

Dollars and Sense

Corporate community
investment impact
measurement in
Hong Kong, Indonesia,
Malaysia and Singapore



Summary

Business can be a force for good and make a positive contribution towards community development. A key aspect of a company's sustainability performance is its approach to interacting with the communities in which it sources commodities, sells products, has operations and offices. However, business often views its performance with respect to community investment in terms of what it is 'giving' (through employee volunteering, gifts in kind and other support) as opposed to what impact it is having.

An increasing number of companies and their stakeholders want to understand companies' impacts on communities where they operate, source and distribute products. Leading companies understand that investing in local communities can bring direct benefits to communities as well as to their business, but they face challenges in their approaches to community investment and how to build effective partnerships.

Over recent decades there has been a growing awareness regarding the impact that businesses can have on society. Increasingly, companies are openly stating that their commitment is to be an agent for positive change for society and for the environment. There is a shift towards a focus on understanding community investment through the corporate lens of 'risk and opportunities', towards a sense of 'Shared Value'.

This report focuses specifically on Corporate Community Investment (CCI), defined by the International Finance Corporation as 'Voluntary contributions or actions by companies to help communities in their areas of operation address their development priorities, and take advantage of opportunities created by private investment—in ways that are sustainable and support business objectives.'

This report provides an insight to the CCI activities of eighty of the largest listed companies in Hong Kong, Indonesia Malaysia and Singapore. The focus of the research was to analyse whether the sample group of companies were reporting on CCI impact. This report was presented at the CSR Asia Corporate Community Investment – Measuring Impact Forum, Singapore June 2013.

It is clear that companies are spending millions of dollars on community investment – this report takes stock of the expenditure to ask if the companies are considering whether the investments make sense and are delivering returns for both communities and business.

In order to review which companies are measuring the impact of their community investment projects our report examines current trends in CCI, identifying:

- How does a company report CCI?
- Why do companies get involved?
- How are companies investing?
- What are the selected CCI focus areas?
- Who is benefiting from CCI?
- How is the CCI delivered?
- Are companies measuring and reporting on impact?

It is clear that the majority of companies recognise there is an expectation and need to invest in local communities. A quarter of surveyed companies can articulate why and how they engage local communities but many more assign money, products and employee hours to local communities and do not define why or measure the benefits of such investment.

Summary

The research finds that the companies surveyed prioritise investment in children and education and the delivery of CCI projects through local non-profit organisations. CCI disclosure is activity, output based – listing trips and projects. There is very limited discussion around the goals of community investment or defining what positive impact a company is trying to achieve.

Perhaps the most startling trend is the complete absence of focus on emerging issues that will be critical to region's future. For example, no companies address water use and scarcity as a focus of CCI, despite the huge impacts their operations potentially have on local resources. It is of concern that the predominant themes continue to be safe, predictable areas such as education and health, seemingly selected without clear links to specific business and community needs.

The clear finding is that companies are not measuring the impact of their community investment projects but are relying on story telling and anecdotal experiences rather than impact assessment to determine the relevance, quality and impact.

Why measure impact?

Companies should measure the impact of CCI in order to:

- Know where you are going and keep track of progress
- Ensure continuous improvement
- Estimate 'social return on investment'
- Ensure relevant and efficient allocation of resources
- Be accountable and acquire management buy in

As the familiar adage goes: 'what gets measured gets managed'. Measurement can help community investment managers and stakeholders know where you are and where you are going, to make sure you are doing the right thing – and doing it well - to check if things are going as planned and to avoid nasty surprises. Through measurement, monitoring and evaluation, companies can make sure they are using resources well and continuously improving. Measuring and reporting on impact are important parts of overall accountability.

Companies need to identify at the beginning of a CCI the value and impact they want to create for both the business and the community. It is crucial that this is linked to the needs within the community. Through stakeholder engagement these needs can be identified.

The opportunity

In Asia alone millions of dollars are spent by the corporate sector serving the communities that support them. There is a real opportunity for companies to design community investment projects in a way that will create change and deliver benefits to communities and to business.

Corporate giving is strongly embedded in the Asian business culture and this is only set to increase. To date this giving is still largely reported through 'nice' stories. Should businesses continue to give millions towards CCI without return or assessment of value? CCI should attract the same discipline as other investments with goals, KPIs and targets set and measurable results (for the community and the business) to report on. Through impact measurement, monitoring and evaluation, companies can make sure they are using resources well and creating positive impacts for both the community and for the business.

Research

The purpose of this research is to determine if a selection of the largest¹ listed companies on four prominent Asian stock markets are measuring the impact of their community investment projects.

A total of 80 companies were selected from four stock markets:

1. Hong Kong Stock Exchange (HKG)
2. Indonesia Stock Exchange (Bursa Efek Indonesia)
3. Malaysian Stock exchange (Bursa Malaysia)
4. Singapore Stock Exchange (SGX)

Companies were selected using publicly available market information and were determined based on the volume of stock. Companies selected were those with the largest stock volumes on 25th April 2013 (Malaysia), 29th April 2013 (Hong Kong and Singapore) and 2nd May 2013 (Indonesia).

In order for a company to qualify for the research the company must also have publicly available information in the form of a webpage, CSR/Sustainability Report and/or Annual Report, in English or with an English translation.

To allow for comparison four diverse industries were represented in the survey;

- Banking and Finance
- ITC
- Pharmaceuticals
- Property and Real Estate

A full list of companies is provided in Appendix 1.

Content analysis was carried out using publicly available information on company websites, CSR/Sustainability Reports and Annual reports. All data was collated from information provided from 2011 onwards. In order to comprehensively analyse CCI information a set of indicators was created. These indicators were determined by CSR Asia and represent the key themes and issues related to corporate community investment impact measurement.

A full list of indicators is provided in Appendix 2.



香港交易所



Indonesia Stock Exchange
Bursa Efek Indonesia



¹Size is determined by the volume of stock

Results and Findings

Level of Reporting

Among the companies surveyed, only half of the eighty companies provided publicly available information on CCI. Companies on the Malaysian stock exchange were most represented with 13 out of 20 companies reporting on CCI.

Stock Exchange	Total Number of Companies who reported on CCI
Malaysia	13
Indonesia	10
Singapore	9
Hong Kong	8
Total Number of companies	40

There was no formal or consistent way companies disclosed CCI information. From the forty companies that reported on CCI, only 50% of those provided information which was clearly labelled and easy to locate. The remaining companies dispersed information through CSR/ Sustainability webpages, reports and Annual Reports. Identifying and extracting CCI information was not straight forward or uniform.

Twenty companies included a distinct section in a report covering CCI. There were many variations in how companies grouped and named their CCI information. Headings included 'Supporting Public Welfare', 'Corporation & Society', 'Social Programs', 'Empowering Communities' and 'Community Development'.

Banking & Finance and Property & Real Estate had the highest number of companies reporting on CCI efforts. ITC companies performed poorly with only five out of the twenty companies surveyed providing any CCI information.

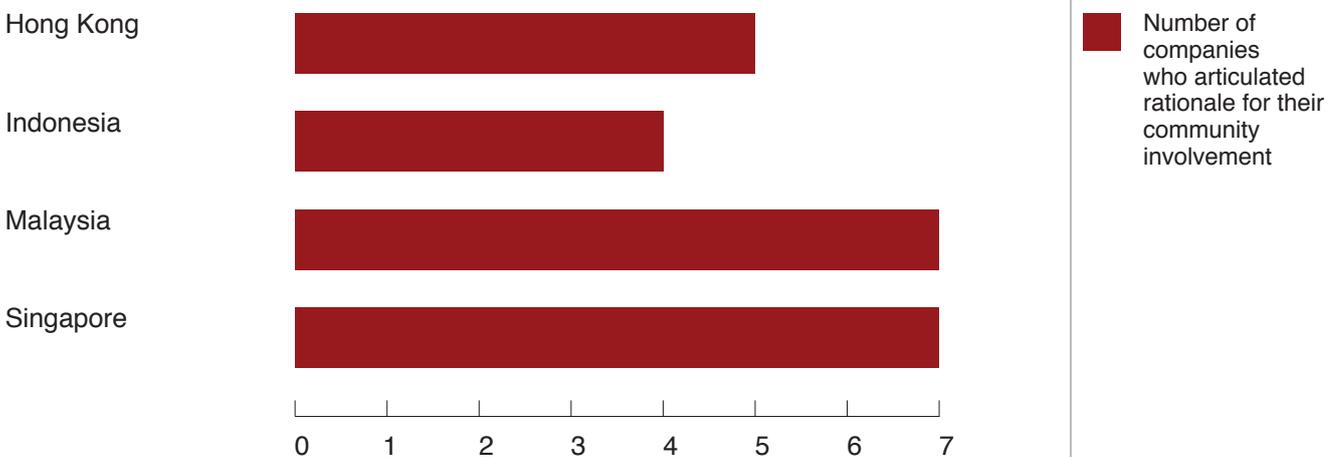
Industry	Total Number of Companies who reported on CCI
Banking and Finance	15
Property and Real Estate	12
Pharmaceuticals	8
ITC	5
Total Number of companies	40

Results and Findings

Why are companies involved in CCI?

Across all stock exchanges twenty three companies clearly outlined and explained why they undertook CCI. Among those with a CCI strategy, there was an overarching theme that being actively involved in the community and 'giving back' meant companies could state that they were a socially responsible business.

A total of nineteen companies had at least one initiative which linked to core business practices, for Pharmaceuticals this involved the provision of healthcare and medicine, for Banking and Finance, training in finance and for Property and Real Estate the building of schools.



How are companies investing – Cash, Time or In-Kind?

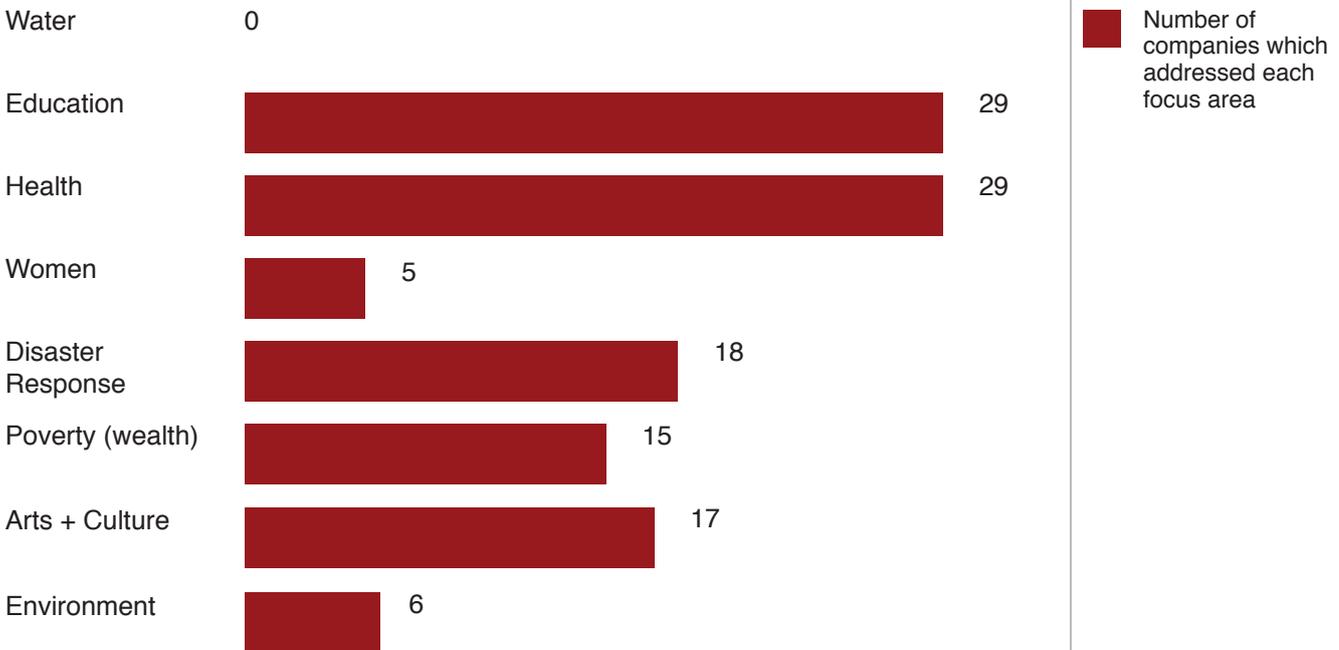
Out of the forty companies who report on CCI, 82% clearly state that they donated money, however only 43% of those companies disclose the amount invested. Some companies disclose the amounts for specific programmes, but not all of their CCI.

There is limited evidence that companies are donating time and resources to communities. Disclosure on the involvement of employee volunteering in CCI was relatively low, with only seventeen companies clearly stating that employees were a part of the community initiatives. Only four companies provided further detail on employee volunteering in terms of number of hours and frequency.

Results and Findings

What are companies investing in?

The most common topics selected for CCI were education and health. Across the forty companies who reported on CCI, 73% had at least one CCI activity where one of these topics was the main focus.



Who is benefiting?

The research shows a high percentage, 75% of the forty companies, have CCI focused on children. Initiatives ranged from working with primary schools, after school clubs and providing healthcare. Senior Citizens were the least represented demographic, only 10% of companies had a CCI activity focusing on the elderly.

Demographic benefiting from CCI	Total Number of Companies with CCI addressing this demographic	Proportion out of 40 companies who reported on CCI
Children	30	75%
Adolescents	20	50%
Adults	13	33%
General Community	12	30%
Senior Citizens	4	10%

Results and Findings

How are companies implementing CCI?

Companies are collaborating and partnering with external organisations to implement CCI and twenty eight companies of out of forty state they use external partners to deliver projects.

The most prevalent partnerships are with local NGOs, from the twenty eight companies, 82% made reference to this type of collaboration.

Collaborations with local government agencies are also fairly recurrent and 57% of the twenty eight companies mention this type of partnerships. International NGOs and academia partnerships are less common.

Reference to Partnership/ collaboration type	Number of Companies
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Local charity/NGO	23
Government agencies	16
International charity/NGO	9
Local School	7
Local University	6
Local Hospital	3
Internationally based School	2
Internationally based University	0

Inputs, Output and Measuring impact

Out of the forty companies that reported on CCI only seventeen (42%) disclose information on CCI inputs. All input disclosures referred to the amount of money invested and only one company, China Construction Bank, recorded the amount of employee time and other resources invested.

Only thirteen companies presented any information on outputs and the number of people impacted by their CCI. The output information for the most part was 'story telling' and the data was vague and inconsistent.

There was no consistency in how the inputs and outputs are presented in corporate disclosure and it should be noted that no company disclosed input and output information for all CCI's.

Although the companies reviewed were able to tell good 'stories' about CCI unfortunately there was no evidence to suggest that any company is measuring and reporting the real value, impact and success of these investments.

Conclusion and recommended next steps

Companies are recognising the need to measure and report on impact to make sure that community investments are making a real difference, create value for the business, leverage opportunities and minimise risks. Companies are also increasingly moving away from traditional philanthropy towards strategic community investment. Strategic community investment entails longer-term commitment, better matching of company resources to community needs and a sharper focus that is aligned to business core competencies.

Continuous community engagement



In addition to impact measurement, below are the recommended steps towards strategic community investment:

- Identify social needs (through stakeholder engagement) that are most pressing to the communities you work in and most relevant to your business. There is a tendency to build projects and programmes based on an outside perception of needs and often choices are made which are not aligned with the core business of the company –as a ‘feel good add on’.
- Define your vision, set clear goals and mission for CCI. Clearly outline how long they will last, the desired impact/achievement and the exit strategy. Be careful to avoid dependency, build in an exit strategy from the beginning to ensure sustainability of programmes.
- Use appropriate resources. It is not only money, but also investment of time, products, services, influence, networks and management knowledge that can help to address real challenges. Businesses also need to recognise and leverage the resources and strengths of communities and its partners.
- Start measuring impact! Begin with your flagship programme. Are you delivering what you set out to achieve? Companies need to understand the benefits they are creating to ensure they are using their resources well and to ensure they are making a positive difference for the community and for the business.
- CCIs should be reviewed regularly to ensure they are still relevant in terms of focus and demographic impact.

Appendix 1

Hang Seng Bank	Hong Kong	Banking and Finance
China Construction Bank	Hong Kong	Banking and Finance
China CITIC Bank	Hong Kong	Banking and Finance
Bank of Communications	Hong Kong	Banking and Finance
BOC Hong Kong Holdings	Hong Kong	Banking and Finance
Computech Holdings	Hong Kong	ITC
M Dream in World	Hong Kong	ITC
Agtech Holdings	Hong Kong	ITC
Sunevision Holdings	Hong Kong	ITC
China soft International	Hong Kong	ITC
Hao Wen Holdings	Hong Kong	Pharmaceutical
Jiwa Bio-Pharm Holdings	Hong Kong	Pharmaceutical
CSPC Pharma	Hong Kong	Pharmaceutical
Extrawell Pharmaceutical	Hong Kong	Pharmaceutical
Sino Pharmaceutical	Hong Kong	Pharmaceutical
Evergrande Real Estate Group	Hong Kong	Real Estate and Property
Lai Sun Development	Hong Kong	Real Estate and Property
Heritage International Holdings	Hong Kong	Real Estate and Property
Shui On Land Ltd	Hong Kong	Real Estate and Property
Yuexiu Property Ltd	Hong Kong	Real Estate and Property
Bank BRI	Indonesia	Banking and Finance
Bank Central Asia	Indonesia	Banking and Finance
Bank Bukopin	Indonesia	Banking and Finance
Bank Negara Indonesia	Indonesia	Banking and Finance
Bank Mandiri	Indonesia	Banking and Finance
Agis TBK	Indonesia	ITC
MultiPolar Technology Group	Indonesia	ITC
Erajaya	Indonesia	ITC
Centrin Online	Indonesia	ITC
Multifiling Mitra	Indonesia	ITC
Kalbe	Indonesia	Pharmaceutical
The Tempo Group	Indonesia	Pharmaceutical
Indofarma	Indonesia	Pharmaceutical
Darya Varia Laboratoria	Indonesia	Pharmaceutical
Martina Berto	Indonesia	Pharmaceutical
Sentul City	Indonesia	Real Estate and Property
Pakuwon Jati tbk.	Indonesia	Real Estate and Property
Alam Sutera	Indonesia	Real Estate and Property
Bakrieland	Indonesia	Real Estate and Property
Angung Podomoro Land	Indonesia	Real Estate and Property
Maybank	Malaysia	Banking and Finance
CIMB	Malaysia	Banking and Finance

Appendix 1 (cont.)

AmBank Group	Malaysia	Banking and Finance
Public Bank	Malaysia	Banking and Finance
Malaysia Building Society	Malaysia	Banking and Finance
Solution	Malaysia	ITC
Asia EP	Malaysia	ITC
Nextnation Network	Malaysia	ITC
Patimas	Malaysia	ITC
Vis Dynamics	Malaysia	ITC
Hovid	Malaysia	Pharmaceutical
Kotra Pharma	Malaysia	Pharmaceutical
Pharmaniaga	Malaysia	Pharmaceutical
SunZen	Malaysia	Pharmaceutical
YSP Sah	Malaysia	Pharmaceutical
UEM Land	Malaysia	Real Estate and Property
Dijaya Corporation BHD	Malaysia	Real Estate and Property
LBS	Malaysia	Real Estate and Property
Nicorp	Malaysia	Real Estate and Property
Eastern and Oriental Berhad	Malaysia	Real Estate and Property
DBS Bank	Singapore	Banking and Finance
OCBC	Singapore	Banking and Finance
UOB Bank	Singapore	Banking and Finance
Ara Asia	Singapore	Banking and Finance
UNI Asia Holding Limited	Singapore	Banking and Finance
WE Holdings	Singapore	ITC
Armarda Group	Singapore	ITC
Ntegrator International	Singapore	ITC
MDR Limited	Singapore	ITC
Eurotronic	Singapore	ITC
China Animal Healthcare Ltd	Singapore	Pharmaceutical
Eu Yan Sang	Singapore	Pharmaceutical
Hawpar	Singapore	Pharmaceutical
Star Pharmaceutical Ltd	Singapore	Pharmaceutical
Pharmesis	Singapore	Pharmaceutical
Global Logistics Properties	Singapore	Real Estate and Property
CapitaLand	Singapore	Real Estate and Property
Kepple Reit	Singapore	Real Estate and Property
China New Town		
Development Company Limited	Singapore	Real Estate and Property
SunTec Real Estate		
Investment Trust	Singapore	Real Estate and Property

Appendix 2

List of key indicators used in the research;

Corporate Community Investment (CCI) Overview

- Does the company have a CSR/Sustainability section?
- Is there a clear CCI/Philanthropy/Citizenship section?
- Is there evidence to suggest the company's CCI is aligned to their core business practices?
- Is there a justification of why they are involved in CCI?
- Is there a clear rationale of CCI Focus?
- How many CCIs is the company engaged with?
- Does each CCI programme have a specified time period (duration)?
- Is there reference to an 'exit strategy', for their CCI programmes?

TYPE of CCI - indicate what form of CCI the company is involved/committed to.

- Does the CCI(s) involve the Company giving/donating?
- Does the CCI(s) involve employees donating?
- Does the CCI(s) involve employee volunteering?
- Do they disclose when time is taken, i.e in or out of working hours?
- Is the frequency of the employee volunteering addressed?
(e.g monthly, bi-annual, annual, etc.)
- Do they disclose the length of the employee initiative(s)?
(e.g 1 day, 3 days, week etc.)

Focus of CCI - What issues do the company's CCI initiative(s) cover?

- Water
- Education
- Health
- Women
- Disaster response
- Poverty (wealth)
- Environment
- Other

Appendix 2 (cont.)

List of key indicators used in the research;

What demographic do(es) the CCI(s) cover?

Children

Adolescents

Adults

Senior Citizens

General Community

CCI Strategic Partnerships

Do they refer to a partnership with Government agencies?

Do they refer to a partnership with a local charity/NGO?

Do they refer to a partnership with an international charity/NGO?

Do they refer to a partnership with local School?

Do they refer to a partnership with internationally based School?

Do they refer to a partnership with local University?

Do they refer to a partnership with internationally based University?

Other Strategic Partnership

Measuring Impact

Do they disclose output data? (i.e. how many people impacted)

Do they disclose impact data? (i.e what difference did it make)

Do they disclose how they measure the impact of CCI?

Have they used the LBG model?

About this report

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