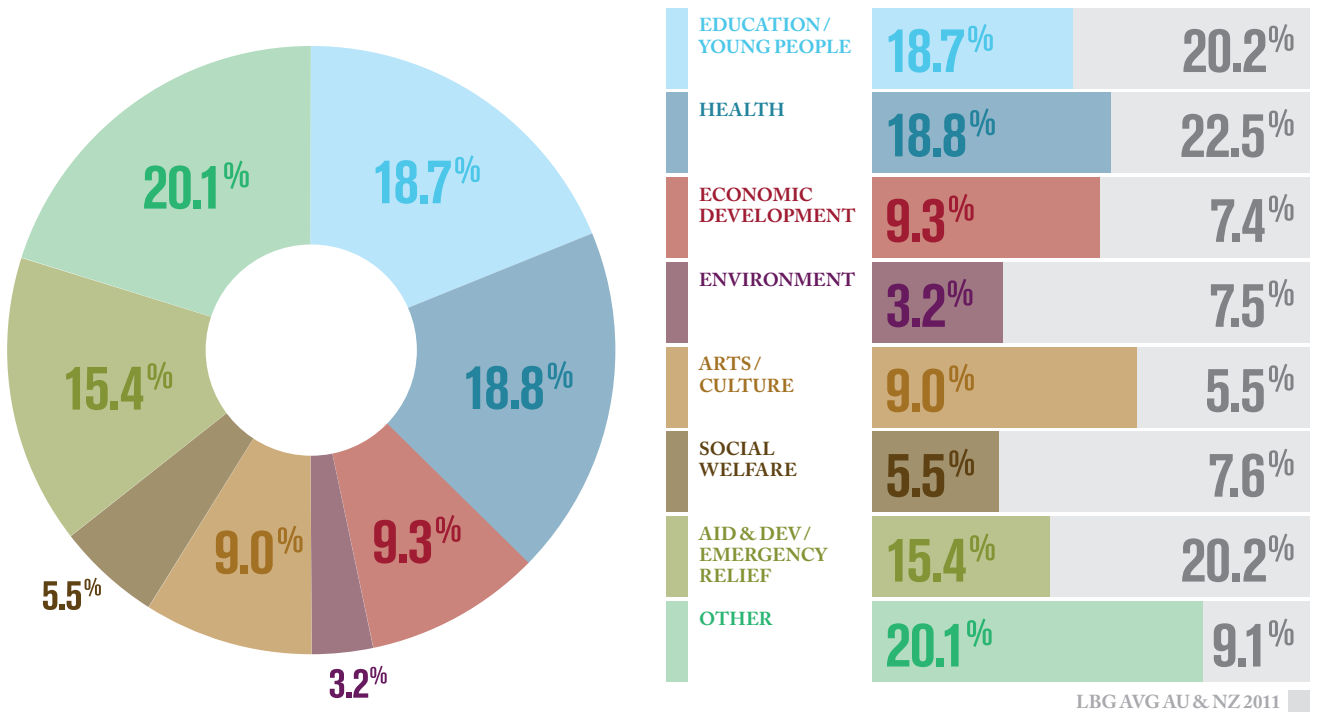
HOW SECTOR MEMBERS CONTRIBUTE



WHY SECTOR MEMBERS CONTRIBUTE



WHAT SECTOR MEMBERS SUPPORT



# INFORMATION AND COMMUNICATION TECHNOLOGY

This sector is less directly impacted by economic and environmental variables. However, growth in the sector has not been as strong as expected mainly due to the capacity of both consumers and businesses investing into natural resources. Innovation still remains instrumental to leaner operations and the sector will keep experiencing demand in both products and services.

This is a newly created group. Comparison with previous year’s data will be limited to observations of how the sector compares with the membership as a whole.

In comparing how the sector supports the community, cash contributions are broadly similar to the membership with time and in-kind being lower. Management costs are reported as being higher in this sector than for the wider membership.

Donations are reported to be much lower for the membership as a whole at only 7.8% with community investments being reported much higher at 66.4%. Commercial initiatives are broadly similar as a proportion of total spend.

Support for education and social welfare is much higher than for the rest of the group, with arts and culture and emergency relief being smaller as a proportion of the total spend. The spend on education and young people is the largest compared with other sector groups. The proportion allocated to ‘other’ is notably smaller than for the membership.

SECTOR MEMBERS

**DATACOM**  
**IBM\***  
**OPTUS**  
**TELSTRA**

AVERAGE CONTRIBUTIONS

**\$9,345,306**

% PRE-TAX PROFIT

**0.40**

% OF REVENUE

**0.09**

AVERAGE CONTRIBUTION PER HEAD

**\$661**

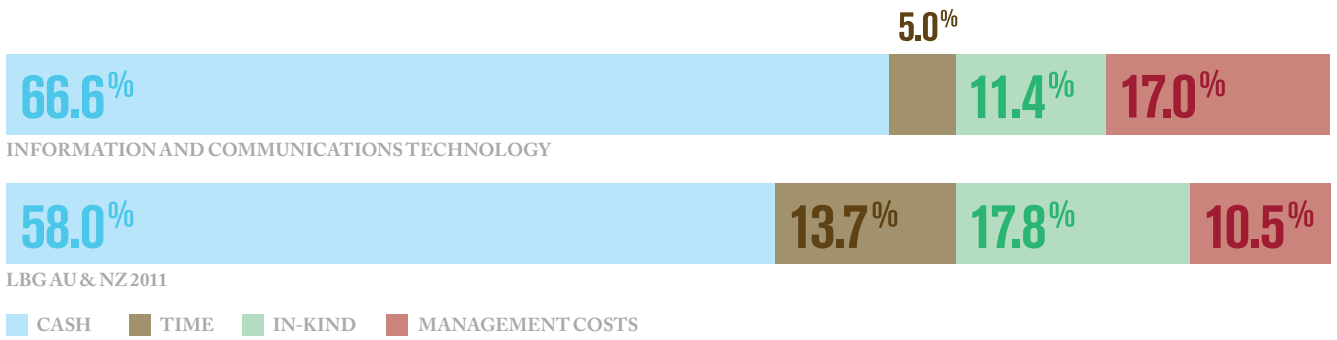
% EMPLOYEE PAID VOLUNTEERING

**8.7**

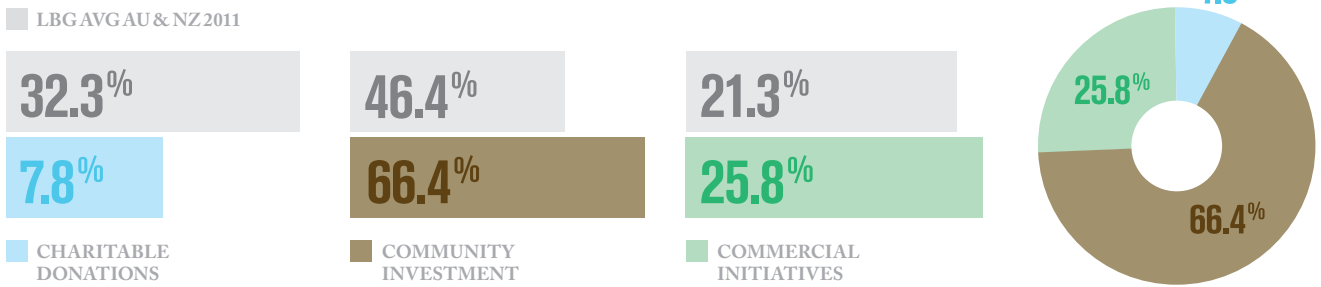
AVERAGE LEVERAGE

**\$784,208**

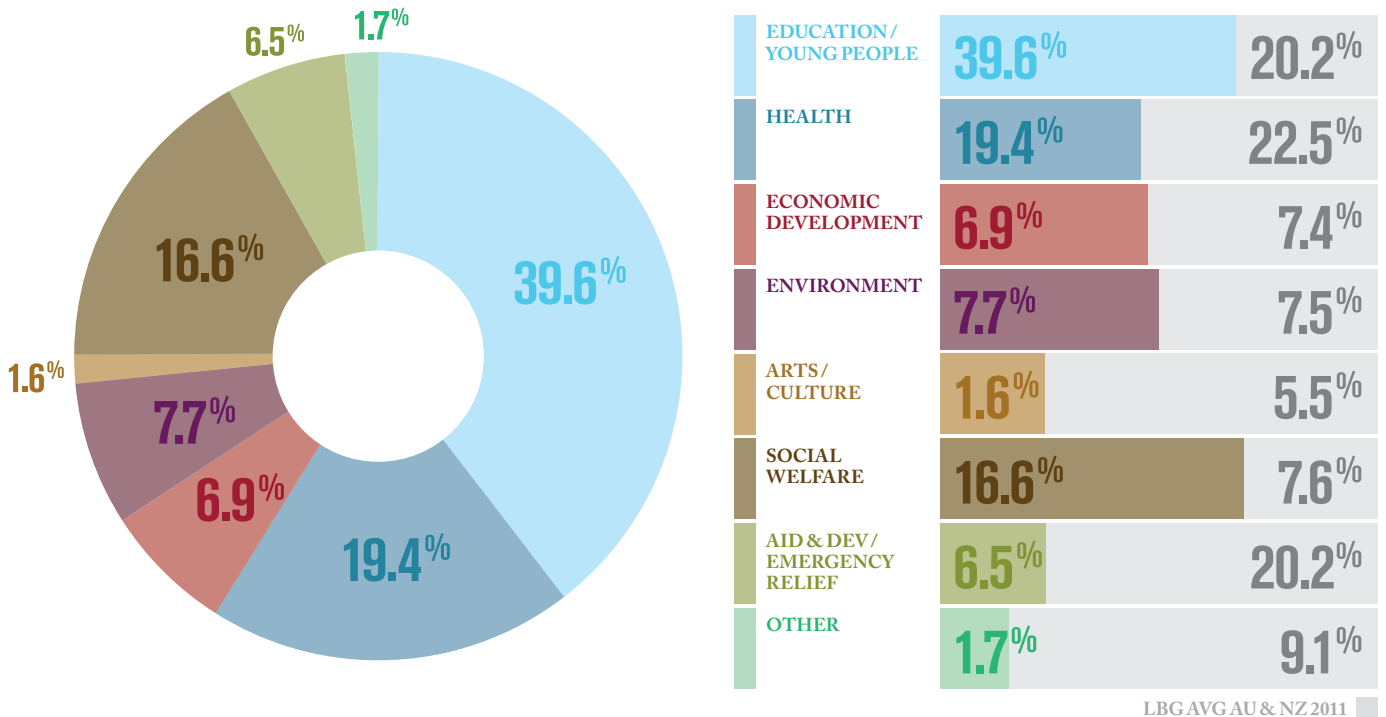
HOW SECTOR MEMBERS CONTRIBUTE



WHY SECTOR MEMBERS CONTRIBUTE



WHAT SECTOR MEMBERS SUPPORT



# MANUFACTURING

As a whole this sector saw a negative impact to its profitability margins. With many Australian and New Zealand companies moving their production off-shore or maintaining a limited local workforce, the sector has experienced some intervention from governments to ensure its long-term sustainability. This tough climate appears to have been reflected in this year's LBG data.

This sector group is now in its second year and its membership has grown significantly.

Average contributions have increased, while percentage of pre-tax profit and percentage of revenue and contributions per employee all decreased from last year but remain higher than compared to the membership as a whole.

In-kind contributions from the manufacturing sector are twice that of the membership as a whole. Since 2010 the in-kind and time components have consistently increased.

The motivations for the sector have shifted to some extent and are now broadly in line with rest of the membership. The sector's commercial initiatives represent one of the largest of all the sector groups.

Education has shown a big increase this year, however is still lower compared to the membership. Health remains the dominant, however emergency relief has doubled. This sector has been among the most successful in reducing their contribution allocation to 'other' (down from 21.5% to 0.3%).

## SECTOR MEMBERS

**BAYER\***  
**CSL LIMITED**  
**FONTERRA COOPERATIVE GROUP LIMITED**  
**FOSTER'S GROUP HOLDEN**  
**INCITEC PIVOT LIMITED**  
**KRAFT FOODS**  
**TOYOTA AUSTRALIA**  
**WESFARMERS LIMITED†**

†Wesfarmers Chemicals, Energy & Fertilisers

## AVERAGE CONTRIBUTIONS

**\$4,076,738**

**% PRE-TAX PROFIT**

**AVERAGE CONTRIBUTION PER HEAD**

**1.09**

**\$824**

**% OF REVENUE**

**% EMPLOYEE PAID VOLUNTEERING**

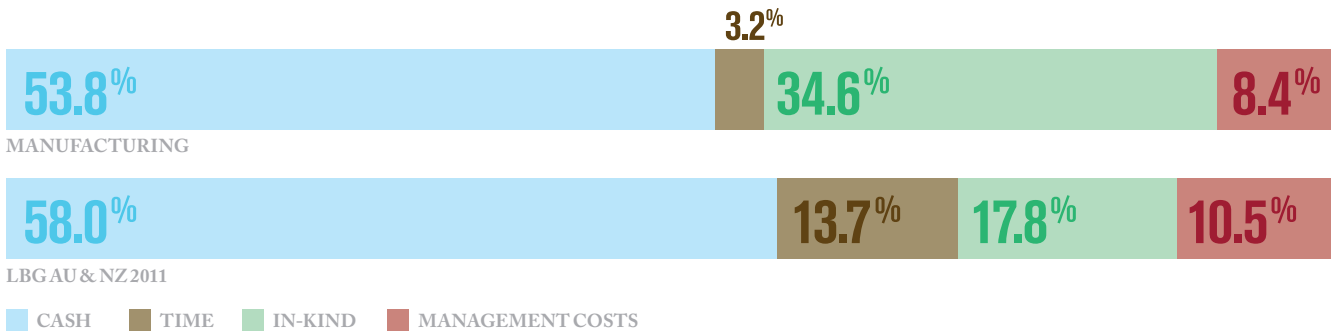
**0.09**

**5.3**

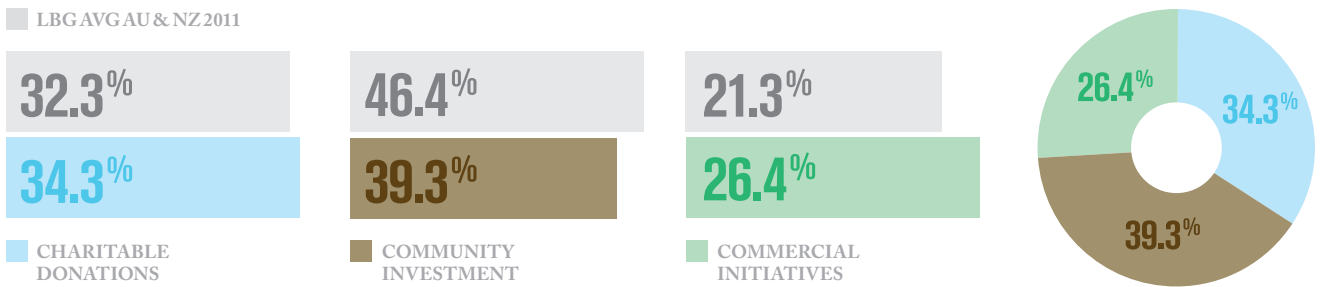
## AVERAGE LEVERAGE

**\$550,152**

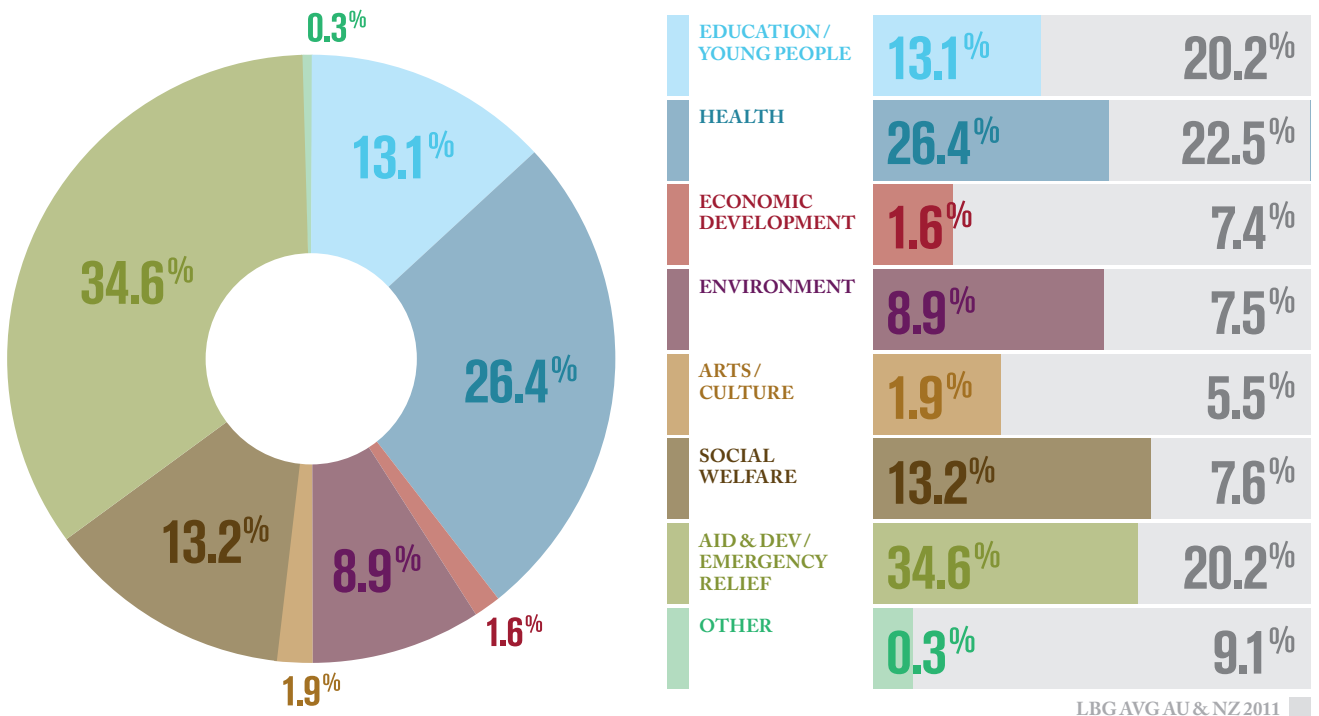
HOW SECTOR MEMBERS CONTRIBUTE



WHY SECTOR MEMBERS CONTRIBUTE



WHAT SECTOR MEMBERS SUPPORT



# PROPERTY

There have been some uncertain periods for members in this sector. Particularly with the interest rate being dictated by global economic sentiments, the sector has not been as strong as it has been in the past. Nonetheless, there is an opportunity for members to focus on aligning their CCI activity to partnerships that can be supported by existing business activities.

The average percentage of pre-tax profit contributed has increased compared with previous years. However, the average percentages of revenue and of contribution per employee have both fallen but remain higher than for the membership as a whole. Employee volunteering is very high for this sector, as it was in 2010.

Time contributions are double that of the membership and higher than average management costs have been reported.

The most notable changes in this sector group come with what members have supported. Education has almost doubled (from 18.8% to 34.4%) to represent the largest proportion, with environment falling (from 26.8% to 12.8%), having been the dominant beneficiary last year. Social welfare has also more than halved its share of the sector’s contributions.

Emergency relief, as with other sectors, has seen a big jump up from just 0.2% last year to 27.8% this year.

SECTOR MEMBERS

GROCON  
MIRVAC<sup>†</sup>  
STOCKLAND  
THE GPT GROUP\*

<sup>†</sup>Victoria

AVERAGE CONTRIBUTIONS

**\$963,951**

% PRE-TAX PROFIT

AVERAGE CONTRIBUTION PER HEAD

**0.45**

**\$1,452**

% OF REVENUE

% EMPLOYEE PAID VOLUNTEERING

**0.09**

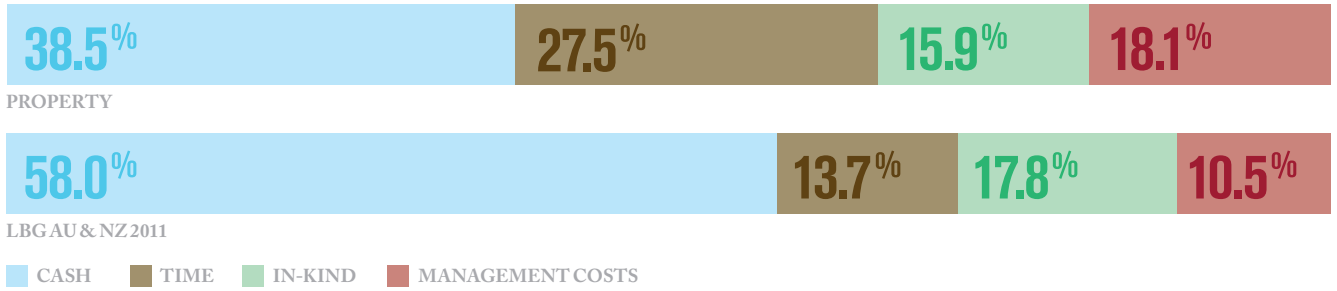
**48.8**

AVERAGE LEVERAGE

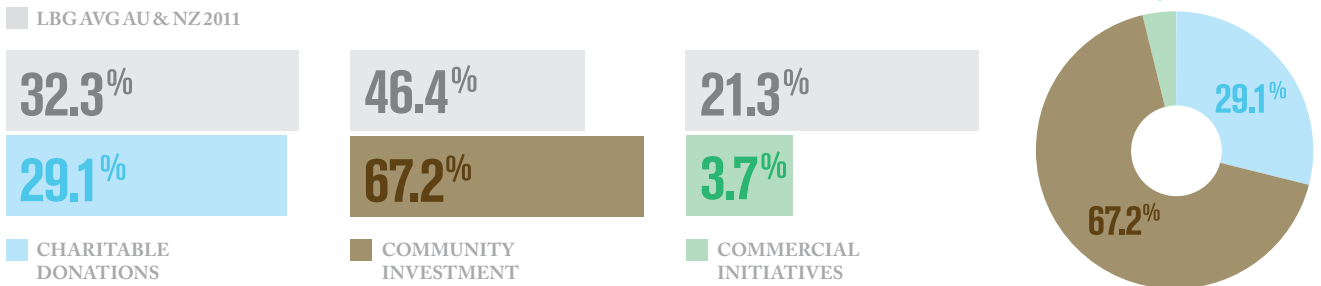
**\$90,132**



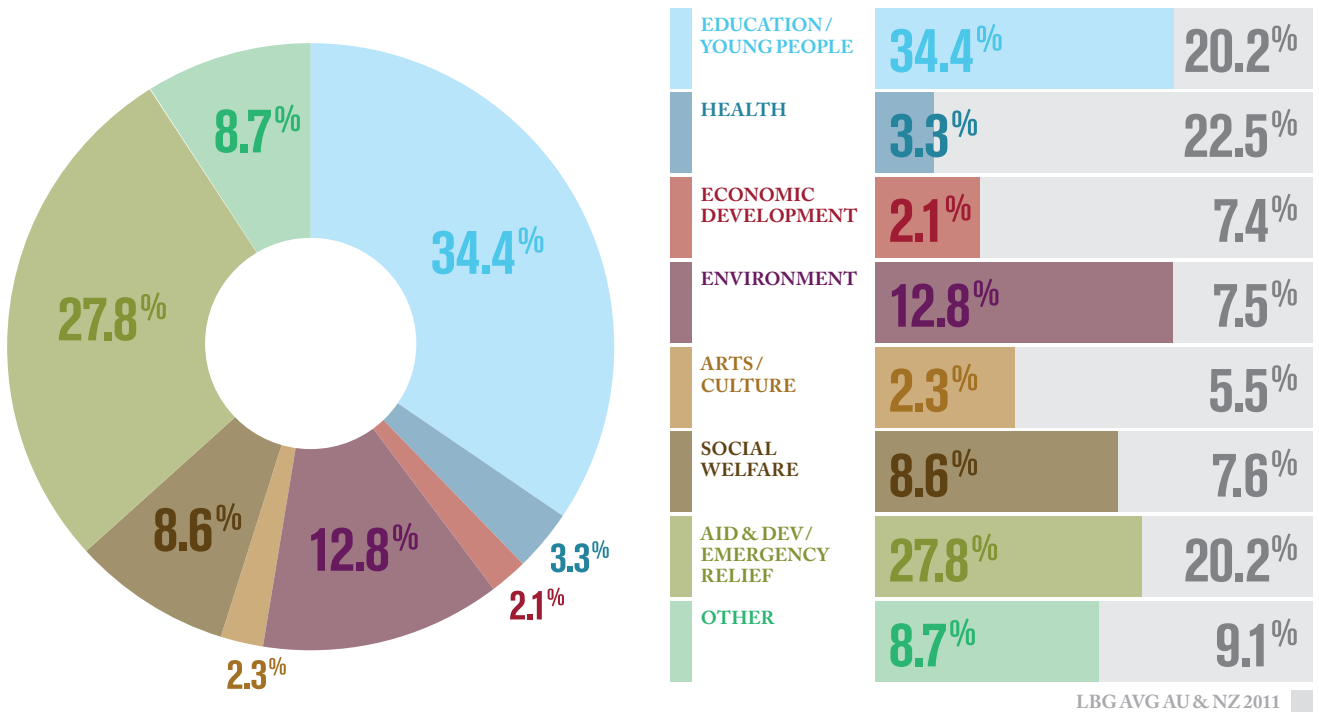
HOW SECTOR MEMBERS CONTRIBUTE



WHY SECTOR MEMBERS CONTRIBUTE



WHAT SECTOR MEMBERS SUPPORT



# RESOURCES

The continuing mining boom will have a lasting positive effect on the sector's members and their commitment to community partnerships. This sector has the capacity to plan and be involved in long-term projects, as well as invest in strong employee engagement initiatives to help build positive profiles of corporate culture.

The membership of this sector has remained unchanged and as a consequence the figures reported are broadly in line with those reported in 2010. Leverage has shown the largest change reducing by \$700,000.

Management costs in this sector remain the highest for any sector which is likely to relate to the fact that members of this sector often have many remote, and consequently expensive, locations to maintain.

The motivations of the sector have seen some movement with commercial initiatives increasing significantly from 0.9% to 10.3% but still remain about half the proportion of the membership as a whole. Community investment remains much higher than the wider membership, being the highest for any sector group with donations being much smaller in comparison.

Education remains the largest beneficiary, however, has seen a drop since 2010. Social welfare has doubled since last year and emergency relief trebled but both remain much less than compared to the membership overall. Those contributions apportioned as 'other' continues to reduce and is now only 0.6%.

## SECTOR MEMBERS

**SOLID ENERGY  
WESFARMERS LIMITED<sup>†</sup>  
WOODSIDE ENERGY LTD**

<sup>†</sup>Wesfarmers Resources

## AVERAGE CONTRIBUTIONS

**\$3,839,702**

% PRE-TAX PROFIT

AVERAGE CONTRIBUTION  
PER HEAD

**0.42**

**\$1,902**

% OF REVENUE

% EMPLOYEE PAID  
VOLUNTEERING

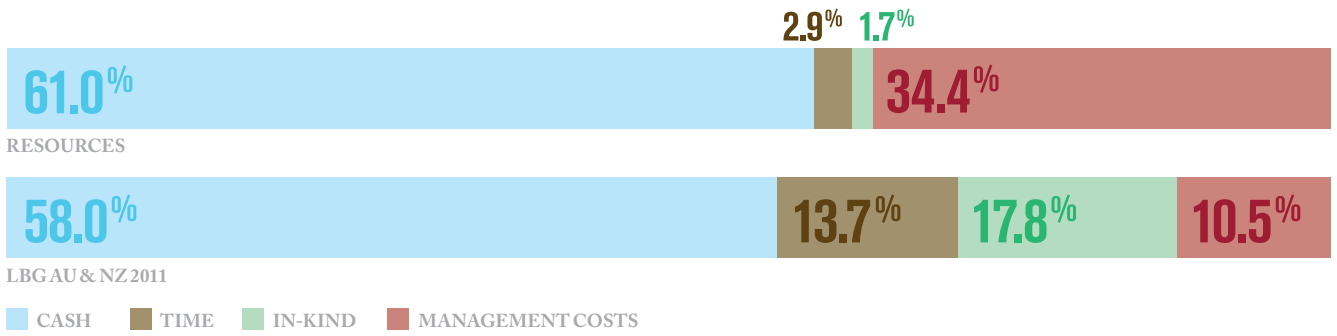
**0.17**

**9.0**

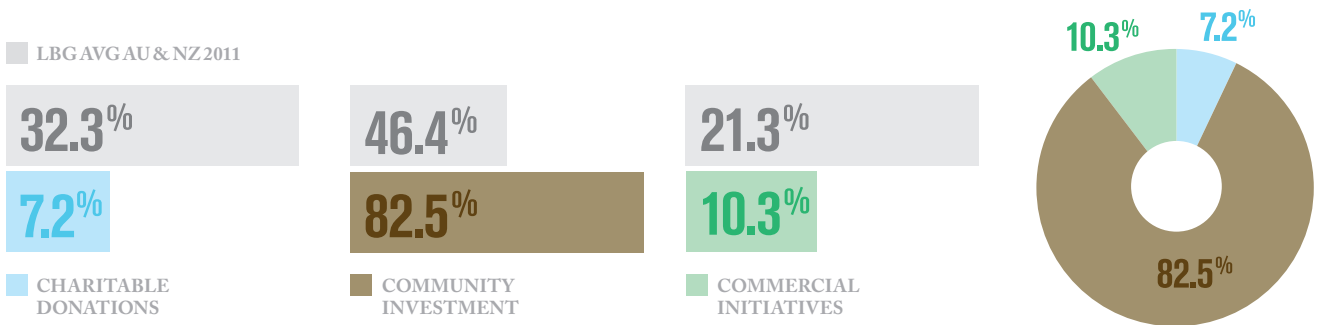
## AVERAGE LEVERAGE

**\$240,002**

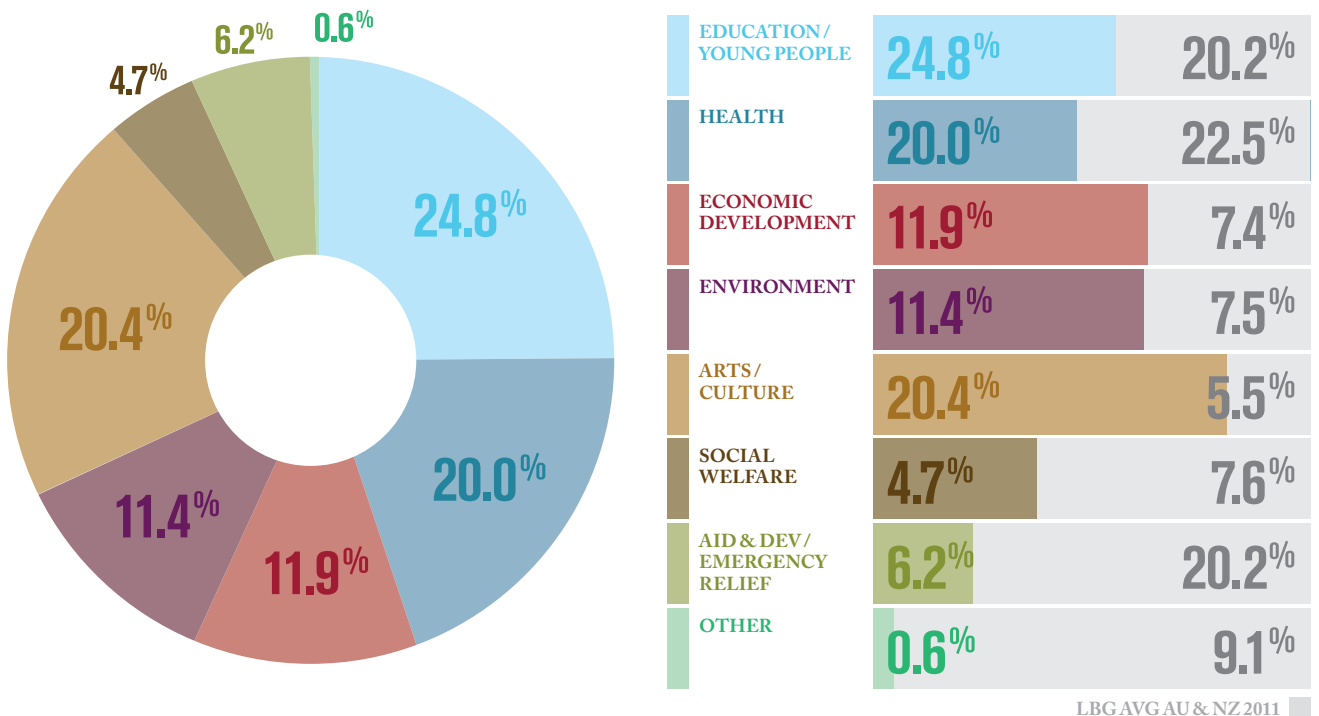
HOW SECTOR MEMBERS CONTRIBUTE



WHY SECTOR MEMBERS CONTRIBUTE



WHAT SECTOR MEMBERS SUPPORT



# RETAIL AND WHOLESALE

The retail and wholesale sector has been affected by conservative consumer spending. The volatility of the trading dollar and the growth of online shopping have impacted profitability. While the sector undergoes internal and external changes in its operating model, it has still indicated strong results in contributions and activities.

Despite particularly difficult times for this sector the average contributions have increased by over \$2 million this year, with larger percentages of both pre-tax profit and revenues being contributed to the community. The average contributions per employee have also increased.

The cash component has reduced whilst the time component has show a sharp increase. It's not surprising in comparison to the wider membership, this sector reports a higher proportion of in-kind and time with a much lower proportion of cash. The increase in time can also be seen with the percentage of employees in paid volunteering doubling from 1.1% to 2% this year but remaining much lower than the membership as a whole. As a proportion of total spend, however, the time component represents the highest for any sector.

We have observed some significant shifts in this sector's motivations to contribute. Donations have almost doubled and is the largest proportion for any sector at 53.7%, with community investments reducing to less than half the proportion they were in 2010. The increase in donations would appear to correlate with a large jump in support for emergency relief. Commercial initiatives have also almost doubled and represent one of the largest proportions of any sector group. This would seem indicative of a sector working harder to maintain its market share using

## SECTOR MEMBERS

LUXOTTICA\*  
WESFARMERS LIMITED†  
WOOLWORTHS LIMITED

† Coles, Kmart, Target, Wesfarmers Industrial and Safety

## AVERAGE CONTRIBUTIONS

\$11,270,599

% PRE-TAX PROFIT

AVERAGE CONTRIBUTION PER HEAD

1.11

\$197

% OF REVENUE

% EMPLOYEE PAID VOLUNTEERING

0.06

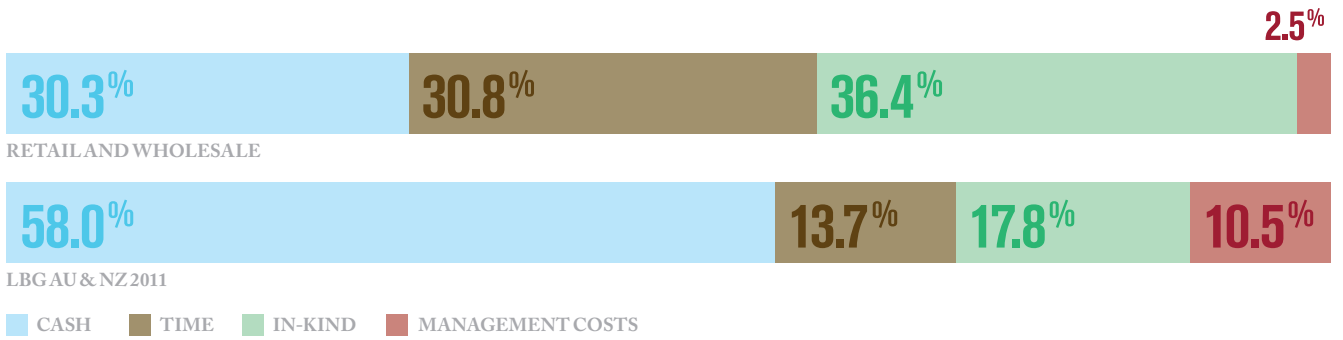
2.0

## AVERAGE LEVERAGE

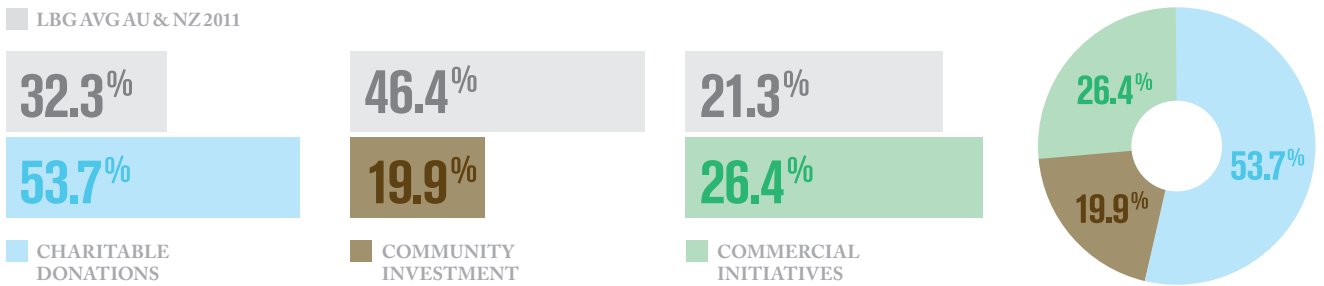
\$8,952,517

commercial initiatives as tools to help achieve this objective. Similarly, motivations have seen a shift in what this sector has supported in 2011. Health and arts and culture have almost doubled, with economic development and emergency relief both gaining significantly. Environment, however, has dropped back three fold and social welfare fell back by almost half. The proportion of spend on health represents the largest of any sector.

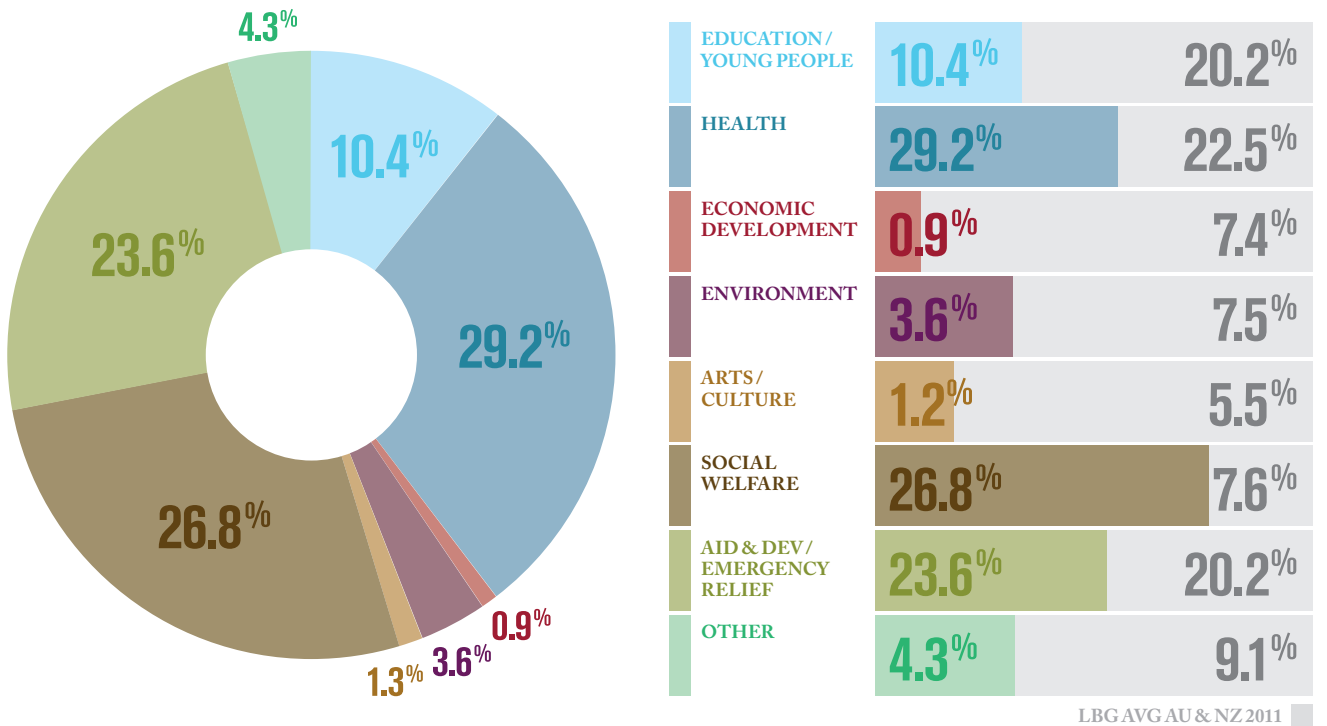
HOW SECTOR MEMBERS CONTRIBUTE



WHY SECTOR MEMBERS CONTRIBUTE



WHAT SECTOR MEMBERS SUPPORT



# DIVERSIFIED AND MANAGED SERVICES

Members of this sector have felt the ripples of varying economic and environmental uncertainties in the past year. They have taken on different approaches to mitigate possible fluctuations in their profitability and ensure that there is minimal impact on their commitments to community partnerships.

This is an emerging sector. As the LBG Australia & New Zealand membership grows, the sector will be strengthened.

In comparing the group to the membership, cash forms by far the largest contribution, being much larger than it is compared to the wider membership. Time and in-kind, in comparison, have received much less. This is a significant shift from last year’s observations where the form of contributions was broadly consistent with the broader membership.

A similar shift in motivations has also been observed. The sector donates more and makes less commercially orientated investments than the wider membership.

Health as a beneficiary has doubled with social welfare halving. Emergency relief now makes up by far the largest component for this sector.

SECTORMEMBERS

**AUSTRALIA POST  
NEW ZEALAND POST  
TRANSURBAN  
WESFARMERS CORPORATE**

AVERAGE CONTRIBUTIONS

**\$4,317,741**

% PRE-TAX PROFIT

**1.35**

% OF REVENUE

**0.03**

AVERAGE CONTRIBUTION PER HEAD

**\$128**

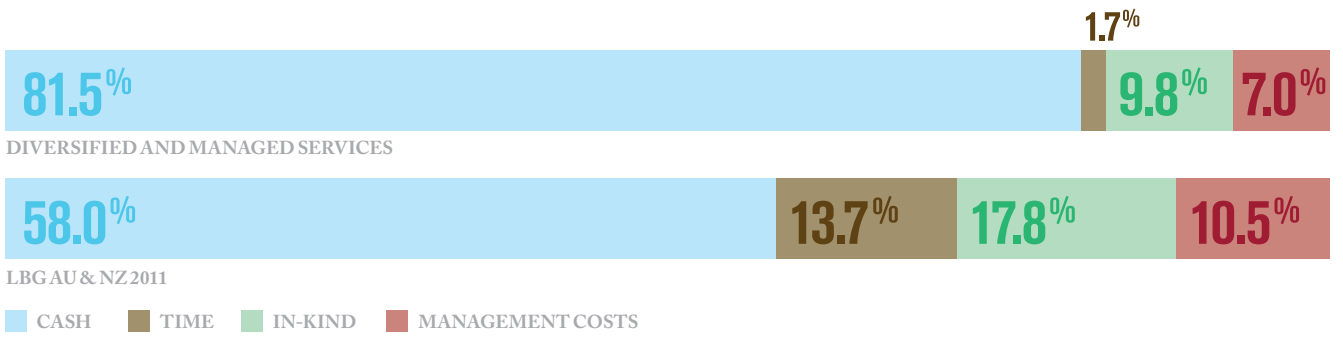
% EMPLOYEE PAID VOLUNTEERING

**0.3**

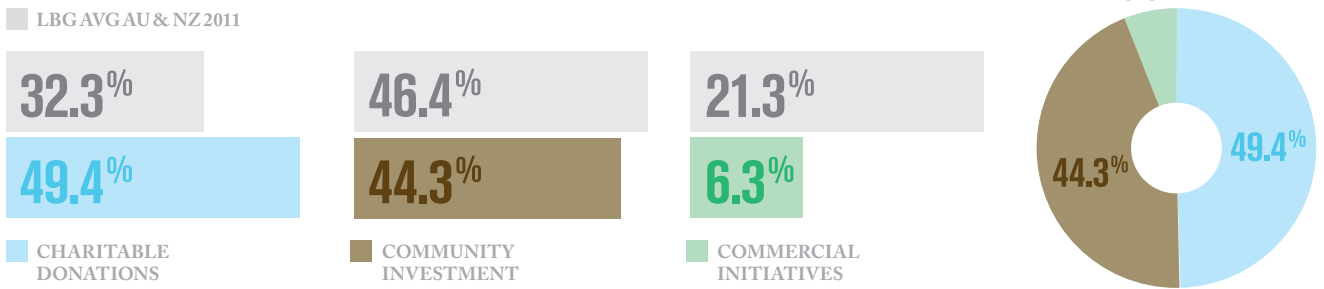
AVERAGE LEVERAGE

**\$1,617,286**

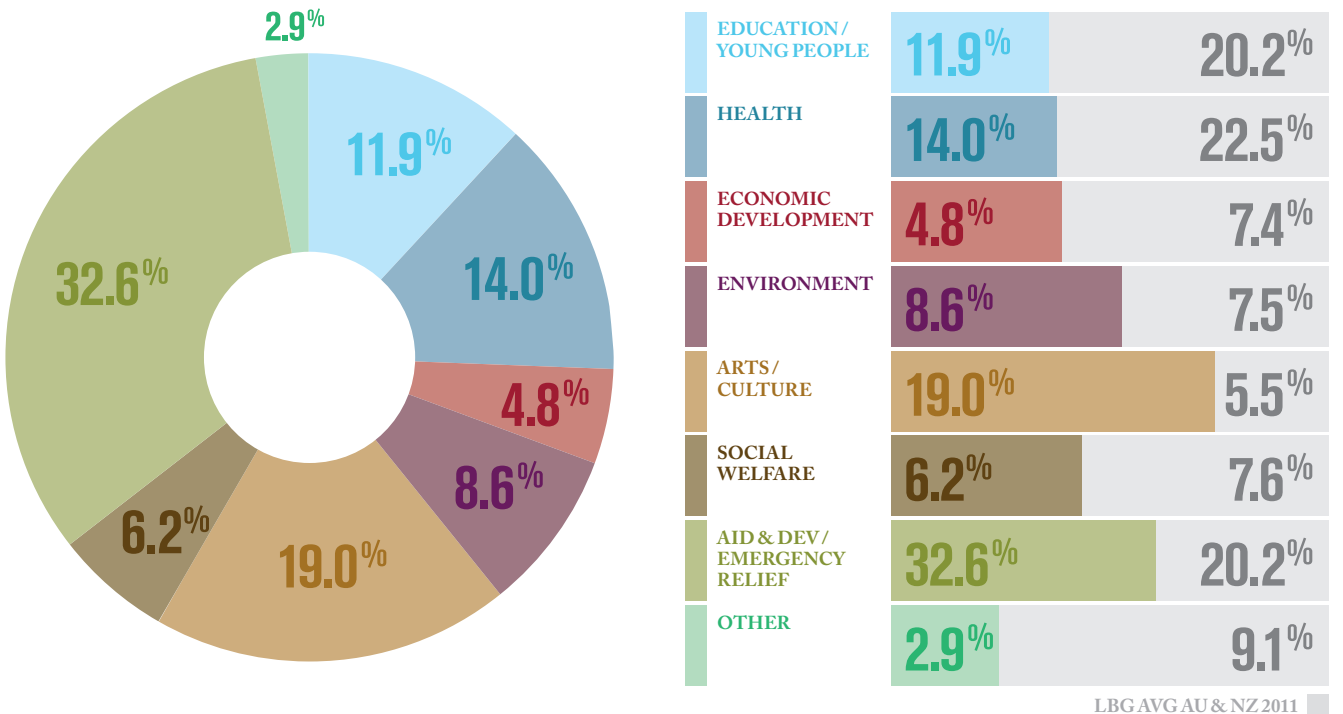
HOW SECTOR MEMBERS CONTRIBUTE



WHY SECTOR MEMBERS CONTRIBUTE



WHAT SECTOR MEMBERS SUPPORT



# KEY ISSUES

Understanding trends and gaining insight into corporate community investment (CCI) is an invaluable investment into creating effective and efficient CCI strategies, community partnerships and employee engagement strategies. LBG Australia & New Zealand facilitators have been gathering research to support and underpin the functionality of the LBG model. Below are some of the key findings and trends.

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## DEVELOPING A NATURAL DISASTER STRATEGY

Both Australia and New Zealand have been devastated by natural disasters over the past few years, and so have their closest regional neighbours. There are strong indicators that natural disasters will continue to increase in numbers and intensity, resulting in more frequent appeals and disaster relief activities coordinated by governments, not-for-profits and the corporate sector.

A research study conducted by Charities Aid Foundation (CAF) titled *Disasters, Donors and Giving* representing 1,045 respondents across 59 organisations found that a disaster appeal strategy was essential for a workplace. This was supported by an impressive 91% of respondents who donated to disaster appeals through Workplace Payroll Giving or other channels for the past two years.

According to Lisa Grinham, Chief Operating Officer CAF, a natural disaster plan is similar to that of any business strategy. Key components that need to be incorporated in this strategy include geographical location of the organisation, business operations and suppliers, and other community activities where commitments have been formed; market expectations of the organisation's responsiveness to a natural disaster, stakeholder expectations and reputation management; and budgets, which may require an

allocation of money over a period of time. When developing strategy parameters a certain amount of flexibility is required as we can't predict the nature or scale of the disaster.

## EMPLOYEE ENGAGEMENT

The CAF *Disasters, Donors and Giving* report found that Workplace Payroll Giving, where employees give a percentage of their pay to charity via their employer, is working effectively for around half of the respondents as they are able to choose the charity they wish to donate to. Employers may have systems in place in which they promote the organisation's community partnerships and initiatives and enable their employees to select which charities their money will support.

The report also indicated that employees have strong opinions on who should receive their donations. Employees need to feel that recipient organisations are credible. This is particularly important during a natural disaster, when several charities may be doing work that employees feel personally connected to.

A significant element of employee engagement in CCI is creating convenience. As such, Workplace Payroll Giving can, and has been, an efficient and effective choice for many organisations. It is interesting to note that payroll giving has not negatively impacted natural disaster appeals. An impressive 97% of respondents



reported their regular monthly donations remained the same, or increased, whilst donating to disaster appeals.

To increase employee engagement, communication from charities back to the organisation is critical. The report found that community partners, sometimes due to the lack of resources, are not reporting back to their corporate supporters. However, there is a growing need for employees and employers to know what impact their support is having on the community.

### **ADDRESSING KEY ASPECTS**

A publication called *The Difference*, created and edited by Nic Bolto, is an annual Australian report card on the indicators of disadvantage, poverty and exclusion. The findings are aligned to research conducted by Access Economics and highlight that our seemingly progressive society is actually becoming less inclusive. Ten key social indicators support the findings, including homelessness, drug use, suicide, and employment-to-population ratio.

The publication is targeted at high net worth individuals and corporates, with the first edition sent to 5,000 Chairs of publicly listed corporations within Australia.

By identifying a series of indicators, there is opportunity to address them through targeted community projects. The purpose of reporting back on the indicators and their corresponding projects is to have real people and existing community groups behind the statistics.

By showcasing projects that have an immediate impact on the lives of those needing support, there is greater incentive to contribute.

### **IMPACTS OF THE GLOBAL FINANCIAL CRISIS ON CORPORATE SOCIAL RESPONSIBILITY**

In June 2011, a review conducted by CPA Australia of *The social responsibility of corporations* report (Corporations and Markets Advisory Committee, 2006) identified that the nature of corporate social responsibility (CSR), and our collective understanding of it, is constantly evolving.

The report noted that companies should be judged on the way they conduct themselves in the context of pursuing business aims together with their financial and non-financial social impact. The CPA Australia report analysed the trends in CSR since the Global Financial Crisis (GFC) and has recommended a more collaborative approach by both governments and business to create economic prosperity and sustainability. The recommendation from CPA Australia was for higher quality and more integrated disclosure of CSR activity.

This is supported by the International Integrated Reporting Committee, who in 2010 suggested that 'by 2015, all large and medium-sized companies in OECD countries and large emerging economies should be required to report on their ESG (environmental social governance) performance and, if they don't do so, explain why.

A report released by Corporate Public Affairs, *Impact of the economic downturn on corporate community investment* (2009), indicated that companies maintained their commitment to corporate community investments during the GFC.

The report also identified that large publicly owned companies in Australia are going through a transformation where they are strategic in their approach to community investment and choices of engagement are closely aligned with business issues and specific corporate competencies.

These observations are in line with the trends that LBG Australia & New Zealand members have indicated for the last few years. Specific to the LBG model is the ability to report on these trends and dollar figures back to the members to help evaluate their internal and external CCI strategies, approaches and commitments.

With the increased applications of the LBG Output Impact Assessment tool, better understanding of the impact on communities can answer the question 'so what?' to our members.

# INSIGHTS INTO CORPORATE GIVING

Dr Wendy Scaife, Senior Researcher at Australian Centre of Philanthropy and Nonprofit Studies at Queensland University of Technology, shares some insights into corporate giving during natural disasters and the changes occurring in community partnership.

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In a natural disaster, to be organised and plan how to assist in times of crisis is vital. By corporates giving thought to how their entity can assist through granting infrastructure, expertise, diversity and cross-sector links they demonstrate that giving goes beyond dollars.

With a more mature corporate sector, planning ahead for a disaster makes sense. We know the kind of scenarios that will arise and what we will be planning for, and we also have enough experience to know what has been done well and what hasn't.

Corporates, being the strategic planners of the world, have the opportunities to figure out how to make a unique contribution. This can sometimes be a learning curve, but there is plenty of information to draw from.

Part of planning is to work out how to best get help to those who need it and assess which types of community organisations a corporate would like to form a partnership with when a disaster occurs. Forming partnerships has logic to it, like geographical alignments, but an interesting aspect is potential collaboration with other corporates.

Collaborations with companies in the same industry, or network, can be very powerful. In times of disaster, corporates should be looking towards impact and a sincere response to need.

If looking for the flow-on benefits of giving, it is the quality of a corporate's response that has really made a difference — this is what resonates with employees and the wider community. Employees are also keen to see money or in-kind giving reaching their destination quickly to help those in need. There are many phases of a disaster and traditionally corporates have come in at the emergency phase. However, learnings from the past have shown that corporates are now keeping some of their funds for the rebuilding phase, understanding that this may involve long-term recovery.

Internationally there is a lot of business-leader engagement, with CEOs getting deeply involved to marshal resources to bring in help where needed. Even though there is a limit to what corporates can do, it is a step beyond what is happening in Australia and business-leader engagement is another element that can be tapped into when needed.

Going a step beyond being a good corporate citizen and writing cheques, there has been a rise in corporate community partnerships since 2005. This prompts a different type of relationship between the not-for-profits and the corporate community. Instead of monetary donations going out to different charities, corporates will consolidate those funds and build stronger relationships with a handful of charities, and really look at how to boost one another's efforts.

# LEARNINGS FROM LBG GLOBAL

Michael Tuffrey, Director and co-founder of LBG Global, has provided his thoughts around the development of LBG Global, key milestones reached for the LBG model since its inception and an outlook of the future of the LBG model.

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The LBG model, developed in 1994, still holds to its key principles of measuring corporate community investment. Many companies see the LBG membership as a proper investment discipline. The agenda has grown from giving money away, to talking about business responsibility and sustainability of the planet.

## LBG GLOBAL MILESTONES

The space in which the LBG model is applied has matured, but the need to manage community contributions as an investment remains. There have been four key milestones for the LBG model that have given it validity and continuity over the years.

**1:** Establishing common principles for evaluating resources going into the community and allowing companies to get to a total of contributions that is consistent across all industries and geographies.

**2:** Making outputs and impacts part of a company's thinking, decision-making and evaluation some methodology and benchmarking around outputs and impacts was needed, which is now part of the LBG model.

**3:** Currently LBG Global is looking to develop evaluation and methodology to measure the business benefits. People understand that if an investment is made into a community you create a better environment for long-term business success, improve your reputation and staff moral/motivation and, in some instances, increase sales.

**4:** The next milestone for the LBG model is how community contributions sit with the bigger corporate social responsibility agenda. Some LBG members are already developing aspects of their business operations in the community. For example, organisations are supporting local enterprise or local farmers in their supply chain, which on the face of it looks like what they have been doing through their community program but it actually develops a whole additional supply chain. The next frontier is how LBG as a methodology can help organisations with aspects that up to now are seen as conventional business.

### WHAT KEEPS MEMBERS ENGAGED

For long-standing members there is still a management and resourcing benefit in the annual benchmarking exercise because it gives them very practical business information to fine-tune their programs or defend their budgets.

There is also value for members attending member's meetings, as being part of a professional membership is more than just a numbers exercise. Additionally, long-standing members are involved in leading-edge practices like the impacts groups and the business benefits group.

### GLOBAL TRENDS AND LOOKING AHEAD

There is a trend that all companies want to learn about experiences in different markets. Global companies increasingly see their business operations, aspirations and cultures not based on the country they operate from. Thus sharing information between them is inevitable.

The LBG approach is universal but we need to make sure we are comparing like with like. For members who haven't been working in the same geographical group, sharing data may pose questions. This will mean that facilitators will need to work extra hard to ensure everything is aligned. The more we work together the less scope there will be for individual groups to want to do their own thing. The LBG model works, it is just the interpretations of it that may be different, but we will work through any questions that arise.

In five years time we hope that every internationally focused company and many nationally focused ones want to apply the best disciplines for management, measurement and reporting of community contributions. And that those organisations recognise LBG as the global approach and standard, and are using it to make effective contributions to their community investments.

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# WHAT IS LBG?

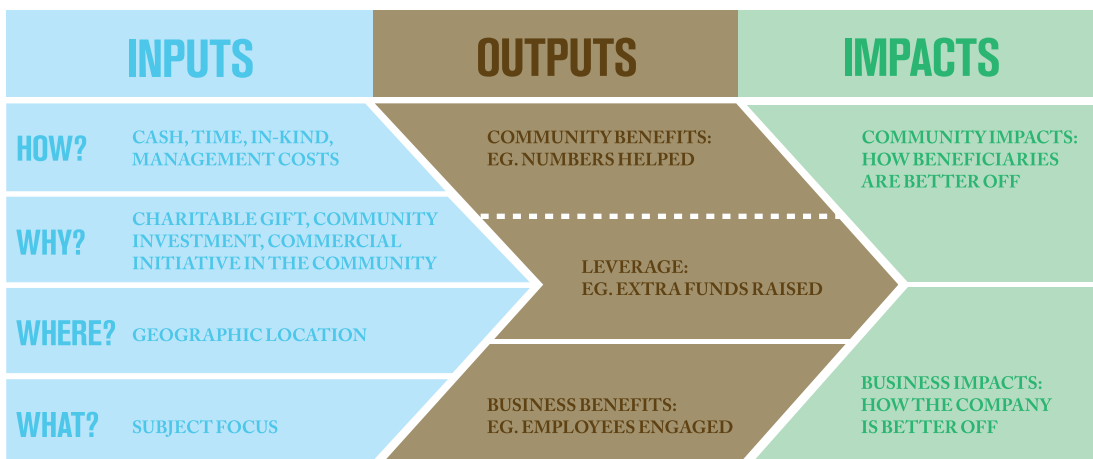
## WHY MEASURE?

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.

### THE LBG MODEL



## A NETWORK

LBG is 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 other's experiences – both good and bad!

### BY MEMBERS FOR MEMBERS

Almost 60 companies across the region are part of the group, including Telstra, NAB, Australia Post and IAG. LBG is run by its members, and steered by a representative group of member companies.

### 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 \$259 million was invested by LBG members in communities. 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.

The LBG Output Impact Assessment tool looks at what corporate investment achieves against indicators in five key areas: people, community organisations, environment, business, and employees, to assess the impact the investment has made on those areas.

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# BEING AN LBG MEMBER

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## BENEFITS OF LBG MEMBERSHIP

There are a number of advantages of a LBG membership. Primarily it is having access to the model, which provides a framework for analysing the costs and benefits of CCI, enabling more informed strategy development, national and international benchmarking and validated external reporting. In addition, the workshops and forums held throughout the year enable members to work collectively to further develop and refine measurement tools, and share ideas and challenges.

## BEING A MEMBER OF LBG

LBG members are entitled to the following range of services and benefits:

- In house LBG Getting Started Workshop
- Access to group LBG training sessions held throughout the year
- Individual support and assistance to apply the LBG model
- Up to one day (8 hours) consulting time, including verification of your annual return
- Access to data management and reporting tool
- The LBG annual benchmarking report and a digital copy of your LBG company report
- Member newsletter, with news on measurement topics, company reports and forthcoming events
- Annual plenary, with an agenda based on topics suggested by the group
- Specialist industry sector group meetings each year on specific measurement issues as required
- Access to members-only section of the LBG website with advice on implementing the LBG model
- Use of the LBG logo and the right to cite membership in external publications
- Access to workshops held throughout the year focusing on making the most of the LBG model and measuring what your programs achieve
- Access to the Output Impact Assessment tool
- Promoting the LBG membership and individual members to the wider-media

As LBG continues to develop internationally, a range of additional features and benefits will also become available in the coming year, including data sharing and an online data collection and management tool.

Haystac is available to provide additional support to members to assist with data collection and getting the most out of their LBG results.

# WHAT IS THE ROLE OF HAYSTAC?

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Haystac holds the exclusive licence to manage and facilitate the Australian and New Zealand arm of the London Benchmarking Group (LBG). Haystac is proud to be associated with the LBG and is genuinely committed to achieving social change through collaborative corporate projects and partnerships with the broader community.

Haystac is a CCI and cause-related marketing firm that aims to contribute to achieving positive social outcomes within the region's corporate, not-for-profit, philanthropic and government sectors.

In addition to coordinating the LBG network, Haystac is available to offer help in CCI strategy development, community business partnership training and brokerage, CCI capacity building workshops for corporate and not-for-profit organisations, CSR and sustainability report writing, communication strategy development and media relations.

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## LBG AUSTRALIA & NEW ZEALAND ONLINE

[www.lbg-australia.com](http://www.lbg-australia.com)

[www.lbg-nz.co.nz](http://www.lbg-nz.co.nz)



**Twitter:** LBG\_AU\_NZ



**LinkedIn:** LBG (Group)



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# LBG MEMBERS

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