



THE GLOBAL GUIDE TO WHAT COUNTS



A Defining Moment for Corporate Giving

*Differing country standards create obstacles to consistent global reporting.
This framework seeks to overcome those obstacles, thus empowering the
business community to capture and compare contributions.*

Deloitte.

COMMITTEE
ENCOURAGING
CORPORATE
PHILANTHROPY

FILLING A GAP

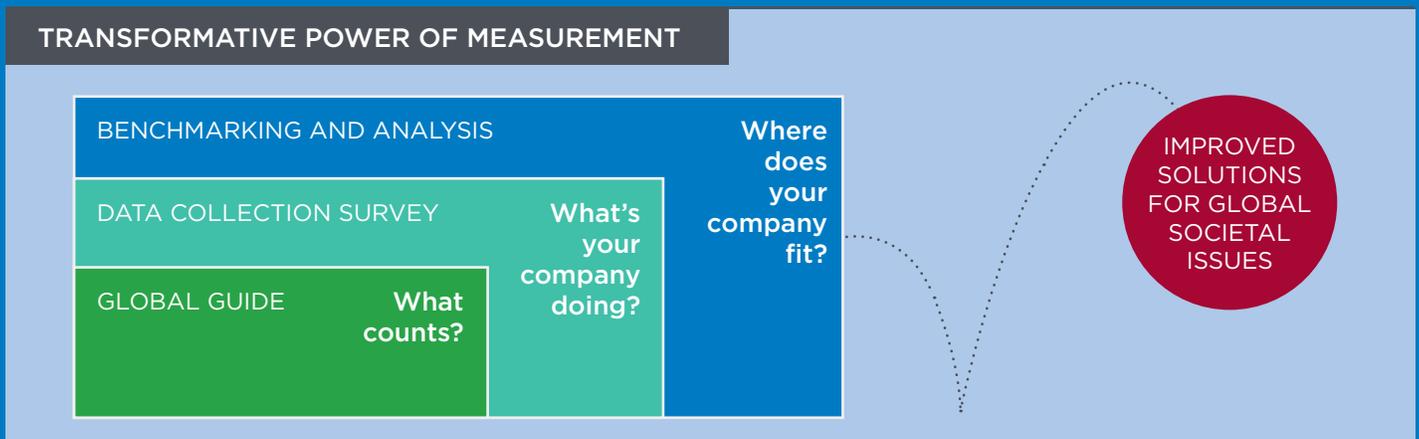
At present, there is no international consensus based in tax law on what characteristics describe a charitable institution. Without a common thread among countries, companies—individually and collectively—are unable to consistently track and benchmark total global giving to these institutions around the world. The lack of a single, consistent, international definition prevents meaningful data-driven decision-making among corporate giving practitioners, executives, investors, and consumers alike.

AUDIENCE

This Global Guide was designed for use by public and private companies around the world whose annual revenue size is comparable to those in the Fortune Global 2000.

THE PATH TO PROGRESS

Two key categories of input informed the *Global Guide*. The first was a rigorous review of country-by-country regulations. International tax professionals scrutinized the current tax laws and related conventions of 17 countries with the highest concentrations of the world's largest companies to determine consistencies and synthesize key definitions. The second category of input was the participation of corporate practitioners and other global thought leaders, who provided feedback throughout the development process. Their most concentrated participation came in the form of an open, online forum that took place during a public comment period.



IN YOUR HANDS

This Global Guide represents the first significant step toward a larger objective: leveraging the definition of eligible charitable donations presented herein to unlock a shared language for benchmarking and analysis. In turn, achieving this objective will enable companies and other philanthropic agents to develop more effective collaborations and enhance philanthropy's collective potential impact without limitation. It's up to the global corporate giving community now to put this guidance into practice by participating in the forthcoming global survey. The image "Transformative Power of Measurement," above, describes the theory of change that motivated this multi-year effort. CECP looks forward to taking that journey with you.

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THE GLOBAL GUIDE

What counts? Determining which recipients to include when reporting total corporate charitable giving.

THREE CRITERIA OF INCLUDED RECIPIENTS

Eligible for Inclusion. A recipient (institution, organization, or entity) must meet all of the following criteria:

1 The recipient must be formally organized;

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2 The recipient must exist for a charitable purpose; and,

+

3 The recipient must never distribute profits.

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MUST BE FORMALLY ORGANIZED

- › The purpose of this criterion is to specifically exclude individuals and ad hoc groups that lack structure or organizational identity.
- › The primary method by which to satisfy this criterion is through recognition as a legal entity by the standard of the country in which it is headquartered. The type of legal entity is immaterial; it could be a corporation, association, or any other valid legal form.
- › In many countries, recipients that are formally organized nonetheless face significant obstacles in establishing legal recognition. In the absence of legal recognition, a recipient must produce evidence that it has liabilities that are distinct from those of its members, such as proof of formal leadership (e.g., the presence of a governing board) as well as structured rules of operation (e.g., a charter or bylaws).
- › Government or state-run recipients must be excluded. See one exception in Criterion #2, “Education and Research.”

- › The purpose of this criterion is to distinguish charitable purposes from all other purposes for which a recipient entity is formally organized.
- › Include recipients whose institutional purpose falls within one or more of the major activity and purpose categories listed and described in the “Included Charitable Activity Categories” section.
 - *The categorical system used here is drawn from the International Classification of Nonprofit Organizations (ICNPO). This is a global standard endorsed and promoted by the United Nations. The examples listed under each category are suggestive, not exhaustive.*
 - *To be included, a recipient’s institutional purpose is evidenced by more than half of its total expenditures being directed toward an activity or activities.*
- › Exclude recipients whose institutional purpose falls within one or more of the categories listed in the “Excluded Charitable Activity Categories” section.

EXCLUDED CHARITABLE ACTIVITY CATEGORIES

Political Parties and Organizations: Political Parties and Political Organizations.

Examples: Political parties; organizations to register voters; and organizations that distribute political literature.

Business and Professional Associations; Unions: Business Associations; Professional Associations; and Labor Unions.

Examples: Professional associations (such as an organization for lawyers) and business associations (such as a chamber of commerce).

Religion: Religious Congregations and Associations.

Examples: Any institution promoting religious beliefs and administering religious services or rituals, including churches, synagogues, temples, mosques, shrines, and monasteries.

- Exception: Contributions coordinated or implemented by a religious institution but which fund one or more included charitable activities or purposes are included.

Not Elsewhere Classified.

INCLUDED CHARITABLE ACTIVITY CATEGORIES

Culture and Recreation: Culture and Arts; Sports; and Other Recreation and Social Clubs.

Examples: Visual and performing arts; architecture; historical societies; museums; publications and broadcast media; zoos and aquariums; social and service clubs; recreational facilities; and amateur sports clubs.

Education and Research: Primary, Secondary, Higher, and Other Education; Research.

Examples: Elementary and primary education; higher learning; pre-schools; technical and vocational schools; and medical, scientific, and social science research institutions. Government or state-run education institutions (in some countries, these are called “public schools”) are included.

Health: Hospitals and Rehabilitation; Nursing Homes; Mental Health and Crisis Intervention; and Other Health Services.

Examples: Institutions providing inpatient and outpatient care; rehabilitation centers; public health and wellness education; and emergency medicine.

Social Services: Social Services; Emergency and Relief; and Income Support and Maintenance.

Examples: Child and youth welfare; daycare centers; services for families, the handicapped, or the elderly; domestic disaster prevention; temporary shelters; domestic refugee assistance; organizations that provide direct income support and material assistance; and self-help programs.

Environment: Environment and Animal Protection.

Examples: Pollution abatement; natural resource conservation; environmental beautification; animal protection; and wildlife preservation.

Development and Housing: Economic, Social, and Community Development; Housing; and Employment and Training.

Examples: Organizations working to improve quality of life or improve economic infrastructure within communities; entrepreneurial programs; job training programs; vocational counseling and rehabilitation; and housing assistance.

Law and Advocacy: Civic and Advocacy Organizations; Law and Legal Services.

Examples: Civil rights associations; organizations that advocate for the rights and protection of specific groups (such as women, the elderly, children); and organizations that rehabilitate offenders or provide victim support.

Philanthropic Intermediaries and Voluntarism Promotion: Grant-making Foundations; Other Philanthropic Intermediaries; and Voluntarism Promotion.

Examples: Private foundations; organizations that recruit, train, and place volunteers and promote volunteering; and collective fund-raising organizations.

- Exception: Grant-making institutions that direct more than half of their funds toward one or more of the excluded activities and purposes outlined in “Excluded Charitable Activity Categories” are excluded.

International: International Activities.

Examples: Exchange/cultural programs; international development assistance; international disaster recovery and relief; and international human rights.

WHAT COMES NEXT?

The release of this *Global Guide* and its companion report represents the first step in a continuum of investments to empower companies to track and benchmark their charitable investments around the world. The momentum from the *Global Guide* will be carried forward in the following ways:

GLOBAL SURVEY OF CORPORATE CONTRIBUTIONS:

- › The survey will mix quantitative and qualitative questions to capture total corporate contributions to charitable recipients, as well as the structure of giving operations.
- › Monetary, property and product, and pro bono service contributions to charitable recipients will be included in giving totals.
- › Data on contributions explicitly excluded by the three criteria in the *Global Guide* (such as contributions to government-run recipients, social entrepreneurs, religious institutions, etc.) will be tracked in the survey, albeit reported separately from giving to included recipients.
- › The target release month for this survey is January 2013.

SURVEY GUIDANCE:

- › Question-by-question guidance describing how each type of corporate contribution should be valued will support the global survey. Building on the *Global Guide*, it will address topics such as currency conversion and how to value product donations and pro bono service.

Corporate practitioner feedback is essential to ensuring the validity and practicality of each of the above resources. CECP looks forward to collecting input on how this global standard can continue to grow. CECP thanks the many voices that have already contributed to this effort, and looks forward to additional collaboration and progress.

3 MUST NEVER DISTRIBUTE PROFITS

- › The purpose of this criterion is to distinguish commercial motives from non-commercial motives as the purpose for which a recipient is formally organized.
- › To satisfy this criterion, a recipient's finances must be managed exclusively to produce a charitable benefit:
 - All sources of revenue must always be reinvested in achievement of the organization's mission.
 - Surplus revenue must not be distributed to entities or individuals. An example of this is when those with a financial share in the organization, such as owners, members, founders, investors, shareholders, or a governing board receive dividends based on the institution's performance.
 - Excessive salaries or perquisites are grounds for excluding a recipient.



CECP & DELOITTE

To create a global measurement framework, CECP leverages 10 years of expertise with the Corporate Giving Standard but required additional proficiencies. Deloitte's invaluable experience in designing global business impact standards and its extensive consulting, audit and tax knowledge make them an ideal consultant for researching and synthesizing the applicable tax codes, regulations, and reporting practices of firms around the world. Deloitte was engaged by CECP for the Global Corporate Giving Initiative on a pro bono basis. Barry Salzberg, CEO, Deloitte Touche Tohmatsu Limited is a member of CECP's board of directors.

The companion report, *Developing the Global Guide*, will be available for public download in Fall 2012 at www.corporatephilanthropy.org.

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