Valuation Guide

Giving in Numbers Survey

Providing in-depth, question-by-question definitions for the Giving in Numbers Survey on corporate social investments.

CECP is the ***unrivaled leader in benchmarking on corporate societal investments, in partnership with companies.***

More information available on http://cecp.co/gin.

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VALUATION

What to Include and Exclude

Eligibility. The survey defines a qualified contributions recipient using the Global Guide Standard, which holds for all types of community investment recorded in the CECP survey. 'Qualified recipients' are those organizations which meet all 3 of the following Global Guide criteria:

1. They are formally organized; **and**
2. They have a charitable purpose; **and**
3. They never distribute profits.

For more information, refer to details of the Global Guide Standard, on page 9 of this document.

- Do not include community investments made with expectation of full or partial repayment or direct benefit to the company.
- Do not include community investments to political action committees, individuals, or any other non-charitable organizations.

Survey Scope. CECP asks companies to report their full dollar totals on the corporate side and foundation side. We encourage companies to "roll up" community investments from subsidiaries, regional groups, and/or international divisions; this means reporting community investment from the highest possible structural level, preferably the parent company.

Currency. Report all amounts in U.S. dollars. For grants, use the conversion rate current at the time of the grant.

Report Corporate Community Investment Only. In all questions where you are reporting a monetary figure for corporate or foundation community investments, do not include contributions from employees, vendors, or customers; the primary community investment questions of the survey are intended to capture only community investments tied directly to your company's financial assets. If your company runs a foundation that receives contributions from other companies (e.g., clients and vendors), record only the contributions given by your company.

- All management and program costs (including foundation costs) that your company incurs should be included in Question V.D. (Management & Program Costs) and not in Question II.A.
- If your company contributes to other grantmaking institutions, include only the portion of your contribution that was disbursed to charitable causes during the survey year.
- CECP acknowledges that some companies raise money from others for nonprofit organizations and while these funds may not be included in the primary community investment questions, the amount generated, along with related costs, can be included in section VII, Total Social Investments.

Multi-Year Grants and Pledges. For multi-year grants, include only the portion of the grant actually paid during the Fiscal Year examined by the survey, not its total multi-year value. Include only contributions that have been disbursed, not contributions that remain set aside for future disbursal.

Events and Sponsorships. If your company sponsored an event (e.g., a dinner table, a golf tournament, or a museum exhibition), record only the portion of the contribution that went toward serving the nonprofit's mission. **Any funds that directly benefited the company**, company employees, and/or their guests (e.g., the food they ate at a dinner, an employee reception at a golf tournament, or a special night at the museum for employees and their families) **should be subtracted**. Essentially, for U.S. companies, this calculation yields the tax-deductible portion of the grant (i.e., the contribution minus the Fair Market Value of the benefit the company, company employees, or their guests received).

Many nonprofits will be able to advise you on what portion of your grant went toward serving their mission. In the U.S., if the payment is more than $75, the charity has an obligation to provide the donor with the Fair Market Value of the benefits provided. If they cannot provide this, CECP advises companies to estimate the charitable portion. For the purposes of the CECP survey, an estimate frequently used in the absence of a more certain one is to record 80% of the total donation as charitable.

Defining and Valuing Pro Bono Service

Summary:

- On the spectrum of skills-based volunteering, pro bono service is the most concerted use of the volunteer's professional skills and therefore its monetary value is counted as part of total community investment (Question II.A) whereas the monetary value of other types of volunteering is not.

- If companies know the actual hourly rates for employees performing Pro Bono Service, they should use these monetary values. Alternatively, companies can use the suggested value on the following page.

MAKING BUDGET	"EXTRA HANDS" TO DELIVER SERVICES/PROGRAMS			INFRASTRUCTURE AND LEADERSHIP
		SKILLS-BASED VOLUNTEERING		
FINANCIAL SUPPORT	HANDS-ON VOLUNTEERING	GENERAL SKILLS	BOARD SERVICE	PRO BONO PROFESSIONAL EXPERTISE
▶ Cash grants ▶ Dollars for Doers ▶ Matching gifts	▶ Playground clean-up ▶ Soup kitchen ▶ Planting a garden	▶ Tutoring ▶ Job skills training ▶ Event coordination	▶ Board placement ▶ Board member training	▶ IT assistance ▶ Marketing collateral design ▶ HR consulting ▶ Legal counsel

As the above diagram produced by Taproot illustrates, there are inherent differences between Pro Bono Service and other forms of employee engagement. Therefore, Pro Bono Service is reported in the *Giving in Numbers* Survey as non-cash in Question II.A.

Value Pro Bono Hours at Fair Market Value

Pro bono work should be valued at Fair Market Value (FMV) and recorded as non-cash community investments. FMV is the hourly or project cost that a paying client would incur for the same service. Companies are encouraged to consult the three scenarios below in determining the FMV of services rendered, which is a national average accounting for geographic differences. CECP is currently unable to provide dollar-value assistance for non-U.S. Pro Bono Service.

SCENARIO 1… For companies with minimal pro bono tracking…

In the absence of employee skill-area data and internal billing rates, you use an estimate of **$195 per hour** for Pro Bono Service projects. This number, highlighted in **orange** in the chart below, is based on an average billing rate across the eight most commonly offered skills areas for Pro Bono Service.

SCENARIO 2… For companies with moderate pro bono tracking…

Companies that track the seniority level or skills deployed in pro bono projects should use the following chart to value pro bono hours if internal rates are not available:

PRO BONO MONETARY VALUATION			
PROFESSIONAL SERVICE	AVERAGE HOURLY RATE BY CAREER LEVEL		
	Early Level	Mid-Level	Executive Level
ACCOUNTING	$125	$190	$335
ADVERTISING AND MARKETING	$115	$135	$250
DESIGN	$120	$145	$215
FINANCIAL SERVICES	$130	$185	$395
HUMAN RESOURCES	$90	$115	$230
IT SERVICES	$155	$210	$335
LEGAL	$140	$175	$250
PUBLIC RELATIONS	$100	$160	$245
AVERAGE FOR ABOVE SERVICES	**$120**	**$160**	**$285**
WEIGHTED AVERAGE*			**$195**

*Note: Released September 2019. *WEIGHTED AVERAGE: Weights were applied to account for the composition of early, mid, and executive career level professionals who typically do pro bono.

SCENARIO 3… For companies with robust pro bono tracking…

Companies should use their best internal billing information to determine the FMV of services rendered. These valuations should be adjusted to reflect billing differences by: geography, seniority level, rate discounting, employee skill area, etc. To do this, companies must track project metrics that affect billing rates so that an accurate, defensible valuation for pro bono contributions can be recorded. *CECP strongly encourages companies to track pro bono to this level of specificity whenever possible.*

The Need for Conservatism
Companies must ensure that their pro bono projects meet the criteria established in this guide and that any hourly rate is defensible. When in doubt, err on the side of conservatism in determining a valuation rate, which must withstand public and peer-company scrutiny.

Source Data and Acknowledgements
CECP gratefully acknowledges the Taproot Foundation for its leadership and collaboration for developing the 2019 standard for the average per hour value of Pro Bono Service. See more: https://taprootfoundation.org/

Data Sharing

What Does "Sharing" Data Mean? The MyCECP online system is a password-protected environment accessible only by corporate CECP-affiliated survey participants and not by the media, academia, nonprofit organizations, or any other public non-participant. The system allows respondents either to share all of their responses or to indicate that they will share their responses with respect to certain questions only. Sharing means that, within the CECP community, you authorize your company-specific information to be included in the secure online system or customized benchmarking reports created by

CECP staff. Revenues, pre-tax profits, and employee numbers will automatically be shared for publicly traded companies, as this is public information by law.

Preserving Trust. Participating companies must abide by the data-sharing limitations agreed by the system's user community. More details on the sharing preferences above and the rights and guidelines of participation are outlined in the Data Sharing Policy.

The Importance of Sharing Data. Users log in to the system regularly to access reports that will help them prepare for strategic planning and internal presentations—and many of those users believe that the system's greatest value is in its head-to-head benchmarking potential. Benchmarking is a critical means by which companies can persuade internal stakeholders to increase budgets and staffing levels, or to try new initiatives such as Pro Bono Service, or to increase their international community investments. Accordingly, CECP strongly encourages companies to share their survey responses—even that which is available in the public domain.

Process for Sharing Data. CECP encourages companies to share all or as many survey responses as possible. However, as mentioned above: To accommodate the possibility of some answers requiring confidentiality, CECP offers the option to share all responses or question-by-question control over which responses are sharable. If a company elects to share all of its survey responses, then it eliminates the need to answer "Yes" with respect to each question thereafter. You will make this selection right away before you begin completing the survey in the "Share within the CECP community" initial question.

- **Selecting "Yes, willing to share all data within the CECP community" means that you will allow other survey respondents within the CECP community to view your answers to all your questions.** A checkmark also indicates that you are willing for all of your company's responses to this question over previous years to be shared.

- **Selecting "Decide question by question on whether to share" indicates that you will not allow other survey respondents within the CECP community to view your company's response to all your questions.** Thereafter, you will have to decide whether to share or not the information of each of the subsequent survey sections. Each section contains several questions. Whichever sharing decision you make in each section will apply to the questions of that section for all previous years for which your company has supplied data. Nevertheless, all of your company's community investment information will be included in all totals in the reporting module (e.g., aggregate, industry, peer group).

International Scope

CECP's goal is to make the survey and resultant benchmarking tools relevant to all companies, regardless of where they are headquartered. Headquarters refers to Community investments made to benefit a recipient within the country of the company's corporate headquarters. In previous years, only the term "domestic" was used to refer to the company's corporate headquarters country (as reported in Question I.A.). "International" referred and refers to any country outside of the headquarters country. CECP discourages subsidiary and regional reporting; however, if you are reporting only for U.S. operations, please indicate "U.S." as your corporate headquarters country and refer to all non-U.S.-based operations of your company as "International." As the study grows to include global standards, CECP will continue to make necessary revisions to incorporate a more international perspective. For example, please see the Global Guide updates to Question II.A. on page 9.

For international reporting, you may see the word…	What it means:	Relevant survey section:
"Impact"	Where the program or grant had its effect or where it created its value, ***not where the check was cut***. In past years, the term "end-recipient" was used to refer to the grantee/organization who ultimately benefitted.	III. International & III.A. International Breakdown
"Headquarters Country (Domestic)"	Community investments made to benefit a recipient within the country of the company's corporate headquarters country entered in Question I.A. under 'Respondent Information'). The source of community investment can be either international or domestic.	
"International"	Community investments that **had international impact** outside of the company's "domestic" or headquarters country. The source of community investment can be either international or domestic.	

I. COMPANY INFORMATION

Question A.: Data Sharing

This required question allows respondents to indicate their preference for sharing their survey responses. Sharing occurs only among other survey respondents that are part of the CECP community, as set forth on page 5. Question A. requires companies to indicate their acceptance of CECP's Data Sharing Policy (which can be found on http://cecp.co/cgs/Resources/datashare.pdf) and then select one of two options:

- Selecting **"Yes, willing to share all data within the CECP community"** will allow all of your survey answers to be shared within the CECP community that completed the survey.
- Selecting "**Decide question-by-question**" will require you to indicate on each survey question how responses will be shared or not shared by using the "Willing to share?" checkbox.

Question I.A.: Respondent Information

Answering this question comprehensively and to the best of the respondent's ability is required.

Company Name: In the "Company Name" field, enter your company's name as you would like it to appear to other survey respondents. The company field should be the entity on which you are reporting in the survey responses. CECP discourages subsidiary and regional reporting, but if that is the only option, **make sure the company's name as you enter it in the "Company Name" field clearly indicates the scope of your survey response**.

Parent Company Name (if different): As noted above, CECP discourages subsidiary reporting. However, if you have no other option, this field should be the entity that owns the company on which the data are reported. For example: If it is impossible to report community investment beyond one region, the Company Name may be "Acme Corporation North America" while the Parent Company name may be "Acme Corporation."

Company Headquarters Location (City, State/Province/Region, and Country): Enter the city, state/province/region, and country based on the location of your company's corporate headquarters.

Contact Person Name and Email, Contact Title, Contact Department: Please list the primary person whom CECP should contact with questions regarding your survey. The email address provided will receive confirmation of survey completion.

II. COMMUNITY INVESTMENTS

Question II.A.: Total Community Investments

This is the most important question in the CECP survey because the analysis of this question results in a high volume of benchmarking activity all through the year. It asks for the total dollar value of charitable contributions from your company for the survey year in question. Answering this question is required.

Survey Instructions:

- Before completing this section, review:
  - the "What to Include and Exclude" section of this guide,
  - the 'Total Giving by Global Guide Criteria" section of this guide,
  - the "Valuing Non-Cash Contributions" section of this guide, and
  - the "Defining and Valuing Pro Bono Service" section of this guide.
- **Include** the value of corporate and foundation matching contributions identified in Question IV.A. Doing so will not cause them to be double-counted by the system; entering corporate match data here is the only way to be "credited" for it.
- **Do not include** the corporate or foundation compensation, overhead, or additional program costs associated with managing your philanthropic or volunteer programs. These totals should be entered only in Question V.D. (Management & Program Costs).
- **Do not include** the value of employee-volunteer hours. These totals should be entered only in Question IV.B. (Employee Volunteer Programs & Hours).
- **Do not include** community investments from the company to your own foundation. This is recorded in Question V.B. (Foundations), but not counted in Question II.A. (Total Contributions).
- **Do not include** any community investments from employees, including to your own foundation (such community investments should be reflected in question V.B. Foundations)

COMMUNITY INVESTMENT TYPES

Direct Cash: Cash community investments from corporate headquarters or regional offices. Funds must be disbursed in the 12 months of the survey year.

Foundation Cash: Cash contributions from the corporate foundation. For many companies, this includes the corporate side of employee matching-gift programs. Funds must be disbursed in the 12 months of the survey year.

Non-Cash: Product donations, Pro Bono Service, and other non-cash contributions (e.g., computers, office supplies, etc.) assessed at Fair Market Value and given during the 12 months of the survey year.

What to include in the field for "additional contributions" that you cannot break down:
If you are unable to categorize any of the direct cash, foundation cash, and non-cash contributions, put that amount in the "additional contributions" field:

- Reduce your direct cash, foundation cash, and non-cash community investment figures by the amount that you will not be able to categorize in the questions on program area, international, and country breakdowns. For example, if you gave $10 million but will be able to categorize only $8 million of it consistently throughout the survey, then reduce your direct cash, foundation cash, and non-cash community investment figures so that they sum to $8 million.
- Then, include the un-categorizable amount (in this example, $2 million) in the "additional contributions" field. Note that any community investments entered in this field will not be "credited" to your company's "total community investment" (which is defined as the sum of direct cash, foundation cash, and non-cash) in the system; however, it will appear in your "total cost of corporate community investment" in the CECP reporting system (which is "total community

investment" plus all management and program costs, the value of volunteer hours, and un-categorizable community investment).
- The online system will perform a check on linked questions and will not save answers that do not match the corresponding totals in Question II.A.
- While we do not advocate entering data in which you have low confidence, we do encourage you to provide reasonable approximations of figures whenever possible, as this will help to ensure that your company's community investment is recorded in its entirety.

Total Community Investment by Global Guide Criteria

The Giving in Numbers Survey uses the Global Guide Standard to define qualified recipients. The standard holds for all types of community investment recorded in the CECP survey.

Background: Before the Global Guide criteria, there was no international consensus based in tax law to globally define a charitable institution. Without such a definition, companies used different standards to determine what grantees to include in total community investment. Therefore, companies were unable to consistently track and benchmark total global community investment to these institutions around the world. In 2012, CECP, in association with Deloitte LLP, published *The Global Guide to What Counts* to define criteria for determining which recipients to include when reporting corporate charitable community investment. The Global Guide criteria are not biased toward any one country and thus opens new opportunities for information-sharing across borders.

Global Guide Valuation: Based on the aforementioned company support, CECP uses the Global Guide criteria for determining which recipients to include when reporting corporate charitable community investment in the survey. Using the Global Guide requires survey respondents to assess whether to include grant recipients in a new way. This transition began in 2013. During the transition, 90% of companies reported that moving from our previous definition to the Global Guide criteria did not affect their total community investment number. For full details on the valuation guidance, please download *The Global Guide to What Counts* at http://cecp.co/global.

Below is the full text of the three criteria for determining recipient (institution, organization, or entity) eligibility with the Global Guide (Please note all 3 criteria must be met):

1. **The recipient must be formally organized.**
    - 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.
    - 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, except for public schools.
2. **The recipient must exist for a charitable purpose.**
    - Include recipients whose institutional purpose falls within one or more of the major purpose and activity categories listed (defined by the International Code of Non-Profit Organizations (ICNPO), a global standard endorsed and promoted by the United Nations):
        - Included: Culture and Recreation, Education and Research, Health, Social Services, Environment, Development and Housing, Law and Advocacy, Philanthropic Intermediaries and Voluntarism Promotion, and International Activities.
        - **Not included**: Political Parties and Organizations, Business and Professional Associations, Unions, and Religious Congregations and Associations (*exception:*

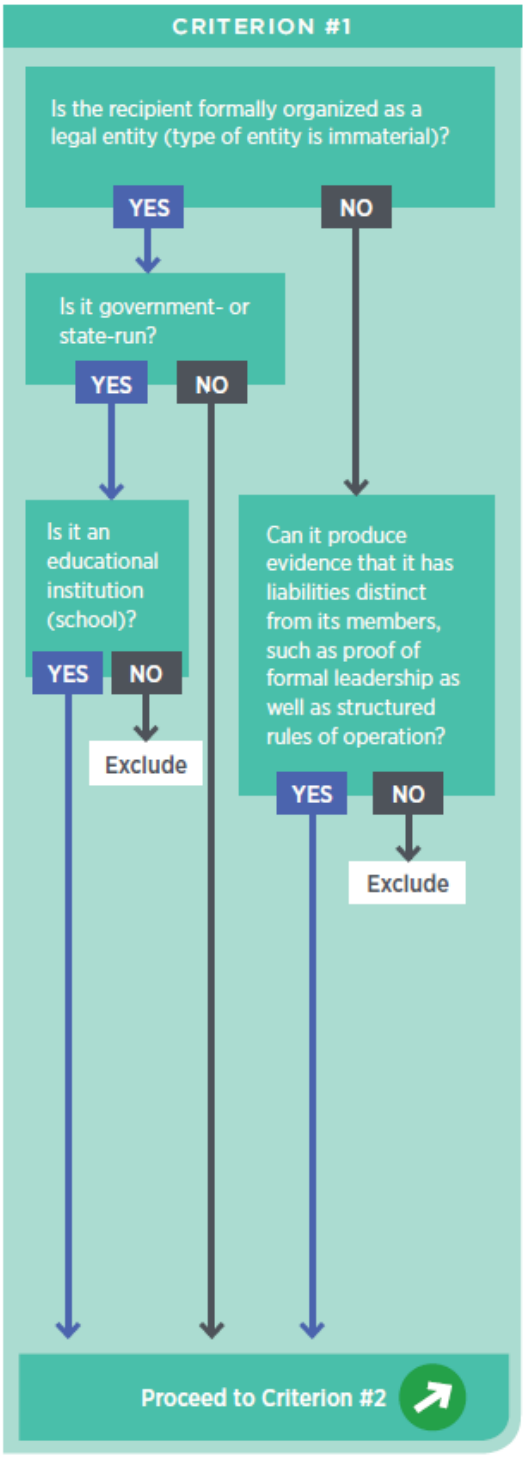
contributions coordinated or implemented by a religious institution but which fund one or more included charitable activities or purposes; these are included).

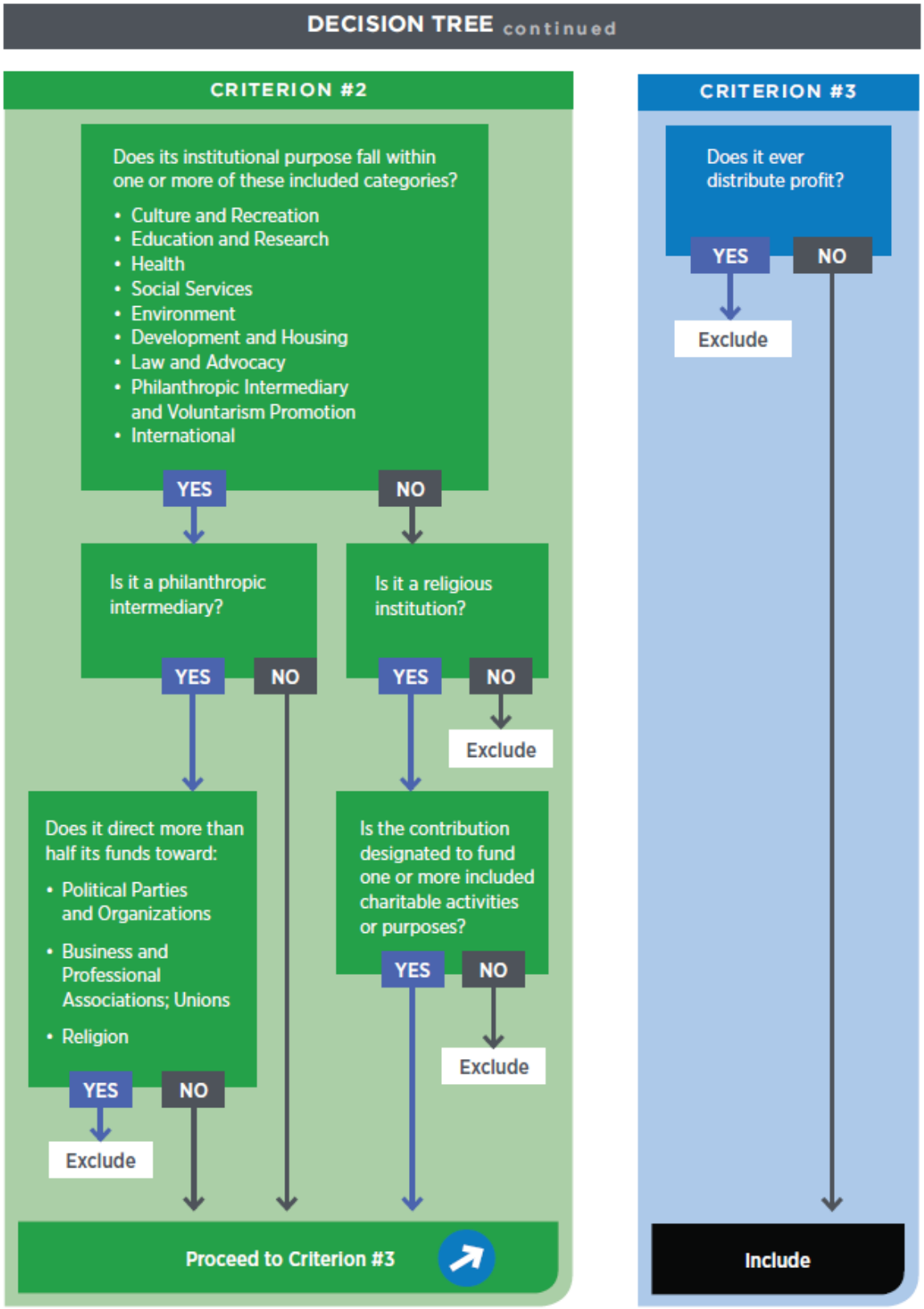
3. **The recipient must never distribute profits.**
    - The purpose of this criterion is to distinguish commercial motives from non-commercial motives as the purpose for which a recipient is formally organized.
    - To satisfy this criterion, a recipient's finances must be managed exclusively to produce a charitable benefit:
        - 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.

APPLYING THE GLOBAL GUIDE

Which of your grant recipients would be included?

DECISION TREE




DECISION TREE continued
CRITERION #2
Does its institutional purpose fall within one or more of these included categories?
• Culture and Recreation
• Education and Research
• Health
• Social Services
• Environment
• Development and Housing
• Law and Advocacy
• Philanthropic Intermediary and Voluntarism Promotion
• International
YES
NO
Is it a philanthropic intermediary?
YES
NO
Is it a religious institution?
YES
NO
Exclude
Does it direct more than half its funds toward:
• Political Parties and Organizations
• Business and Professional Associations; Unions
• Religion
YES
NO
Exclude
Is the contribution designated to fund one or more included charitable activities or purposes?
YES
NO
Exclude
Proceed to Criterion #3
CRITERION #3
Does it ever distribute profit?
YES
NO
Exclude
Include

Breakdown of Non-Cash Community Investment

With this question, CECP seeks to understand better the different types of a company's non-cash community investments. Using the dollar value of non-cash community investment reported in Question II.A. (already reported at FMV), please break down your non-cash total into the three community investment categories below. You may bypass this part of the question if the data is unavailable.

- **Product Donations.** Intended primarily for use by manufacturing companies, this designation seeks to capture any donations of product(s) or inventory sold by your company.
- **Pro Bono Service.** Please see the definition of Pro Bono Service outlined in the "Defining and Valuing Pro Bono Service" section of this guide.
- **Other.** Intended for non-cash gifts other than products or Pro Bono Service. This includes written-down office equipment, use of company facilities, real estate, patents, etc.

Valuing Non-Cash Contributions

Value Products at Fair Market Value (FMV). The survey values non-cash gifts (also known as in-kind or product donations) at FMV, which is defined by the IRS as the price that inventory, products, or certain professional services would sell for on the open market between a company and its direct customers/clients. FMV is the price that a willing, knowledgeable buyer would pay a willing, knowledgeable seller when neither is required to buy or sell. If a restriction is applied to the use of inventory or products donated, the FMV must reflect that restriction. Products and services should not be included as community investment if the company is financially compensated for the contribution in any way. Thus, tiered pricing for schools or nonprofit organizations should not be reported as overall community investment in the survey (including the difference between the reduced price and the Fair Market Value).

Guidelines for Valuing Products at FMV:

- If your customers are end-consumers, use the retail price of the product.
- If your customers are wholesalers, use the price for which the item was sold to the wholesaler.
- If your company is a manufacturing company that uses an in-kind distributor (e.g., Good360 or TechSoup) to donate to 'qualified recipients' (see details of 'eligibility' on page 3), use the retail price of the product.
- If a company can no longer sell its goods on the open market (e.g., the product is time-dated, slightly damaged, or end-of-range), use your best estimate of the goods' value if sold second-hand or in a "used" marketplace. In such cases, the FMV would be slightly above the product's original cost.
- If a company donates written-down equipment and goods, including any goods, stocks, or assets held by the company but written-down in its books for any reason, use company procedures for calculating depreciation. Examples of such written-down products include office equipment and computers that are surplus to what is required (or approaching obsolescence), perishable food and beverages approaching their sell-by date, and equipment removed from refurbished premises (e.g., old offices or hotel rooms).
- If a value is not available, make a reasonable estimate or apply a "rule of thumb" rate of 20% of the products' sale price. However, if you are making such estimates with respect to major or regular contributions, then you should instead seek a professional valuation to substantiate your figures.

Company Facilities: Cost to Company:

- When the use of company facilities or technology is made available at zero or reduced cost, record only genuine additional costs to the company (e.g., refreshments, photocopy paper, etc.). Value them at your standard internal rates, such as those used by your catering or graphic design departments.
- When a company incurs genuine losses or costs by choosing to support a community organization or project, the full income lost should be counted. For example, if you donate the use of training facilities that could otherwise be let, or an entire office block that could otherwise be sold or re-rented, value the donation at the current commercial rates of the prospective let or sale.

Intellectual Property, Real Estate, Other Corporate Resources/Assets. Use "book value." If a book value is not available, then a professional valuation should be sought.

Patient Assistance Programs (PAPs) for Health Care Companies. Health care companies may record community investment free products or services to PAPs regardless of whether those programs are run through a designated 501(c)(3) organization or international equivalent established by the company. As with all other non-cash contributions, pharmaceutical drugs and health care services should not be included as corporate contributions if the company is financially compensated (at a reduced cost or otherwise) from any source.

Public Service Announcements (PSAs) for Media Companies. For each announcement, use the dollar rate at which the particular time slot (or placement, for print media) of its airing would have been billed based on the time/date it aired and the exposure level associated with that time slot. Note that if the time slot is "leftover" or "unsaleable," it should be recorded at a discounted rate that reflects its low market value. Also note that the time must be given to a 'qualifying' nonprofit organization (see details of 'eligibility' on pages 3 and 9). General messages (e.g., regarding general nutrition or fitness) unaffiliated with a nonprofit should not be included.

Question II.B.: Totals by Program Type

This question asks that you break down the cash and non-cash amounts listed in Question II.A. by nine program types (Civic & Public Affairs, Community & Economic Development, Culture & Arts, Education: Higher, Education: K-12, Environment, Health & Social Services, Other, or Disaster Relief).

Survey Instructions:

- To begin, ask: "Which category best describes the ultimate end-recipient of the contribution?" The intent of the gift is important, as the category should reflect the "purpose" and impact of the grant, not the "type" of nonprofit.

  Examples:
  - If the intent of a gift to the YWCA was to support an HIV-prevention program, the contribution should be categorized in "Health & Social Services."
  - If the intent of the YWCA gift was to encourage neighborhood engagement, those funds should be categorized as "Community & Economic Development."
  - If the intent of a gift to Lincoln Center was to plant trees to enhance the aesthetic characteristics of their space, those funds should be categorized as "Environment" (because it is urban beautification) instead of "Culture & Arts."
- If your contribution is a general operating gift to an organization, select the program type that best describes the overall mission of that organization.
- If you categorize any contributions as "Other," please briefly describe these contributions or programs in the "Notes" field.
- The totals in the cash and non-cash columns on this question must match the corresponding values in Question II.A. exactly.

For additional guidance on what to include in each of these categories, refer to the Nonprofit Program Classification (NPC) system, developed by the National Center for Charitable Statistics (NCCS). This system is intended to "classify the actual activities of each organization" (https://nccs.urban.org/). NCCS offers an online search tool for organizations registered in the United States: https://nccs.urban.org/search. For further assistance, please contact CECP.

- **Civic & Public Affairs:** Includes contributions to justice and law, state or local government agencies, regional clubs and fraternal orders, and grants to public policy research organizations (such as The American Enterprise Institute and The Brookings Institution).

- **Community & Economic Development:** Includes contributions to community development (e.g., aid to minority businesses and economic development councils), housing and urban renewal, and grants to neighborhood or community-based groups.

- **Culture & Arts:** Includes contributions to museums, arts funds or councils, theaters, halls of fame, cultural centers, television, radio, dance groups, music groups, heritage foundations, and non-academic libraries.

- **Education, Higher:** Includes contributions to higher educational institutions (including departmental, special project, and research grants); education-related organizations (e.g., literacy organizations and economic education organizations); and scholarship and fellowship funds for higher education students through intermediary organizations and other education centers, foundations, organizations, and partnerships.

- **Education, K-12:** Includes contributions to K-12 educational institutions (including departmental, special projects, and research grants); education-related organizations (e.g., literacy organizations and economic education organizations); and scholarship and fellowship funds for K-12 students through intermediary organizations and other education centers, foundations, organizations, and partnerships. Also includes contributions to programs that support pre-K education.

- **Environment:** Includes contributions to environmental and ecological groups or causes including parks and conservancies, zoos, and aquariums.

- **Health & Social Services:** Includes contributions to United Way and grants to local and national health and human services agencies (e.g., The Red Cross or American Cancer Society), hospitals, agencies for youth development, senior citizens, food banks, and any other health and human services agencies, including those concerned with safety, family planning, and drug abuse.

- **Other:** Includes contributions that do not fall into any of the above main beneficiary categories or for which the recipient is unknown.

- **Disaster Relief:** Contributions that support preparedness or relief, recovery, and/or rebuilding efforts in the wake of a natural or civil disaster or other emergency hardship situation.

After the table there is a question asking for total community investments (cash + non-cash) allocated to issues particularly relevant in 2020, COVID-19 and Social Justice/Racial Equity. Please use the definitions below when determining these allocations:

- **COVID-19 Response:** Contributions to qualified recipients to support COVID-19 relief for individuals and communities, as well as support for frontline/essential workers. This does not include COVID relief given to your company's own employees.

- **Social Justice/Racial Equity as a consequence of racial reckoning in the Spring of 2020:** Contributions to qualified recipients that help, bail funds for protesters, or any other giving that supported the advancement of racial equity for marginalized groups.

- **STEM:** Contributions to qualified recipients that work in matters related to the advancement of Science, Technology, Engineering, and Math education.

Question II.C.: Priority Focus Areas by Program Types

The goal of these questions is to capture more detail than what is captured in II.B: Program Area. This helps clarify on what social issues companies' community investments are having an impact. List them in order of priority, with those of highest priority, first.

They are organized from most broad to most specific:

1. **Categorization by Program Area**

    - To facilitate reporting across companies, select from the following drop-down: Civic & Public Affairs, Community & Economic Development, Culture & Arts, Disaster Relief, Education: Higher, Education: K-12, Environment, and Health & Social Services. For explanations of what is included in each category, please review the valuation guidance for question II.B Totals by Program Type.

2. **Focus Area**

    - Please share focus area descriptions using one or two words (e.g., STEM, Youth Development, Entrepreneurship, Financial Literacy, Diversity, Teen Self-Esteem, Reading, Public Safety, Nutrition, Domestic Violence, Africa, Water Purification, Community Building, etc.).

3. **Strategic Program**

    - Once you enter your focus area, include information about a strategic program at your company that ties to the focus area. Strategic programs receive the most time, strategy, money, and management resources from your company. This type of program is often named and used in external communications. If you have multiple strategic programs, select the one you believe has the most impact. This may be social impact, business impact, or a combination of the two.

    - Please then enter the strategic program's cash and non-cash dollar amount.

As a last step for this table, please include <u>one</u> key performance indicator (KPI) for each focus area and/or strategic program. This KPI can include a programmatic goal, societal outcomes (e.g., changes in graduation rates in local schools), business outcomes (e.g., improvements in employee-retention rates), or any other aspiration as identified by your philanthropic programs.

Survey takers can enter up to four focus area and strategic programs. A company may enter a focus area and leave the strategic program area fields blank. Last year, we found that most companies had at least one signature program with many companies reporting that they have 3-5 strategic programs. This question does not imply that every focus area must have one strategic program. If a company had more than one strategic program for a focus area, they may list the focus area more than once in order to report another high priority strategic program.

After the focus area and strategic program area question there is a multiple-choice question. The multiple-choice question delves into some of the most cited focus areas in recent years. Please select one or multiple priority focus areas that your company considers highly important.

- "Cybersecurity/data privacy" refers to initiatives related to company and client data protection and cybersecurity efforts.

- "Disaster Response" refers to initiatives oriented towards disaster relief from natural disasters.
- "Future of Work" refers to companies with social programs that support the development of an inclusive workforce for the future whether adult education, job training, or other programs.
- "Healthy lifestyles or related" refers to initiatives related to wellness, health, nutrition, and other related topics.
- "Mental Health" refers companies with social programs that provide mental health services and related educational resources.
- "STEM" refers to Science, Technology, Engineering, Math education. If your company includes Arts for "STEAM," please check the box as well.

III. INTERNATIONAL

Question III.A.: International Breakdown

There are two parts to this question:

Part 1: Funding International Impact

This required yes/no question captures the percentage of companies that contributed at least one grant that had **international impact.** Impact refers to where the program occurred (had an impact) not to where the check was cut. **See definitions table on page 7.**

Survey Instructions:

- Please indicate whether or not your company contributed at least one grant that had **international impact** (all countries outside of where your company is headqaurtered that benefited from the grant). "Headquarter country" refers to your company's headquarters country and "international" refers to anywhere outside of your company's headquarters country.
- Impact refers to where the program occurred (had an impact) not to where the check was cut. In previous years, the term "end-recipient" was used with the same meaning and intent as "impact."
- If the breakdown between headquarter country and international grants is unavailable, we advise you to rely on your judgment and general knowledge of your company's priorities.
- If you provided a significant unallocated grant to an organization that supports both headquarter country and international, and if the grantee expects the funds to have international impact, select "Yes."

Part 2: Break Down Total Community Investment Based on Two Dimensions

- This question requests a total community investment (including corporate cash, foundation cash & non-cash), as reported in Question II.A., by the geography of where the impact occurred.
- **Where is the person who ultimately benefitted from the money?** With this question, CECP seeks to understand better whether total community investment funds impact the headquarter country (domestic) and international countries.
- Geography refers to the location of the impact, ***not the location of the nonprofit/where the check was cut***.
- In previous years, the term "end-recipient" was used with the same meaning and intent as "impact" described above and within the definition table on page 7.

Example: If the company provides a grant to the "Friends of Africa Afterschool Education" organization, which is headquartered in the U.S. but will be providing the funding to Africa, this would be considered a gift benefitting Africa, i.e., a location outside the HQ country and therefor international.

Question III.B.: Country Breakdown

Break down your company's total community investments in Question II.A by country. As was advised for Question III.A, the country reported should be the location of where the contribution had impact and not the location of the recipient organization/where the check was cut. Here is an example of determining geography: If your company gave to an NGO headquartered in Germany but benefiting a Bangladeshi education program, this contribution should be categorized as going to Bangladesh.

The country table includes the field "Breakdown not available" This field should be used for all contributions for which the location of the end-recipient is not known.

There are many cases in which a contribution has impact in more than one country and the specific end-recipient cannot be defined. Companies are advised to use their best judgment in assigning these contributions. If the country list is known and the contribution is approximately equally applied, divide the contribution total among the countries where end-recipients are located. *If there is not enough information about where the impact of the grant occurs to estimate, CECP will allocate the remaining contribution as "Unknown (breakdown not available)"*

In order to ensure that the total in III.B matches the total in II.A, make sure to include a total value in your headquarter country's field.

IV. EMPLOYEE ENGAGEMENT

Question IV.A.: Matching Gifts

This question has three parts:

Part 1: Matching-Gift Program Offering

This yes/no question captures whether your company offered any program to match the personal donations of employees (example program types include Workplace Giving Campaign, Year-Round Policy, Dollars for Doers, Disaster Relief, or Other). Answering this yes/no question is required.

Part 2: Matching-Gift Program Values

This question captures the corporate side of matching-gift programs, along with program policies and employee-participation rates.

Survey Instructions:

- As in all areas of the survey, it is important not to double-count funds. Each match may go into only one of the categories. If you feel a matching gift belongs in more than one category, you must determine which category is most appropriate.
- There is a field to provide an overall total ($). After that, there is a table to provide totals by program type if you have that breakdown available.
- In the **Direct Cas**h and **Foundation Cash** columns, record only the corporate or foundation dollars of the match; do not include funds given by employees.

- In the **Match Ratio & Program Caps** column, please detail the company-to-employee matching ratio that applies (e.g., 1:1, 2:1, etc.) and the contribution limits that apply to the program if your company puts a cap on the amount matched per employee per year.
    - If your company has a cap and ratio that applies regardless of program, enter that in the "year-round policy" line. In the program details field for that line, indicate "cap and ratio does not differ by program"
- In the **program details** column, please include the types of nonprofit organizations that are eligible or any other unique aspects of the program.
- If available, please provide the total dollar amount that employees contributed through corporate programs (matched and non-matched).

Part 3: Matching-Gift Program Participation Rates

This question captures program-specific employee-participation rates regarding matching-gift programs.

- For **Employee Participation Rate**, record the estimated percentage of eligible employees donating money through each of these programs within the 12-month period of this survey. The percentage should account only for those employees contributing funds; non-monetary participation in these programs should not be counted. For the Dollars for Doers program, report the percentage of employees participating during the 12 months of this survey. The field will accept only a number between 0 and 100.

TYPES OF MATCHING-GIFT PROGRAMS

Workplace Giving Campaigns: Fundraising drives, such as the United Way, which occur for a defined time period in which the company expends time/effort in organizing and obtaining participation. If the campaign includes opportunities for employees to pledge payroll deductions throughout the year, include the total match to these payroll deductions here. Also known as 'federated funds'.

Year-Round Policy: Community Investments that is not driven by a specific corporate campaign and which benefits nonprofits. Includes corporate matches of employee payroll deductions if employees sign up at their own discretion throughout the year (not as part of a time-bound, defined campaign).

Dollars for Doers: Corporate or foundation community investment to nonprofits in recognition of a certain level (as defined by the company or foundation) of employee-volunteer service to that organization.

Disaster Relief: Matching programs benefitting nonprofit organizations assisting with disaster-related crisis relief, recovery, rebuilding, and/or preparedness *for a specific disaster*.

Other: This category is intended for any type of corporate or foundation matching of employee community investment not included in the categories above.

Workplace Giving Campaigns and Year-Round Policies can both include matches for employee payroll deductions throughout the year. Below are two scenarios to illustrate how to distinguish between these two types of programs:

	Matching-Gift Categorization
Scenario 1: A company runs an October United Way campaign and matches both 1-time gifts ($1M) and year-round payroll deductions ($3M) as a part of that campaign.	• Workplace Giving Campaign: $4M • Year-Round Policy: NA
Scenario 2: A company runs an October United Way campaign and matches 1-time gifts only ($1M). As a separate matching program, this	• Workplace Giving Campaign: $1M • Year-Round Policy: $3M

company also matches year-round payroll deductions ($3M) to select organizations.	

Part 3: Employee Choice

This question captures the level of choice employees have in corporate matching-gift programs. Please select the response that best describes your company's approach to employee choice in matching-gift programs in your domestic market. If each individual program is different, please select the response that describes the matching-gift program yielding the largest contribution in the survey year.

Question IV.B.: Employee Volunteer Programs & Hours

In this question, record whether different types of employee-volunteerism programs and initiatives are in effect at your organization. For this section we ask whether your company offers each of the following employee-volunteer programs to domestic (headquarter country) or international employees (employees working at your company's offices in countries outside of your company's headquarter country).

Survey Instructions:

- Your company must incur costs (which might be in the form of expended staff time only) as a result of these programs.
- Estimated value of volunteer time (traditional volunteering) is $24.14, as indexed by Independent Sector in April 2018.

EMPLOYEE-VOLUNTEER PROGRAM DESCRIPTIONS

Paid-Release Time: Paid-Release-Time volunteerism is also referred to as "On-Company-Time" or "Volunteer-Time-Off" volunteerism. This includes time spent by employees during a normal paid work schedule to donate time to a 'qualifying' organization (see details of 'eligibility' on page 3), within corporate policies. With such a policy, the employee does not make up hours missed and, consequently, the company incurs salary costs for the missed hours. For example: a company-wide day of service is a subset of paid time off; paid time off, however, may also include other time off granted to employees during a normal paid work schedule. It is one of the most commonly offered employee volunteer programs by companies.

Flexible Scheduling: For example, an employee may leave a few hours early to attend a nonprofit meeting yet will often make up the time by coming in early the next day. Flexible Scheduling is not included as On-Company-Time volunteerism because no costs are incurred by the company. For example: An employee may leave a few hours early to attend a nonprofit meeting, yet will make up the time by coming in early the next day. This can also be recorded as "Outside-Company-Time" in Question IV.B Employee Volunteer Programs & Hours.

Dollars for Doers: This is corporate or foundation community investment to nonprofits in recognition of employee-volunteer service. The ratio varies by company, but a common policy is approximately $10 per every eligible hour of volunteer service, usually at a fixed amount (e.g., $500 for 50 hours).

Employee-Volunteer Awards: These awards may include cash grants to a nonprofit of the winner's choice, company-wide recognition, invitations to recognition events, etc. Employee-Volunteer Award winners are chosen through different criteria and nomination processes specific to each company (examples might include eligibility based on the number of volunteer hours, peer nominations, etc.).

Team Grants: These grants are set up specifically to fund teams of employee volunteers usually as a one-time grant. Team grants are different from Dollars for Doers, which rewards individual, ongoing volunteer hours.

Incentive Bonuses: Some companies have Incentive Bonuses that recognize volunteerism as part of their compensation structure and use these to reward employee volunteerism (the funds go to the employee, not the nonprofit, so are not considered charitable gifts).

Company-Wide Day of Volunteer Service: Many companies designate a day or multiple days dedicated to volunteer service to encourage participation across the company.

Volunteer Sabbatical: Volunteer Sabbaticals offer extended periods of paid or unpaid time off for pursuing a volunteer experience. These programs may include international travel or local support for a minimum of one week in a row.

Board Leadership: Board Leadership programs assist nonprofit organizations by placing corporate leaders on their board of directors. To offer a program, the company must provide resources for employees to identify board opportunities.

Pro Bono Service: Pro Bono Service must meet three criteria: 1) Formal Commitment; 2) Employee is performing their professional function; and 3) The Commitment is made to an end-recipient that is formally organized, has a charitable purpose, and never distributes profits. Please see more information about Pro Bono Service on page 4**.**

Virtual Volunteering: Virtual volunteering allows employees to commit their services and time to volunteer at a qualified recipient organization away from its physical site. This type of volunteering is executed through working over internet via personal computers, laptops, tablets, phones, or any other electronic device that allows employees to provide their skilled services.

- **Virtual Volunteering as a result of global health circumstances in 2020:** Please select all aspects of virtual volunteering that have changed as a direct result of COVID-19.
- **HOURS OFFERED**: This section also seeks to understand the number of hours offered by your company to your employees to volunteer at a qualified recipient organization. If your company's policy is based on days, multiply the number of days by eight (e.g., 3 days, enter 24). The time period is one year. If your company's policy is based on quarters, multiply by four. (e.g., 4 hours/quarter, enter 16). Please respond to this question even if the policy does not apply to all employees. If there are different numbers of hours for different groups of employees, share whichever number is highest.
- **TOTAL HOURS VOLUNTEERED:** Provide a consolidated total number of hours employees volunteered. To better reflect how companies track their volunteer time, we have consolidated the previous set of questions (e.g., on or off company time) into one for companies to solely indicate a consolidated total number of hours employees volunteered.
- The last question of this section aims to understand whether other stakeholder groups of non-full-time employees have access to your company's volunteer programs. Companies often ask CECP how their peer companies have extended or adjusted volunteering programs to reach these groups.

Question IV.C.: Employee Volunteer Percentage Participation

Provide the total percentage participation rate of employees that volunteered through corporate programs over this past year (%). Previously, this question included a reference to employees who volunteered at

least 1 hour of on-company time. However, given technological advances (e.g., virtual volunteering) and accessibility related to volunteerism tracking, we recognize that employees may at times prefer to volunteer shorter periods of time than 1 hour.

While we do not advocate entering data in which you have low confidence, we do encourage you to try to provide a reasonable estimate of the percentage of employees who volunteered.

Survey Instructions:
Enter the percentage as a whole number between 0 and 100. The system will add a percentage sign once you save your response. This field will not accept decimals.

Please also share which specific program achieved the highest participation rate. Provide details about this program as a case example as this survey is a free-text field.

V. ADMINISTRATION

Question V.A.: Organization Structure

Merger, Acquisition, or Divestiture: Indicate whether, during the 12-month period covered by the survey, your company has undergone a merger, acquisition, or divestiture considered significant by your industry's standards. The goal of this question is to understand better whether and how such corporate activities alter a company's composition and community investment priorities.

End-Date for 12 Months of Data:
For most companies, this is 12/31/2019. If the corporate or foundation community investment year ends before the end of the calendar year, enter the earlier date. If the last day of the corporate community investment year is different from the last day of the foundation community investment year, enter the latter date of the two.

Corporate Structure:
CECP aims to understand the changes your organization may have underwent over the past year, as well as where does your unit seat within your organization's structure. Consider what executive in the C-Suite is accountable for your department's work. Please select the option that is closest to where you report, even if the terminology is slightly different. If you feel none of the options work for you, please select other and specify.

Community investment Team Size: FTEs

The goal of this question is to capture the personnel resources dedicated to managing community investments. This includes corporate philanthropy, corporate foundation, and employee-volunteer programs. While the question has the structure of a table to provide a breakdown, we encourage all companies to provide their total team size regardless of if they have a breakdown! The "breakdown not available" line in the table is available for this purpose.

Survey Instructions:

- You must enter a number, not text. One person should be entered as "1," two people as "2," and so on.
- A staff member spending a fraction of their time in such a capacity is recorded as the decimal equivalent of that fraction. For example, someone who spends half of their working time (20 hours per week) on corporate or foundation community investment is "0.5" of a Contributions FTE. Someone who spends one-quarter of their time is "0.25" of a Contributions FTE, and so on. The field will accept up to two decimal places. Therefore, possible final answers include: "5.75," "2.2," "8," etc.

- Record the number of staff in Corporate Community Affairs, the Corporate Foundation, and/or All Other Groups (see descriptions below). If a breakdown is not available as noted above, please use the "Breakdown Not Available" field to enter your response. If a single person has a primary role in both the Corporate Foundation and Corporate Community Affairs, *do not double-count* that individual; instead, use the "Breakdown Not Available" field.

Full-Time Equivalent (FTE) Community Investment Staff. CECP defines FTE Community Investments Staff as those who oversee, manage, or directly administer at least one of the following initiatives or programs:

- Corporate or foundation community investment (including Workplace Giving Campaigns, matching, and in-kind community investment).
- Employee volunteering.
- Community or nonprofit relationships.
- Community and economic development.
- Communications, media relations, sponsorships, administration, or public relations focused on community affairs, contributions, or volunteering.
- Sponsorships related to corporate community investment.
- Administration related to community affairs, contributions, and volunteering.

To be counted, a Contributions FTE must spend **at least 20% of their time** either:

- Working for the "Corporate Foundation(s)."
- Working directly in "Corporate Community Affairs" or a similarly named department such as "Community Relations," "External Affairs," "Corporate Contributions," "Corporate Affairs," etc.
- Working in a branch office, retail store, local or regional business unit, or other non-headquarters/non-foundation location, but having corporate community investments or volunteer coordination included in their job description.

Additional Eligibility:

- Include any contract employees who assist with the management or execution of the above initiatives.
- Include managerial staff (e.g., those who may have permanent or periodic supervisory responsibilities in each area).
- Include executive assistants and any year-round interns who support and make meaningful contributions to the functions listed above.

Question V.B.: Foundations

With this question, CECP aims to capture the prevalence of different foundation models and the movement of money between your company and its foundation.

Survey Instructions:

- The first part is a required yes/no question and simply asks whether your company operates a corporate foundation or trust (of any type).
- Second, this question asks for foundation type. If your company has multiple corporate foundations or trusts, please answer this question from the perspective of the foundation type that gives the most money annually. See below for descriptions of types.
- Third, when reporting the total dollar amount of corporate funds transferred to the foundation or trust, record only funds that come from the company's budget. Never include gifts made by individuals, such as employees or even senior management; record only the amount of the gift from the company to the foundation.

- In this question, record the amount of money transferred from the company to the foundation; the amount of money disbursed by the foundation in a given year to a 'qualifying' organization (see details of 'eligibility' on page 3), will be recorded in Questions II.A.-IV.A. The distinction between the amount transferred from the company to the foundation and the amount disbursed by the foundation is critical; for example, a company can transfer more money to its foundation than the foundation actually disburses that year (and vice versa).

- Fourth, if you have more than 1 foundation or trust, please specify how many.

FOUNDATION STRUCTURES

Grantmaking: This foundation structure makes grants to nonprofit grantees. These nonprofit grantees must be eligible using the total community investments criteria on page 9.
Operating: This foundation structure is **very rare** for corporations. An operating foundation does not make grants to nonprofit grantees but instead functions as a nonprofit organization in its own right by using at least 85% of its assets to offer charitable services or programs directly to end-recipients. Pharmaceutical companies sometimes create operating foundations for their Patient Assistance Programs, which service individuals directly.

Other: Your corporate foundation may be structured in a way other than the types listed above. If this is the case, please choose the "Other" designation and use the "Notes" field to provide CECP with a more specific description so that we may refine future surveys accordingly.

Question V.C.: Recipients

This question asks that you report the number of recipient organizations that benefitted from grants made during the survey year. Companies use different terms internally such as partners, alliances, and many more. *This question excludes matching gifts*.

Survey Instructions:

- Number of Recipient Organizations: This is the number of 'qualifying' organizations (see details of 'eligibility' on page 3), receiving grants from your company. Do not double-count organizations.
  - Please specify the breakdown of the number of recipient organizations by either domestic (within headquarter country) or international (within all other countries) source.

Question V.D.: Budget: Management & Program Costs

The goal of the first part of this question is to capture how much it costs to operate the community investments and employee engagement programs. These costs are not included in "total community investment," yet they are an important statistic to compare across companies.

TYPES OF COSTS TO INCLUDE

Compensation: Staff salaries and benefits for all Contributions FTEs listed in Question V.B.

Programmatic expense: Funds used to support specific grants, not including the grant contribution itself. These costs include office supplies, postage, travel, promotional items (e.g., banners, T-shirts, catering, facilities, and equipment rental) and any other money spent to conduct a specific program or initiative. Include the cost of freelancers, consultants, or other outsourced employees hired to assist with specific grants by contributing services such as writing, researching grant effectiveness, project

management, etc. Include marketing costs associated with specific grants. These costs can include cash and non-cash contributions.

Operating expense/overhead: Costs of day-to-day operations, such as electricity, telephone, computer software, printing, attendance at industry events, internal communications, and facilities charges. These are your general "costs of doing business" and are not associated with specific grants. Include subscription or membership fees to 'qualifying' organizations (see details of 'eligibility' on page 3), where the primary membership benefit goes to the company (i.e., membership fees for CECP and The Conference Board). You may also include the cost of freelancers, consultants, or other outsourced employees whose services aid the general operation of your philanthropic programs. This might include the costs of implementing or customizing software, processing grant applications or checks, strategic consulting, etc. Any fees paid to vendors for grants-management software and grants-processing (e.g., MicroEdge, CyberGrants, Benevity, etc.) should also be included here.

BUDGET-SOURCE DESIGNATIONS

Foundation: Note spending from your foundation (if applicable).

Corporate Community Affairs: Note your Corporate Community Affairs (or similarly named) department.

All Other Groups: Use this column for costs incurred by offices, regions, business units, or groups outside the corporate headquarters community investment office and the foundation (in other words, from budgets not included in the category above).

- For retail businesses, this can be community investment by stores.
- For other businesses, community investment can be at the discretion of regional offices, manufacturing plants, etc.

Volunteerism: These are the costs specifically related to the management of volunteer initiatives and can be incurred by either of the groups above ("Foundation" or "Corporate Community Affairs" or "All Other Groups"). In order to avoid double-counting, do not include volunteerism costs in the "Foundation", "Corporate Community Affairs", or in the "All Other Groups" column.

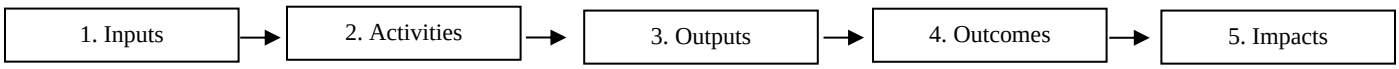
VI. EVALUATION

Please use the following descriptions as a guide for responding to the questions that refer to outcomes and impact in this section:

Logic Model Elements	Metric Description	Example: Malaria Prevention
Inputs	The human, financial, organizational, and community resources a program has available to direct toward doing the work	Gave $10 million to malaria-prevention project
Activities	The processes, tools, events, technology, and actions that are an intentional part of the program's implementation to bring about the intended changes or results	Educating the community and distributing bed nets
Outputs	The direct products of program activities; these may include types, levels, and targets of services to be delivered by the program	Percentage of program participants with knowledge of malaria prevention and # of bed nets delivered

Outcomes	The specific changes in program participants' behavior, knowledge, skills, status, and level of functioning	Percentage of children and pregnant women sleeping under a bed net
Impacts	The change occurring in organizations, communities, or systems as a result of program activities over the long term	Decrease in malaria-related mortality levels

CECP believes that measuring outcomes and/or impact relies on the measurement of the earlier stages of a logic model, including inputs, activities, and outputs (in that order). Thus, the logic model is a continuum of levels for measurement. Please use the following Logic Model Continuum as a guide for answering all questions in Section V.I.:



Question VI.A.: Outcomes Measurement

This multiple-choice question has options that show ranges of measurement depth. Select the response that best describes your company's approach.

Question VI.B.: Measuring to Manage

The first multiple-choice question is assessing the breadth of use across companies. The specific term used by your company must not be only dashboard or scorecard. These terms are intended to incorporate all tools which include multiple measures, compiled with a particular cadence, and used by the team or department. "Long time" should be interpreted to mean multiple years. "Relatively new" should be interpreted to mean less than one or two years of use.

The second multiple-choice question is assessing the prevalence of how the team uses its metrics on the dashboard or scorecard management tool. Key Performance Indicators (KPIs) is the most commonly used term; please assume alternate terms that mean essentially the same thing would be relevant here as well if your company does not use the term KPI. However, there must be a quantitative element of some type. A list of goals or objectives which do not have a numeric or measurable component would not apply.

This third multiple-choice question is assessing whether teams consider trends related to investor demand and objectives when reporting on social KPI's in the company's sustainability report. The Sustainability Accounting Standards Board (SASB) is used as an example of an organization that has built the investor perspective into their approach.

Question VI.C.: Measuring Business ROI

This section seeks to understand whether your company measures the business value of your community investments in regard to employees and brand/customers metrics. The section includes a series of 3 questions for each, with the option to provide some related KPIs on each. The second two questions only apply if a company responds "yes" to the first.

For the yes/no question, please answer on behalf of the company not just your department. For example, the social investment team may not have a KPI around increasing customer loyalty, but the marketing department may assess whether the community investments have an effect on customers which would mean you would respond "yes." For the activities and metric selection question, if your company's actions and priorities vary, please respond with your best answer to represent the priorities in 2019.

VII. THE S IN ESG: TOTAL SOCIAL INVESTMENT

In an effort to understand multiple categories of total social investments that go beyond community investment, CECP uses this section to understand your company's integration of social value into business strategies and efforts oriented towards external stakeholders. This section is a ground-breaking effort to represent how these initiatives are taking shape across large companies. To do this, this section first asks for the Total Social Value efforts for FY2020 in monetary terms, then asks multiple choice questions about these external Total Social Investment categories: Diversity and Inclusion, Human Rights, Impact Investing, "shared value" initiatives, digital assets donations, and workforce development. The selection of multiple-choice questions is intended to encourage as many companies as are able to respond as we continue to develop the definitions which would underlie future monetary reporting on these areas.

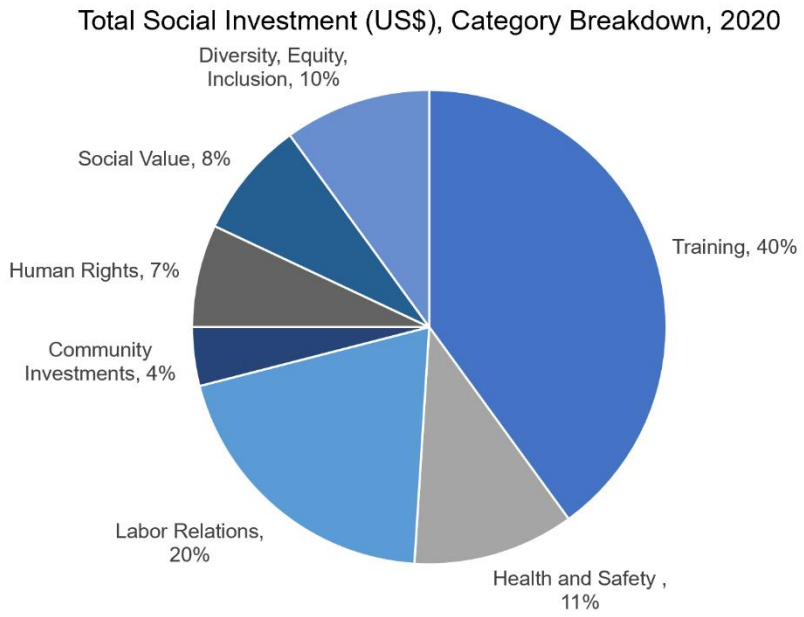
Total Social Value

Total Social Investment (TSI) sums up a company's resources used for "S" in ESG efforts. It is an input metric reported in monetary terms (US$). Using a monetary unit of measurement allows for ease of comparison across companies, making the metric well-suited for benchmarking. TSI spans all social efforts and is therefore compatible with the differences that result when companies set strategy based on their materiality assessment. As an example of the differences because of materiality, an energy company is likely to have a much higher proportion of TSI on safety efforts compared to that of a financial services company. As another example of differences based on materiality, industries where the labor force is changing because of automation are more likely to have a high percent of TSI in Training in order to upskill or reskill people currently working for the company.

The table and pie chart below are an example to help explain TSI in context. They are fictious snapshots that could be pulled from a company's sustainability report, provided here to help illustrate what TSI reporting could look like.

ESG Performance Data			
	2020	2019	2018
Environment			
GHG Emissions (Scope 1 & 2)	525,000	580,000	575,000
Renewable Energy Usage (%)	42%	35%	22%
Waste Recycled (%)	33%	17%	15%
Social			
Volunteer participation - employees (%)	34%	36%	35%
Total Social Investment (US$, in Millions)	525.38*	$539.77	$421.32
Women in management roles (%)	37%	30%	28%
Governance			
Board members (#)	23	20	21
Diverse Board members (%)	22%	15%	14%

*Breakdown provided below



What to Include and Exclude

The **Total Social Investment** (TSI) metric is reported in monetary terms. It is an input metric. The metric sums up all the company's resources used for "S" in ESG efforts from the year (or whatever period is covered by the reporting term). Taking a step back, it is important to note companies' strategy and resource allocation for these "S" in ESG efforts, which are made based on their materiality and stakeholder assessment. Large companies do extensive amounts of work that affect social capital and respond to social issues, and these decisions are not influenced by TSI; they are summed up as the company's TSI value (US$). Categories can help break down what is included in the "S" in ESG. There are seven well-documented categories of social efforts, though there is a gap in current documentation, which we will address in the following paragraph. "Well-documented" refers to the fact that these categories are covered in more than one reporting standard or framework. All together, these categories provide a breakdown to show corporate, sector-wide efforts to include in a company's TSI value (US$). Determined from an extensive landscape review of current, widely used standards and guidance, the seven categories include 1) Communities, 2) Human Rights, 3) Diversity, Equity, and Inclusion-internal, 4) Diversity, Equity, and Inclusion-external, 5) Training, 6) Health and Safety, and 7) Labor Relations. Major standards and frameworks cover each of these even when their wording is not an exact match.

Companies that have conducted efforts across these seven categories, as defined by the reporting standard(s) or framework(s) that they use (e.g., GRI or SASB), should include those efforts' resources in their TSI total (US$).

The current knowledge gap is in relation to **Social Value**. The types of innovative efforts within Social Value can be divided into two groups: broader partnerships and shared strategies. Broader partnerships are expansions of community investment partnerships with nonprofit organizations that are excluded from the community investment definition beginning on page 9. Shared strategies are business strategies that materially and significantly incorporate social outcomes in the strategy. Data from recent years shows that some examples of these Social Value activities are quite active – such as socially-driven internships, donation of digital assets, shared value, and impact investment.

Begin by identifying an effort that your company believes is a social investment. Read the criteria with the effort in mind. Each of the criteria indicate if you should include the effort in TSI, proceed to the next criterion, or exclude the effort from TSI.

Criteria to Decide Whether to Include or Exclude

Criterion One: Social Impact Intention

Was the effort designed in part or in whole to mitigate a negative social impact of the company or to increase the social value produced by the company for a relevant community stakeholder? If yes, proceed. If no, exclude.

- 'Community stakeholder' as defined by GRI: *Stakeholder*: any entity or individual that can reasonably be expected to be significantly affected by the reporting organization's activities, products and services, or whose actions can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives. *Local community:* persons or groups of persons living and/or working in any areas that are economically, socially, or environmentally impacted (positively or negatively) by an organization's operations.
- Employees and customers are acceptable stakeholders as well.
- Social issue areas are referenced in the Global Guide Criterion #2 (see page 9), sourced from the International Classification of Non-profit Organizations (ICNPO): Education and Research, Culture and Recreation, Health, Social Services, Development and Housing, Law and Advocacy, Philanthropic Intermediaries and Volunteerism Promotion, and International.
- The social value cannot be an accident; the company should be able to identify the specific social value that the effort intended to produce. They do not have to have data that it did actually occur. How do you know if your company can identify the social value? Here are some examples:
    - When colleagues describe the effort, the description frequently includes the social value produced.
    - It is documented in whatever tools are used internally to document the decision-making and goals of the company – strategic plan, annual performance targets, meeting agendas, etc.
- Social issue areas refer to what happens as a result of the effort; they do not refer to the partner or other organization(s) involved. The fact that a partner involved in the effort has an independent focus on a qualified social issue does not automatically indicate that this specific effort will count.
    - In contrast, the definitions for community investment do determine inclusion based on recipient's efforts and impact.
- "In part" should be interpreted as an explicit, material intention to produce social value. It does not include social value produced incidentally.

Criterion Two: Resources to Count

Did the effort incur costs for the company in the reporting year? If yes, proceed. If no, exclude.

- Establishing the existence of costs ensures there is something to count. If there are no costs, there are not any resources used for the effort that can be added to the amount reported for the Social Value component of Total Social Investment. This criterion is in place to filter out efforts for which it would be impossible to calculate a monetary value. As Total Social Investment is an input metric, some resource allocation is needed to contribute to the summed-up value.
- Costs can include the value of significant use of staff time.
    - Significance will vary based on the size of the company.

    - Consider the cost-benefit of staff time spent to track an effort as TSI as one way to assess significance. It is likely insignificant if the cost of time spent to track the effort(s) is more than the benefit of reporting it.
- Setting a goal or joining an alliance (membership) are likely to fail this criterion, but the efforts conducted to achieve the goal or work for the alliance are more likely to pass.

Criterion Three: Financial Effect on the Company

Did the effort generate any revenue or reduce any expense?

- **'**Generating revenues' means that this effort generates or is reasonably expected to generate cash inflows or is an essential part of a cash-generating activity. For example, *veteran hiring* is expected to contribute indirectly to cash inflows in the future; *Education programs that benefit the learners regardless of purchase behavior but could lead to purchasing* is an activity that could lead to revenue in the short- or long-term.
- Direct connection (e.g., purchasing a service) to revenue counts but is not required if indirect connection to revenue is expected (e.g., "brand halo").
- There is no threshold for revenue; any amount would result in proceeding.
    - ➢ If the effort *does not* generate revenue or reduce any expenses, you do not have to proceed through further criterion, include the investment under Total Social Investment, social value.
    - ➢ If the effort does, proceed to the next criterion.

Criterion Four: Social Impact Intention Changed the Financial Effect

How is the revenue generated or expenses saved different because of the social value?

- Remind yourself of the social value(s) identified in Criterion one. Could you confidently say the decision-making that allowed the project or effort to proceed was different in terms of typical expected profit or typical tolerated risk?
    - If unsure, pick a similar project(s) or effort(s) that did have social value (said another way, a similar project that would not meet criterion one. Similar means both are newly developed products, both are product modifications, both are hiring methods, or both optimize supply chain processes. The examples might not be the same size or scale (e.g., one might be in 1 market, one might be in 15 markets). Depending on what information you have available, you might have to collaborate with colleagues to compare risks or profits. Ask colleagues from other departments for information if needed.
    - If a comparative example is unavailable, review this criterion with a group of a minimum of three internal executives to compare individual judgement calls.
    - Example: If the cost of goods increased US$1.00 per item, what other business project has a similar increase? If the comparable business project intended to bring in 5% growth in new customers, the social value project might receive a green light even with an expectation of 3% growth.

- ➢ If the effort requires <u>less returns or profit margin</u> (when compared with the other business projects with similar risks) or bears <u>higher risks</u> (when compared with the other business projects with similar returns) when making investment decisions, you do not have to proceed through further criterion include the investment under total social investment, social value.
- ➢ If the effort is the same (not less or higher), proceed to the next criterion.

Criterion Five: Social Impact Marks **Change from Past Practice**

Can the production of social value distinguish the effort from previous business development and/or is it not required to maintain company operations?

- 'Maintain company operations' refers to activities necessary to keep the business running as usual. Consider the likelihood that the company could choose not to do this effort, or if the company would still make the investment if community stakeholders had not been considered.
    - For example, *privacy agreement, information security system, compliance, company culture development, regular new hiring, and regular internships* will fail this criterion because they are necessary to sustain the regular business operation.
- 'Previous business development' refers to the core products and services that a company provides to produce revenue.
- Mandates and regulation would be excluded because they are necessary to maintain business operations.
- The value of most efforts is included for one to three years.
- Efforts with highly significant social impact and those which mark significant changes from past practices may be included for one to five years. The longer inclusion period acknowledges the larger amount of social impact.
- An effort included in its first year, considered a social impact roll-out, and that produced significant revenue, would be included for three years.
    - A company could make the case to count the resources invested for up to five years. For example:
        - The first 18 months produced no revenue before purchases began
        - The scale of the effort was so large and wide-reaching, even in its fifth year it is influencing business development decisions for social impact

➢ If the effort is neither <u>part of previous business development</u> NOR <u>necessary to business operations,</u> then include the investment under Total Social Investment, social value.

➢ If the effort is, then it is excluded.

Once Included, How to Count

This section is a guide to determine the monetary value (US$) of included efforts. As a reminder, Total Social Investment is a metric applied to sum up the resources a company used for "S" in ESG efforts. Internal data and costs calculated in an individualized way are the best source of determining a value for those resources. That means if you know the monetary (e.g., US$) amount of resources that went into the included effort, you do not need to review further! Use that amount.

If you are questioning what value to count, then proceed. General principles that always apply are 1) determining a value that is conservative, and 2) does not double-count the amount within other ESG data/metrics.

Based on the size of the effort, the data available, and future potential to replicate the effort, select one of three methods to determine the value your company will report.

- Cost; OR
- Standardized; OR
- Customized.

In all cases ensure your company documents the method used to define the monetary value. The documentation is important as companies are increasingly seeking assurance of their reported ESG metrics.

Cost

Cost is a good way to value efforts that do not involve direct revenue generation. Costs must include at least one of the following:

- Staff time
- Materials
- Distribution
- Research and development expenses

Staff time is ideally calculated based upon the actual amount of time spent and each individual's salary data. When that is not feasible, an estimate can be made using the salary chart made by Taproot that CECP uses to value the hours for pro bono service, whether by category or the overarching average. If the staff members involved were not well-represented by this table, we encourage companies to determine their own average, making sure to document both the amount and the rationale. Consider if the company were to seek assurance on the value, and document it accordingly.

Materials and distribution should again be calculated based on the actual usage and expense amounts. Estimates are second best and should be done in partnership with colleagues in finance who have the expertise to produce a credible estimate.

Standardized

Each standardized method provided a percentage that can be applied to a company's efforts. Method #1 is for donations that do not qualify as community investment. Method #2 is for discounted products. Method #3 is for efforts for which the company is questioning how to value forgone revenue.

Standardized Method #1:
One example of social value within the subcategory "broader partnerships" is donating company products with social intent but to a recipient that does not meet the Global Guide Criteria within community investment. An example of an effort that would count is donating to an individual person. In that case, count the Fair Market Value (FMV) of the products donated.

- If a company is donating products to customers because of a time of national or global economic duress (e.g., Covid-19 pandemic) but the product does not directly mitigate the cause of the duress, they should count 40% of the FMV because the market has contracted.
    - During Covid-19 pandemic response, examples of donations that do not directly mitigate duress are training, software, intellectual property, and consulting services to customers.
    - During Covid-19 pandemic response, an example of a donation that does directly mitigate the cause of duress would be masks or other personal protective equipment.

Standardized Method #2:
One example of social value is heavily discounted company products or services for recipients that do meet the Global Guide Criteria within community investment. In the case of heavily discounted products, it is especially important to have a clearly articulated intention for social value (criterion one) to avoid the over-counting of discounted products or services.

A company should:

- Calculate fair market value
- Subtract the heavily discounted amount paid
- Count 40% of remaining FMV

Standardized Method #3:
There are many social value examples where companies made a strategic choice for reasons of social value that resulted in their making less money than they could have. For example, making intellectual property public or adding a service at no extra charge. It would be difficult to affirm that, if the company had made an alternate choice, what exact amount of revenue they might have made. When projecting what revenue might have been, companies should count 20% of their projected forgone revenue. The revenue might not have been realized if customers or clients would not have actually purchased what was "given away", or if the effort reflects an act unrelated to the company's current revenue streams so they are unable to market test pricing with customers.

Customized

The customized value calculation method is best when the effort is complex, high value, and the other two methods are ruled out: the cost method is an inadequate representation of the company's efforts and there is enough internal info to deem the standardized thresholds (e.g., 40% of FMV) unnecessary. It is suited for the many examples of Social Value efforts that are complex business strategies implemented by multiple departments, draw on multiple budgets, and use a wide variety of resources. For example, bringing to market a never-before-seen blood test that reaches poor families in rural areas. Or another example, providing upskilling training (hiring a private company to do technical training) for highly vulnerable people working at companies within your company's supply chain.

Another reason to use the customized method to determine what amount to count is that the company intends to reuse the calculation. It may be reused because the effort will be done multiple times or will be the basis of future planning for new or expanded activities.

Customized calculations are informed by the company's internal data and information. As the name suggests, the calculation is different each time in order to suit the details of the effort the company is counting. It is common for the efforts using the customized calculation to have high revenue generation. Companies are seeking to figure out how much is acceptable to count because they are also acknowledging that the company is making money.

Begin by gathering information on resources used and, if any, revenue made or expenses saved. The list of what to gather can include the number of people involved, their salary level, how much time they spent, budget amounts allocated by different departments, customer usage (if a product/service), and more. As a reminder, TSI sums resources spent for "S" in ESG efforts. Therefore, while the first step is gathering information, the second step is often determining how much of the sum of resources to count as "S" in ESG resources. This is because the company is also directly benefiting through revenue, profit, or both. If a reduction is needed, seek data on relevant comparative efforts within the company in order to isolate the proportion of resources for the social value component. For example, the costs of a typical product roll-out or a typical internship program. Instead of applying the percentages from "standardized" discounts like 20% or 40%, you can specifically identify how the effort was different because of its social value. To say that another way, instead of assigning an assumption (20% forgone revenue), the company will determine the amount based on the calculated figures and analysis of internal data. The more data available, the more accurate the monetary (e.g., US$) amount of resources used to produce social value will be. The calculation will require judgement calls, and these should return to the basic definition of TSI: the resources/input of the company for the effort that produced additive social value. Documentation of the calculation will be helpful should an external firm seek to provide assurance of how the monetary amount was determined.

TSI Multiple Choice

The first three questions cover categories that are already common: Diversity, Equity, Inclusion, Human Rights, and supply chain. Thus, the questions focus on accountability for corporate resources.

The next four questions cover categories which are less common, for which the question asks very simply whether or not your company did any of them in the last year:

- Impact investing: seeks to understand whether your company incorporated ESG factors into its investing decisions.
    - If so, there are (3) sub-questions related to impact investing that follow which seek to understand how much of your company's assets under management (AUM) are allocated toward impact investing, what impact objectives/themes the investments are allocated towards (e.g., gender equality, climate change, etc.) and whether these investments are managed actively or passively.

- Socially-driven business strategy: sometimes called “shared value” initiatives, socially-driven business strategies are described in detail in CECP’s report *Business at its Best*.

- Socially-driven internships: this question asks that you provide the number of internships that integrated social goals at your company (e.g. a workforce program specifically for at-risk students that includes on-the-job experience).

- Digital donation: this question refers to whether your company made any donations in the form of anything digital (e.g., data, bitcoin, cryptocurrency, digital assets) over the past year. It does not refer to donations that were executed digitally but instead that the donation itself was something digital.

Lastly, there is a new field to provide feedback for next year’s survey. It asks for a suggestion of what to add. You could indicate anything you may wish to benchmark thinking holistically about the field of ESG. Because companies value the ability to benchmark against peers, we recommend your suggested addition refer to something quantitative whether a percentage or monetary. Total Social Investment has been driven by company input to date and that will continue as we move into the next phase with this metric.

VIII. CORPORATE PURPOSE

The evolution of corporate purpose has been underway for many years. In 2019, CECP became Chief Executive for Corporate Purpose. Our research will continue to explore this evolution.

Companies are increasingly looking to set forth or adjust their corporate purpose in alignment with their long-term values. Hermes EOS and Bob Eccles defines a Statement of Purpose as one ‘*that clearly articulates the company’s purpose to profitably achieve a solution for society. It specifies within that purpose the few stakeholders most critical to long-term value creation and sustainability.’*

In this new section, companies are encouraged to provide their corporate purpose statements, as well as answer multiple choice questions that aim to assess the knowledge and value of purpose statements across the organization.

The Harvard Business Review differentiates between a corporate vision, mission and purpose, stating that a corporate purpose should ‘*inspire your staff to do good work for you, find a way to express the organization’s impact on the lives of customers, clients, students, patients — whomever you’re trying to serve. Make them feel it.*’

CECP defines ‘senior management’ as group of high-level executives that actively participate in the daily supervision, planning and administrative processes required by a business to help meet its objectives. The senior management of a company is often appointed by the corporation's board of directors and approved by shareholders.

The questions in this section should be answered ‘from your perspective’. As such, responses are not expected to be data-driven but opinion-based.

As stated in the survey, please note this section will not be shared in any way, it will all remain anonymous regardless of your selection of the Data Sharing questions. Results will only be shared at aggregate level.

For any further assistance, please contact CECP (insights@cecp.co).