How to Effectively Communicate Your CSR and Green Initiatives

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Today

- Defining Citizenship
- Reputation, Trust & CSR
- Stakeholder & Issue Mapping
Defining Citizenship
“Citizenship is not a spectator sport.”

- Sam Nunn
  Committee Chair, Public Responsibilities
  Committee and Member, GE Board of Directors
Expectations are Changing
Bringing Society Into Strategy

Mckinsey’s Thesis:
✓ Society’s expectations of business are changing rapidly
✓ The traditional notion of what constitutes society has been transformed. . .now a broader spectrum of stakeholders
  (e.g., communities, governments)
✓ Companies with a narrow view of society will be increasingly on the defensive

The Good News:
Companies that proactively manage risks can turn them to opportunities and create enormous value
Trends

• **More, not less**—Move to demonstrate what a company is doing in the broader community will accelerate

• **Financial consequences** for those companies that don’t move to CSR (over $2 trillion already invested in Socially Responsible Investment (SRI) funds in the United States)

• **Regulation** compelling CSR reporting is on the way, up to and including standardized reporting

• **Early adopting** companies that embrace comprehensive CSR policies and implement them well can create real differentiation and business value

• CSR practices not sufficient—they have to be reported to, informed by, customers, stakeholders and the community at large

Communications has the accountability and opportunity to play a key role
Relevance
Implications for Communications Professionals

COMMUNICATORS MUST:
• Understand the key drivers of their business and issues that affect it
• Know the key influencers of their business

Community Relations
• Non-profit partnerships
• NGOs

Reputation Management
• Branding
• Thought leadership

Media Relations
• National
• Trades
• Social media

Issues Management
• Crisis management

Influencers/Stakeholders
• Industry Analysts
• Trade Associations
• Government/Regulatory
• Investors

Employee Communications
• CEO communication
• Employee satisfaction
• Employee retention

Marketing Communications
• Sales collateral
• Advertising
• Customer engagement
Benefits

- By publicizing commitment to socially conscious business practices, companies create and deepen stakeholder relationships.
- Companies that aim to integrate CSR into their overall business strategy and operations realize benefits.

“Not only do we have to follow the laws, which we have always had to do, but now we have to anticipate informal social contracts and understand that we play in a bigger thing called society and that these all have impacts on the bottom line. . .”

Jeff Immelt
GE Citizenship Messaging Framework

1. Make Money
   Strong, sustained economic performance

2. Make It Ethically
   Rigorous compliance with financial & legal rules

3. Make A Difference
   Ethical actions, beyond formal requirements, to advance GE’s reputation and long-term health
GE Citizenship Focus Areas

GE’s commitment of resources – technology, process & people – to solve some of the world’s toughest problems, making a difference for the world’s vulnerable populations.

**Education**
Improve standards and achievement for primary & secondary education

**Health**
Improve health-care delivery in targeted developing world communities

**Environment**
Improve access to safe drinking water for rural and peri-urban groups

**Community Building**
Helping build communities for sustainable prosperity

Going *beyond compliance* to co-create value and earn a license to operate with stakeholders through engagement and a renewed commitment to openness and transparency.
Reputation, Trust & CSR
Where Do Reputations Come From?

- **Stakeholder Experiences**
  - Product Quality
  - Customer Service
  - Investment Performance
  - Treatment of Employees

- **Corporate Messaging**
  - Branding Activities
  - Sponsorship Initiatives
  - PR/IR Events
  - CSR Programs

- **Media Conversation**
  - Print
  - Broadcast
  - Internet

**Stakeholder Perceptions**

**Reputation**
Corporate Reputation

Reputation Institute Model

Reputation is built on 7 pillars from which a company can create a strategic platform for communicating with its stakeholders on the most relevant key performance indicators.
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Corporate Reputation

Reputation Institute Model

RepTrak™ Pulse

Corporation Citizenship Index 44.3%
Reputation & Transparency

The good news is that the most reputable companies are going beyond compliance to co-create value and earn a license to operate with their stakeholders through a renewed commitment to openness and transparency.

*It isn’t for the faint of heart.*

"Transparency is not a gray area for GE"
--Chairman & CEO Jeff Immelt

What does that kind of transparency look like?
The Age of Transparency

- Revitalize corporate reputations after the destruction of 20% of the world’s market value.
- Rethink priorities and heeding the messages of consumers the world over.
- Listen closely to the concerns of stakeholders, demonstrate authentic care for communities, commit to a shared set of values with their employees—and stand behind these beliefs even at a cost to short-term performance.

These actions will develop enduring, sustainable, value-creating results and maintain their corporate reputations.
Issue & Stakeholder Mapping
Goals:
1. Convene diverse stakeholders … listen and learn about their concerns & issues
2. Identify improvements for GE’s citizenship communications
3. Identify emerging trends that may impact GE
4. Develop lines of communication to facilitate ongoing relationships

Stakeholder feedback sought for continuous improvement
GE Stakeholder Convening Process

05-06 Reporting
NYC
London
NYC

06-07 Policy
Brussels
Hong Kong
NYC
Geneva
Washington

08-Present Business
Delhi
NYC
Sao Paolo
Beijing

This dialogue has allowed us to better understand how our business goals can be aligned with commonly held social goals. The counsel we received helped strengthen our citizenship mission.
Reputation-Building

**What:** Identify strengths/gaps in engagement, leveraging relationships with key influencers for endorsement

**Who:** Global influencers (Media, NGOs, IGOs, peer companies, etc.) with GE business participation

**Inventory**
- Inventory all influencers from past 3-4 years (~300)

**Align**
- Align influencers against key issues

**Analysis**
- Identify gaps and opportunities for endorsement/advocacy

**Outreach**
- Develop action plan for key stakeholders to tell GE story on a key issue

**HOW**
- Op-eds
- Case studies
- White papers
- Media opps
- Conferences/speaking opps
- Government relations/public policy
- Online perspectives
- Online Forum
Engagement

**Environmental**

- ecomagination

10 companies; 4 NGO founders
- GHG reduction needs to be global
- Technology exists to address climate change
- Deployment often requires policy support
  - Incentives and mandates
  - US needs to lead
- Long term price for carbon accelerates deployment

**Social**

- **Human Rights**
  - Joined BLIHR as the 13th company, supporting the organization’s mission “to find practical ways within a business context to promote human rights”
  - Make human rights considerations mainstream in day-to-day operations
  - Developed Statement of Principles on Human Rights

**Governance**

- **Anti-Corruption**
  - GE was one of the founders of TI in mid-1990s to address corporate and political corruption
  - Response to inconsistent anti-corruption enforcement and frameworks
  - The TI Index is now the most commonly used measure for corruption in countries worldwide.
Reporting

The Need: A proactive communication to enhance long-term success with all stakeholders
- Build stakeholder relationships
- Strengthen reputation
- Increasing demands for fuller disclosure -- The “how,” not “what”

The Result: An integrated story of how GE conducts business, its impacts on communities, and its efforts to be a good and trusted world citizen.

“In an increasingly global and transparent world, we measure our performance in a context broader than financial results and stock price. Everyday, we strive to be a responsible citizen, to perform with integrity and to serve our customers, investors and other stakeholders responsibly.”

Brackett Denniston, GE Senior Vice President & General Counsel
Initial Feedback/Reviews:

- Browse the report to see some of GE's advanced responsible workplace practices. It's worth it. *CSR for HR*

- The document is just as much a report as a kind of treatise on how – in the age of global corporations – businesses should be run and how they should interact with individuals and the environment. *Evolved Employer*

- Pay attention to the language…. It means that the company is in the game and on record with some long-term thinking regarding corporate priorities. *Business Ethics*

- GE has gotten much better at listening to critics and outside voices, and in working with them. *Marc Gunther/CSR Blogger*
Final Thoughts...

- Like any relationship, you have to establish trust with stakeholders, in part, by the accuracy of the information you provide.

- When you have an issue, you need to engage with speed, clarity and a bit of humility. In admitting missteps, show that you are human but diligent and trustworthy.

- Transparency can shine light on issues in your business and help you get better—it is the right thing to do.
Citizenship & Operational Excellence

Illustration of how Engagement links to Learning & Decision Making

ENGAGEMENTS
- DIALOGUES
  - Regional Convenings
  - Advisory Panel
  - ecomagination Advisory Committee
  - Indexes/Ratings
  - Surveys
  - Investor Inquiries
  - Employee Affinity Groups
  - Partnerships
  - Memberships

ONGOING REVIEWS
- Citizenship Executive Advisory Committee (strategic reviews, quarterly)
- Public Responsibility Committee (Oversight, 3 times a year in 2009)
- Corporate Executive Council (progress review on strategy and performance, quarterly)

OPERATIONAL COMMITTEES
- Diversity
- HR
- Operational
- Commercial
- Compliance
- EHS
- Risk

Active on both local & global level

ONGOING CITIZENSHIP ENGAGEMENT THROUGHOUT THE YEAR

STRATEGIC PLANNING, KEY OPERATING MILESTONES
- Session D [Compliance]
- Session C [Organization]
- Growth Playbook [Strategy]
- Session T [Technology]
- Operating Plan
- Session E [EHS]
Codes, Standards & Rankings

- AA1000 Assurance Standard -- Process standard for social/sustainability reporting
- CERES principles Self-assessment principles
- Dow Jones Sustainability Index Rating system
- FTSE4Good Index -- Rating system
- GRI G3 -- Reporting guidelines
- ISO26000 -- Voluntary guidelines
- ISO14001 -- Voluntary technical standard
- OECD Guidelines for MNCs -- Guidelines
- SA8000 -- Audit standard
- UN Global Compact -- Voluntary principles

“While the policing model of the past has made some positive improvements, it has been relatively unsuccessful at identifying the core issues.

“This has created a duplication of efforts, contributed to a proliferation of codes of conduct that create confusion, and has largely been an ineffective use of resources.”

Sean Ansett, Founder, At Stake Advisors

Isolated Efforts to Measure Performance
Prioritizing Citizenship Communications

GE identifies citizenship risks and opportunities that:

✓ Are closely integrated to business strategy
✓ Substantially influence the decisions of stakeholders.
✓ Have a significant influence over GE’s business success.
Citizenship—Employee Expectations

## Actions to Build

- Review the GE Corporate Citizenship Report
- Review The Spirit & The Letter
- Know yourself: Understand the benefits of responsible corporate citizenship & be familiar with key messages (corporate and business)
- Know your business: Understand your business corporate citizenship priorities and identify business benefits of reflecting corporate citizenship within your strategy
- Know your environment: understand existing or emerging issues relevant to your business, know your target audience(s) and specific messages for those stakeholders and identify business examples or successes that can position the issue favorably for your business
- With the support of your Communications team, volunteer to participate in interviews with the media
- Volunteer to investigate Integrity concerns across your organization
- Participate with your Ombudsperson, when appropriate
- Get involved in Community Service Projects through GE Volunteers and ELFUN

## Resources

### Training

- View on-demand HR Orientation module on “Corporate Citizenship”

### Resources

- GE Corporate Citizenship Report
- The Spirit & The Letter
- GE Developing Futures in Education: [http://www.ge.com/foundation/developing_futures_in_education/index.jsp](http://www.ge.com/foundation/developing_futures_in_education/index.jsp)
- GE Corporate Citizenship Employee Portal: [http://citizenship.ge.com/portal/site/citizenship/](http://citizenship.ge.com/portal/site/citizenship/)
- GE Volunteers Portal: [http://www.gevolunteers.com](http://www.gevolunteers.com)
- GE Star Awards: [http://star.ge.com](http://star.ge.com)
- GE Foundation: [http://www.gefoundation.com](http://www.gefoundation.com)
Transparency in Reporting Cluster Bombs
Transparency in Reporting

Issue

• For over five years, GE has communicated that the company does not manufacture components for cluster bombs or landmines.

• In preparing the 2007 Citizenship Report, the company became aware that this was an inaccurate statement.

• In fact, GE acquired a company in 2001 that was supplying a sensor for use by a U.S. manufacturer of a next-generation cluster weapon for supply to the U.S. military.
Transparency in Reporting

Issue

In 2005, sales of this sensor generated less than 0.001% of consolidated GE revenues. Of more than 250 million sensors produced each year, only 15,000 are used for this application.

*GE was faced with an inconsistency in practice against stated commitments.*
Transparency in Reporting

Discussion

• Discussions held among business leaders of the impacted business and the corporate communications, citizenship and legal teams.
• Best approach was full transparency, including publishing the disclosure in the annual citizenship report.
• Decision was ultimately made to cease supplying this product to the customer.
• The next step was in ensuring this decision was communicated successfully.
Transparency in Reporting
Stakeholder Engagement

• Ahead of report release, GE engaged stakeholders about the situation, including various socially responsible investment (SRI) firms and NGOs, all of which had a unique interest in this area.

• The purpose of these briefings was to demonstrate our commitment to addressing this issue and answering any questions each organization had before we released the report.
Transparency in Reporting
Results—presented as best practices in responsible corporate citizenship reporting and transparency.

The Boston College Center for Corporate Citizenship
“GE is to be congratulated for disclosing and remedying shortfalls in areas of key stakeholder concern, notably its discovery that one of its business units...was selling components destined for use in cluster bombs. GE's summary of the cluster bomb situation is a leading example of best practices in reporting and transparency.”

Ethical Performance Newsletter
“The detail in GE’s report is formidable and the argumentation credible. The inclusion of lessons learned from errors of the past and outstanding criticisms today enhance the quality of the main body of the report’s text.”

Corporate Responsibility and Sustainability Communications
A report published by Edelman Public Relations, in collaboration with the Boston College Center for Corporate Citizenship, Net Impact and the World Business Council on Sustainable Development (WBCSD), where GE is mentioned as a best practice in regards to transparency...
Corporate Citizenship at GE
Integrated Citizenship Approach
Optimizes resource utilization & shareholder value

Leverage Company strengths

Strengthen operations & enable insights

Our CSR Strategy is our Business Strategy