

## Aligning Corporate Responsibility and Business Strategy

**EDITORS' NOTE** *In our focus on Shaping the Future, we look at the strategies leaders are exploring to align the success of their organizations with the greater good of society as a whole. We spoke with prominent leaders to get their take on the following question: How critical is corporate responsibility to your brand and to the culture of the company and how do your efforts align with your business strategy? Their valuable insight is reflected in the answers below.*

### Muhtar Kent, Chairman and Chief Executive Officer, The Coca-Cola Company



IN A WORLD WHERE POPULATIONS ARE GROWING, NATURAL RESOURCES ARE stressed, communities are forced to do more with less, and where consumers' expectations are expanding, sustainable business practices are core to our business continuity and survival.

I am confident that the investments we are making in beverage innovations and in building a business that is environmentally and economically beneficial to the communities we serve will help our business grow.

Consumers today are increasingly making purchasing decisions that are based as much on the content of our character as on the content and taste of our beverages. People want to interact with brands and companies that share their values and are doing their part to protect and enhance people's lives, communities, and the world. If a good brand is a promise, then a great brand is a promise kept. By engaging in sustainable business practices and helping to improve the lives of people in the communities we serve, we are keeping our promises and nurturing our business for success today and tomorrow.

### Ratan N. Tata, Chairman, Tata Sons Limited

THE TATA PHILOSOPHY OF CORPORATE RESPONSIBILITY IS TO LOOK BEYOND THE generation of products and profits to serve the communities in which Tata companies function, the driving force being to give back to the people of the community what has been taken from them. We regard our expressions of social responsibility as our modest contribution to the nation, and we do not seek to project it in the language of sales or turnover. I would like to think that our social philosophy is the best part of what the Tata group stands for.



**Hank Greenberg, Chairman and Chief Executive Officer, C.V. Starr & Co., Inc.**



YOUR QUESTION ABOUT CORPORATE RESPONSIBILITY IS FAR MORE APPLICABLE to a public company than a private company. A private company doesn't have the same reporting requirements or public shareholders. Having said that, C.V. Starr & Co., while a private company, has management, all of whom worked for years in a public company, so we do have an ingrained sense of responsibility.

This responsibility is further enhanced by the fact that the senior managers of C.V. Starr are trustees of The Starr Foundation, of which I am Chairman. The Starr Foundation has been a very important factor in supporting many important social needs in the city, state, country, and globally. While I can't measure at this time the benefit to our business – and in any event, it wouldn't matter – I believe that what The Starr Foundation has done has benefited mankind. When I ran a public company, there was no question in my mind that The Starr Foundation's activities did help our brand name.

**James S. Turley, Chairman and Chief Executive Officer, Ernst & Young LLP**

A COMMITMENT TO THE PUBLIC GOOD IS PART OF ERNST & YOUNG'S MISSION. Our work in Assurance, Tax, Advisory, Transactions – all of our services – bring transparency, reliability, and independence to the marketplace. So in one respect, corporate responsibility is the foundation of everything we do as a business today. But corporate responsibility also speaks to our aspirations for tomorrow, and one of the ways we invest in that future is by investing in societal programs and encouraging community engagement.

Our focus areas for corporate responsibility – education, entrepreneurship, and environmental sustainability (the 3Es) – are aligned with our business strategy and extend our values and culture into our communities.

For example, we're a learning organization; we hire thousands of students every year and foster their professional development. We channel that same capability into our education-focused corporate responsibility programs, and we encourage our people to give back as tutors and mentors in local schools.

Also, for more than two decades, we've been a leader in helping high-growth companies, and our Entrepreneur Of the Year® (EOY) award is the leading brand in that sector. Through our entrepreneurship-focused corporate responsibility efforts, we are reaching thousands more high potential entrepreneurs who have that dream, but have not yet made it real.

Finally, environmental sustainability is an issue our people care about deeply and get involved in. And as an organization that provides climate change and sustainability services, we believe it is important that we focus on reducing our environmental footprint - and we are doing that.



**Shelly Lazarus, Chairman, Ogilvy & Mather Worldwide**



I'D LIKE TO THINK THAT WE PRACTICE WHAT WE PREACH. I TELL CLIENTS THAT they have to consider the societal context of their brands. If the bedrock of your brand is trust, and your brand is what you do, not just what you say, then you are required to think through what you can do to be a good corporate citizen. All companies purport to be market driven; they are driven by the forces of the marketplace and what the customers say. Well, the customers have spoken. They have said they want to buy their products and services from companies that are responsible, that give back to their communities, to the world we live in. So companies have to think seriously about how to use their marketing dollars to do things in the world that make a difference to the people who are part of their brand.

Ogilvy has a long-standing history of giving back to the community. David Ogilvy listed specific behaviors that he admired in his employees. Among the behaviors he praised was community involvement. He said: "We admire people who are good citizens in their communities – people who work for their local hospitals, their church, the PTA, the Community Chest, and so on."

Our culture provides an environment that allows grassroots movements to flourish when a few employees get together with a passionate vision in mind.

Each year our employees around the world live up to this standard through pro bono campaigns, monetary contributions, and donation of time.

**Ronald A. Williams, Chairman and Chief Executive Officer, Aetna Inc.**

AETNA IS IN THE BUSINESS OF HELPING PEOPLE LIVE FULL AND HEALTHY LIVES, while helping to shape more effective health care systems. Because we believe public companies can and should help make the world a better place, our commitment to corporate responsibility is intrinsic to who we are and what we believe in. It permeates our culture and directly supports our strategy. To that end, we take a proactive view of corporate responsibility, which includes thought leadership, philanthropy and volunteerism, and protecting the environment.

Much of our work focuses on ways in which we can foster healthier communities by addressing some of our most pressing health challenges, including racial and ethnic disparities in health care, obesity, and the increased prevalence of chronic diseases both in the U.S. and abroad. Through our philanthropy, we're able to forge partnerships with health care providers, academia, and others to support research and development of innovative programs designed to tackle these issues. Our experience has shown us that by investing in communities we can be a positive force for change, helping people get access to affordable, quality health care, which in turn enhances our brand and creates new opportunities to fulfill our mission.



**Steven R. Loranger, Chairman, President, and Chief Executive Officer, ITT Corporation**



AT ITT, WE EXPRESS OUR DEDICATION TO CORPORATE CITIZENSHIP THROUGH our values, operations, and philanthropic efforts. We also support good citizenship by providing mission-critical products and technologies that have a real, lasting, and positive impact on our world. We view corporate citizenship as a critical, long-term investment for our company and our brand and, as a result, hold it to the same level of priority as our financial success. By emphasizing efficient operations and sustainable growth, workplace safety, governance, and ethics, we ensure that we are accountable to all of our stakeholders. Our signature corporate citizenship commitment, ITT Watermark, unites our products and technologies to philanthropy to make a difference alongside our partners – Water For People, Mercy Corps, and the China Women's Development Foundation. When we bring safe water, sanitation, and hygiene education to children and schools in areas where need is great, the company is both living its commitment to responsibility and establishing a presence in promising emerging markets. Our citizenship focus has engaged our employees by creating an environment of pride and fulfillment, strengthened our brand promise of being "Engineered for life," and has truly positioned ITT to make a difference on a global scale.

**Terry J. Lundgren, Chairman, President, and Chief Executive Officer, Macy's, Inc.**

OUR CUSTOMERS HAVE HIGH EXPECTATIONS OF MACY'S AND BLOOMINGDALE'S. They trust that we operate in a caring and ethical manner, and they expect that we will do the right thing when faced with tough choices. "Integrity Always" is one our company's core values. As such, corporate responsibility is essential for us to maintain the bond of trust not only with customers, but with our associates, vendors, communities, and shareholders. Underpinning Macy's, Inc. business strategy are unwavering commitments to fair and safe labor practices, consumer choice, community leadership through philanthropy and volunteerism, and sustainable business practices that protect the environment. Our philosophy on these subjects is widely shared internally and externally, and we encourage partnership with all of our stakeholders so we can continue to improve. Macy's commitment is that our customers will be at the center of all major decisions and that clearly includes corporate responsibility.





**Timothy P. Flynn, Chairman, KPMG International**

BIG CHALLENGES FACING THE WORLD TODAY – FROM CLIMATE CHANGE TO globalization to poverty and education – all impact business, and KPMG member firms see this every day in the work we do with clients, as our firms operate in more than 140 territories and jurisdictions around the globe.

Our two priority issues globally are environmental sustainability/climate change and partnerships for international development, such as our work to help contribute to the achievement of the UN Millennium Development Goals. Through our Global Corporate Citizenship framework, we encourage our people to apply their skills and experience to these and other critical issues facing the world and our local communities. For example, in response to the devastation in Haiti, we're not just giving money (\$2.7 million) but also providing a pro bono audit support package for smaller NGOs to attest to the integrity of the money they receive and ensure it is spent with integrity and accountability.

We also have a strong commitment to support youth and education. For instance, KPMG in the U.S. works with the First Book organization, to help address literacy and put new books into the hands of underprivileged children. We're also proud of our work with Major League Baseball's Reviving Baseball in Inner Cities (RBI) program, which helps boys and girls on the field and off through teaching the value of teamwork and encouraging greater academic achievement.

All of this ties directly into our culture. KPMG's corporate responsibility initiatives relate closely to our Employer of Choice agenda, which is about enhancing our ability to recruit, retain, and develop our people. Our view is that by harnessing the professional skills that KPMG people use every day and applying them to the world around us, we can help make positive changes that will enable the communities in which we live and work to flourish. Our people want to be leaders who improve and change communities and we support them in this commitment.



**Stanley Litow, Vice President of IBM Corporate Citizenship & Corporate Affairs, and President of the IBM Foundation**



IT IS VERY CRITICAL, AND NOT JUST ACCORDING TO ME EITHER. A RECENT RANKING by BrandZ of the 100 top global brands for 2010 ranked IBM second from the top. One of the key reasons, according to the study, was IBM's exemplary Citizenship and Social Responsibility program, designed to solve social and societal problems with our innovation embodied by our best talent and technology. This is no accident. We have consciously designed our global corporate responsibility program to mirror our business strategy, reflecting our focus on the most innovative and powerful technologies such as cloud computing and data analytics addressed at some of the critical social problems such as literacy, the environment, and job creation. It is embodied in one of IBM's core values: "Innovation that matters for our clients and for the world."

Moreover, our corporate responsibility programs produce a significant return on investment measured by how we can attract and retain the best talent, develop the most innovative and cutting edge technology, expand into new markets, and attract socially responsible investment funds. This truly is a triple bottom line benefit.

**Barry Salzberg, Chief Executive Officer, Deloitte LLP**

CORPORATE RESPONSIBILITY IS AN INHERENT QUALITY OF ANY SUSTAINABLE business and especially for organizations like Deloitte, where being worthy of public trust is essential. Our values and actions both contribute to and are a reflection of our culture and enhance our brand and perception in the marketplace. And as a talent-based business, our continued focus on corporate responsibility is critical to recruiting and retaining the best talent.

While our culture has served us well, we decided a public declaration of our commitment was also necessary. Within our formal corporate responsibility policy, Deloitte proclaims to all a determination to "promote human dignity and ethical behavior, advance learning and culture, and advocate the sustainable use of natural resources and the environment." The U.S. corporate responsibility policy has been largely endorsed by our global organization, Deloitte Touche Tohmatsu, for its member firms throughout the world.

Beyond the borders of our workplace, our commitment to corporate responsibility includes the advice we provide to others. Deloitte's Enterprise Sustainability group allows our people to not only live the values of sustainability in their personal lives but also as their chosen profession; by helping our clients make their organizations more sustainable.

As is evident in our annual corporate responsibility report, at Deloitte, our responsibility extends to our people, our clients, our communities, and the world we share. At Deloitte, responsibility is our business.

