

The Corporate PHILANTHROPIST

This edition: Corporate Philanthropy in China



FALL 2007 VOLUME VII, ISSUE III



Corporate Philanthropy's Vital Role in China

Clark T. Randt, Jr.
United States Ambassador to the People's Republic of China

The Chinese economy has undergone unprecedented growth over the past quarter-century. In 2006, China also set a record global trade surplus of \$177 billion and overtook Japan to become the world's second-largest market for new vehicles, next only to the United States. As the world's third-largest economy and the United States' fourth-biggest export market, modern China has risen from humble beginnings to become a major growth engine for the global economy. However, this is only part of the picture.

Modern China, beneath all of the trade statistics and figures, also faces significant challenges in the delivery of critical social services and with respect to environmental degradation. With widening income disparity, limited rural access to services, and limited health and pension systems, programs and partnerships in corporate philanthropy in China are vital complements to governmental programs. Pioneering American, multinational, and local Chinese companies have discovered that

corporate social responsibility programs in China are not only good for the local communities but are, moreover, good business.

“Programs in China are not only good for the local communities but are, moreover, good business.”

Companies partnering with NGOs and governmental institutions to support community investment in education, health, human services, economic development, and the environment are successfully incorporating values and practices that yield returns that extend beyond the bottom line. American companies are making a real difference and, as Americans, we can be justly proud of

their contributions. Published by the American Chamber of Commerce in China, *Partnering for Progress* is one of a number of publications that showcase the positive impact American companies have made with corporate social responsibility programs in areas from public health to environmental protection, utilizing “best social practices” critical to sustainable development.

This edition of *The Corporate Philanthropist* on “Corporate Philanthropy in China” serves as a timely reminder to leaders in government, business, and NGOs of the important role of corporate social responsibility and philanthropy in a nation that has a growing impact on the global economy and society. I applaud the many companies serving as examples of the burgeoning partnership between the public and private sectors that demonstrates that thoughtful community investment is good business. As in personal philanthropy, corporate donors generally receive back more than they give. □

The Changing Landscape of Corporate Giving



Ellen Furnari
Vice President of Programs and Strategy, Give2Asia

The opportunity to support social welfare and

change in China is greater today than ever before; the number and capacity of local NGOs is growing and the Chinese government is placing increased recognition and attention on the nonprofit sector. If a company has stakeholders in China – employees, consumers, or investors – understanding the local landscape and building close relationships with the government are critical, both for business and philanthropic interests.

Building Local Connections

Locally run charitable projects are proliferating across mainland China. According to statistics from the Ministry of Civil Affairs, the number of officially registered NGOs jumped from 122,000 in 2002 to 283,000 in 2005—and this does not include the many charitable efforts not yet legally recognized in China as NGOs.

There are numerous opportunities for funding and partnership in any region and on most social issues. Because charitable organizations in China take various forms, many companies find success in first targeting a specific project or cause and then seeking out the logical partners. While there are a few international organizations with local chapters, the country hosts many of its own NGOs, Government Organized NGOs, and even for-profit charitable ventures.

Continued on page 5



A Holistic Approach to Foreign Investment in China

Shi Guangsheng
*Member of the National People's Congress (NPC) Standing Committee
Vice Chairman of the Financial and Economic Committee
Chairman of the China Association of Enterprises with Foreign Investment*

*Excerpts from a speech by Mr. Shi Guangsheng at the Forum on Social Responsibility of Foreign Investment Enterprises and CSR Cases Show (August 27, 2007) **

Foreign Investment Enterprises (FIEs) have come to China from different countries and regions of the world and have developed in the environment of China's reform. They have become an important part of Chinese social and economic development. These enterprises are not only the direct beneficiaries of Chinese reform and new policies but also contributors to Chinese economic growth.

I believe that corporate social responsibility and philanthropy are together an outcome of social and economic development. During the past few years, many FIEs have focused on charitable giving programs, poverty alleviation, and research, working to fulfill their philanthropic goals; FIEs have already contributed substantially to Chinese society.

I would like to share my personal opinions on how to fulfill philanthropic goals in China:

- ▶ Consider the welfare of 1.3 billion Chinese people and contribute to the China Xiao Kang Society [*China's community development goals for a "Well-off Society"*]. Xiao Kang aims to quadruple the per capita annual income to over \$3,000 between the years 2000 and 2020.
- ▶ Participate in the harmonious development of society—reducing the gap between rich and poor, protecting the environment, and promoting balanced inter-regional economic development and social progress.

During the thirty years since FIEs first came to China, they have brought their financial capital, human resources, and advanced management experience, contributing to Chinese society. Some businesses and their employees have donated to disaster-relief efforts; some have made donations to help build schools through the China Hope Project; and some have participated

in poverty-alleviation programs by donating to medical facilities and helping disadvantaged communities.

Many disadvantaged groups have benefited from the participation of FIEs. Through their philanthropy programs, some dropout students are returning to their classrooms, some of the blind are seeing the world again, and some impoverished people are able to improve their living conditions. FIEs have not only strengthened their corporate culture and spirit, but also affected our society.

Essentially, corporate philanthropy is closely tied to sustainable development—the Chinese economy needs sustainable development and FIEs need a sustainable Chinese economy, which relies on the joint efforts of an entire society. I encourage all enterprises to work together to fulfill our common social goals and to build a better future in China. □

** This speech was originally published in the China WTO Tribune, 2007 9th issue, and translated by Give2Asia.*

IN THIS EDITION

Corporate Investment in China's Development U.S. Embassy, China, Clark T. Randt, Jr. National People's Congress of China, Shi Guangsheng	1
CECP Best Practices McDonald's, James A. Skinner Alcoa, Alain J. P. Belda Eli Lilly, Sidney Taurel	2-4
Nonprofit Perspective Give2Asia, Ellen Furnari Special Olympics, Kirsten Seckler	5
CECP News New Research and Resources; The Voice of Corporate Philanthropy; New Members	6-7
Local Perspective Wolf Group Asia, David Wolf Resources for Philanthropy in China	8

BEST PRACTICE:

A New Chapter for Children's Health



McDonald's® and the Ronald McDonald House Charities® Open New Doors in China

CEO Perspective

James A. Skinner
President and Chief Executive Officer
McDonald's Corporation



Throughout our 52-year history, McDonald's has had a rich heritage and tradition of being a good community partner and neighbor

that began the day Ray Kroc opened his first restaurant in 1955. Ray instilled in McDonald's a culture of acting responsibly—a culture we embraced long before there was a name for it.

For us at McDonald's, corporate responsibility is about who we are and how we operate in the diverse communities we serve. It's about the doors we open: for our guests, our employees, our owner/operators, our suppliers, and others who are affected by our

business. And it's about keeping our own doors open to share what's behind the Golden Arches—not just what we do well, but our challenges too.

“Our commitment to corporate philanthropy has evolved and grown as McDonald's itself has grown.”

We have a long history of corporate responsibility in areas of our business such as food safety, animal welfare, supply chain sustainability, responsible purchasing, and the environment—all of which have an impact on the well-being of our customers. But another key aspect of acting responsibly is giving back. As Ray often said, “We have

an obligation to give something back to the community that gives so much to us.” Our commitment to corporate philanthropy has evolved and grown as McDonald's itself has grown, adapting to each of the markets we serve.

Ronald McDonald House Charities (RMHC) was founded in 1984 as a tribute to Ray and his commitment to giving back. McDonald's supports RMHC and the local chapters in 51 countries around the world, including the Charity's core programs and their grants program.

As the needs of the world's children have increased over time, so has the need for companies and citizens to play more active roles in affecting positive change. In 2002, we established World Children's Day at McDonald's, an annual McDonald's global fundraiser for RMHC and other children's causes that touches the lives of children in more than 100 countries.

McDonald's philanthropic roots start in our restaurants, where we support activities that make our communities stronger, with a special emphasis on kids and families. It extends from sponsoring youth sports activities to educational programming around important topics such as kids' safety.

Our local restaurants are first responders when disasters like hurricanes, earthquakes, tsunamis, or other tragedies strike a region. We donate food and other support to victims, we give free meals to workers on the scene, and we provide a haven of safety for others in the community.

Philanthropy in all its forms has always been key to the McDonald's brand—it's part of our DNA. People know us for what we do, not just what we say. And we will continue our commitment to these efforts around the world for one simple reason: it's the right thing to do.

James A. Skinner is a member of CECFP.

Overview

Ronald McDonald House Charities (RMHC) was founded as a collaborative partnership between local McDonald's owner/operators, the medical community, and parent volunteers, dedicated to improving the health and well-being of children through its programs.

McDonald's and RMHC enjoy a symbiotic relationship. McDonald's provides many RMHC offices with free use of its facilities, materials, and other services, allowing the Charity to spend most of its fundraising dollars on programmatic expenses. In exchange, McDonald's executives and employees around the world proudly participate in volunteer and board leadership opportunities inherent in the relationship. RMHC is also supported by numerous corporate partners, employing financial contributions, volunteers, and product donations from the international business community.

RMHC strives to become part of every local community in which it operates, identifying itself as both a global charity and a grassroots organization through local involvement in its international chapters.

Working in China

For many years, RMHC supported organizations in China through the Charity's global grants, awarded by a U.S.-based board of trustees. However, in 2005 senior leadership from



A McDonald's volunteer joins a child in finger painting at a Ronald McDonald House.

McDonald's China sought to explore opportunities for the Charity to establish a chapter locally.

Partnering with McDonald's associates in China, the Charity assessed local needs to determine where it could be most effective and created important connections to potential partners: other local philanthropic organizations, government contacts, and the business community. Their partners are represented on the board of trustees for RMHC China, alongside McDonald's China executives, local representatives from the Chinese medical community, and members of the public.

Overcoming Challenges

The next step for RMHC was to understand Chinese regulations for nonprofit organizations and to learn to work within the government's parameters while serving as many children as possible. Traditionally, only Chinese charities are permitted to fundraise publicly; no foreign organization can request public

donations. However, a key effort for RMHC involves fundraising and gaining local support through their Canister Program, which allows customers to contribute via collection boxes in McDonald's restaurants.

To adapt their typical fundraising model to Chinese regulations, RMHC partnered with the China Soong Ching Ling Foundation (SCLF),

a well-established, registered Chinese nonprofit whose mission includes improving the physical and intellectual well-being of children. McDonald's China had previously supported SCLF and was therefore familiar with the organization's strong reputation.

RMHC found SCLF to be a natural fit as a local partner, for the organizations are both forward-thinking entities whose passion and commitments align. Plus, RMHC and SCLF both stood to benefit greatly from the partnership. RMHC and McDonald's would learn from SCLF's insights into managing cultural issues and understanding local needs in China whereas SCLF would benefit from RMHC's years of experience. The relationship has allowed each partner to share extensive and invaluable knowledge and best practices.

Future Opportunities

Looking forward, RMHC China plans to introduce its core programs throughout the country; Ronald

McDonald Houses, Ronald McDonald Family Rooms, and Ronald McDonald Care Mobiles. In the nearer term, local objectives include helping fund surgeries for 100 children with heart defects, particularly in Western China where medical care is less advanced, and working with the foreign medical community to improve cancer treatment for children across the country.



RMHC President and CEO Marty Coyne (right) receives a gift on behalf of the Charity from Li Ning (left), Secretary General of China Soong Ching Ling Foundation.

McDonald's believes other international companies will soon start championing RMHC China as they do in the rest of the world. And many companies based in China, too, will likely be inspired to support the partnership of RMHC, SCLF, and McDonald's China with the donation of time and critical local resources.

Martin J. Coyne is President and CEO of Ronald McDonald House Charities; Janet Burton is Senior Director-Field Relations for Ronald McDonald House Charities; Gregory Gilligan is Head of Government Relations for McDonald's China and RMHC China committee member.

Lessons Learned

- ▶ **Take your time** and consult with multinational companies who have established philanthropy programs in China. Learn from other companies' experience to avoid pitfalls, frustrations, and redundancies.
- ▶ **Gain total organizational support.** Passion and commitment from employees and management in China are necessary for true programmatic success.
- ▶ **Focus on the neediest regions,** such as Western China. This allows companies to address serious local concerns and make the greatest impact. □



BEST PRACTICE:

Conservation and Sustainability in China



Alcoa's Support for Conscientious Development

CEO Perspective

Alain J. P. Belda
Chairman and CEO
Alcoa, Inc.



Asia, particularly China, offers a major growth opportunity for Alcoa and the Alcoa Foundation.

The company already has significant interest in China's aluminum industry, with over 2,000 employees and six plants in Shanghai alone, and plans to continue to increase its investment in the region, demonstrating a long-term commitment to China's development.

Over the past five years, Alcoa and the Alcoa Foundation committed project funding of over \$4 million to social, environmental, and educational programs in China. As the company's presence grows in China, the Alcoa Foundation continues to work with new communities, assessing needs and priorities in those areas and identifying ways in which both the company and the Foundation can be most effective.

Our experience in China shows that the Alcoa Foundation can play an important role in addressing some of the country's most pressing social and environmental priorities, particularly around conservation and sustainability. This focus aligns well with Alcoa's values and with the strategies and business priorities of Alcoa in China.

Alain J. P. Belda is a director of CECP.

Lessons Learned

- ▶ **Develop a portfolio of projects in China.** Some efforts should be grassroots in nature and others should take advantage of pre-existing international partnerships. This will ensure local buy-in and alignment with broader philanthropic goals.
- ▶ **Closely involve your in-country executive team.** They are best positioned to provide practical advice and leadership to secure local support. Employee engagement, as well as the involvement of local stakeholders in China, is crucial to achieving sustained programmatic success.
- ▶ **Stay focused.** Approach the issue or particular region in a targeted fashion so as not to be overwhelmed by the magnitude of opportunities and challenges in the country.



Beijing Alcoans and their families pitch in to collect litter around the Great Wall in celebration of the Foundation's 50th anniversary.



Meg McDonald, president of the Alcoa Foundation, shares insights into her company's philanthropy strategy in China.

CECP: How did Alcoa and the Alcoa Foundation become involved in environmental issues in China?

Meg McDonald: There are many serious and challenging sustainability issues that have the potential to impact our world for generations to come: climate change, energy sources, water management, accelerated population growth, and infrastructure development in emerging countries. Each of these challenges is a rising priority for China and Alcoa communities.

Operating in a manner that protects and promotes the environment is one of Alcoa's core values. We have been widely recognized around the world for our environmental stewardship and, in fact, one of the Alcoa Foundation's four Areas of Excellence is to "Demonstrate our commitment to conservation by educating young leaders, protecting our forests, promoting sound public policy research, and understanding the linkages between business and the environment."

We apply the Alcoa Community Framework to all of our philanthropy, setting high standards for our interaction with and contribution to communities around the world. The Framework engages Alcoa management, employees, and the Foundation, and provides guidelines for building strong relationships in areas including the more remote parts of China, where there has often been little community involvement by multinational companies. This affords us the opportunity to demonstrate leadership and help impact the areas identified by those communities as priorities.

CECP: In what ways have you partnered with Chinese organizations to help establish your philanthropy programs?

MM: An excellent example of a local partnership is the Alcoa Foundation's Conservation and Sustainability

Fellowship Program at Tsinghua University. We have created an \$8.6 million global initiative to support leaders in the field through fellowships to academics and practitioners from non-governmental organizations. The objective is to provide thought leadership regarding sustainability and conservation and encourage international collaboration and educational exchange.

Tsinghua University is one of five academic partners around the world hosting Alcoa post-doctoral fellows. Through the program's interdisciplinary structure, the fellows study topics involving the intersection of socio-economic development and conservation of natural resources, two issues that have a tremendous impact in a country where the scale and speed of development are extraordinary.

China's vast rural areas, which contain a large portion of the country's biodiversity and natural resources, are where more people live in poverty than any other part of the country. Therefore, many Alcoa fellows focus on issues affecting rural China, such as improving drinking water, coping with a growing population, access to limited cultivatable land, and natural resource exploitation. Other fellows study Chinese urban development, such as planning for eco-industrial parks.



Children at the Alcoa Hope Elementary School greet company employees.

CECP: Many Alcoa Foundation projects in China have been established in partnership with local offices of international aid organizations. How do you identify appropriate partners and how do you gain local buy-in?

MM: We have been very fortunate to have strong teams in China building our presence there. As a result, Alcoa has worked with international organizations to design projects that address local priorities, build partnerships with key institutions, assist in strengthening NGO capacity, and engage our communities and employees.

International NGOs often establish a local entity that is at once part of their larger network and independent in nature. For example, the World Wildlife Fund (WWF), an important Alcoa partner, was the first international conservation organization invited to work in China. The organization has been active in China since 1980 and therefore has established a trusted relationship with the local citizens and, more importantly, government agencies.

Under a three-year program funded by the Alcoa Foundation, WWF conducts community-based workshops that convene an array of local stakeholders to formulate solutions to issues regarding land- and water-use management as well as biodiversity protection. Alcoa's partnership with WWF engages organizations across sectors to participate in the dialogue on conservation, raises awareness, and encourages the local population to adapt their behavior toward the environment.



Alcoa Bohai volunteers join local animal protection organizations to measure and band birds and reintroduce them into the wild.

CECP: What are some of the unique challenges you've faced in China?

MM: Building community relationships while growing our business in China raised some challenges for Alcoa. The distinct cultural and societal differences have necessitated adaptation of a number of our standard approaches to philanthropy. For example, we recognize that understanding the different governmental and institutional systems of China, the status of NGOs, and their relationship with national and local governments is critical to developing sustainable relationships and programs. We've taken care to build programs organically, based on priorities shared by all parties.

We have also worked to engage employees in our philanthropy, one of the pillars of the Alcoa Foundation program. We have found that there is a limited tradition of employee volunteerism in China, so we've initiated events like Community Action Days and other workplace one-day volunteer programs, successfully inspiring increased employee participation.

In addition, in an effort to gain public attention for our programs in China, we have had to overcome the obstacle of the country's sheer scale. Despite the breadth of our initiatives and the high-profile partners we engage, the scope of China relative to our own presence has presented a hurdle. We are relative newcomers, so while we can have real impact in many of these programs, demonstrating this in a meaningful way is often difficult. □

BEST PRACTICE:

The Lilly MDR-TB Partnership

An International Coalition to Eliminate a Deadly Disease in China

CEO Perspective

Sidney Taurel
Chairman and CEO
Eli Lilly and Company



For more than 130 years, Eli Lilly and Company has been a global health innovator. We are pleased to continue this tradition with an

important public-private partnership to address the expanding global crisis of multidrug-resistant tuberculosis (MDR-TB). The shared goal of all participants in the Lilly MDR-TB Partnership is to save lives by preventing and treating MDR-TB.

Eli Lilly's leadership in the MDR-TB Partnership is putting into place the building blocks for access to treatment for thousands of people in China and elsewhere.

“The program has had a tremendous impact on our business.”

The program has also had a tremendous impact on our business. Employees across the company have participated in developing the overseas manufacturing facilities and helping with the prevention, treatment, and training programs. This has given them the opportunity to take ownership of the project and be proud of their company's participation in this type of effort.

Sidney Taurel is a member of CECF.

Lessons Learned

- ▶ **Build a “Big Tent”** that includes local partners from government, private charitable organizations, academia, businesses, advocacy groups, and, most importantly, the people you are trying to help.
- ▶ **Before starting, listen and learn** from those who have experience working on the issue and have established local contacts in the region.
- ▶ **Maintain the same safety, quality, and programmatic principles** in your philanthropic work that you do in your own business.



Bai Hua, Chairman of Hisun Pharmaceutical, and Eli Lilly CEO Sidney Taurel sign the transfer of technology agreement.

Overview

Eli Lilly and Company invests more than \$500 million annually in communities across the globe, mostly in the form of non-cash pharmaceutical donations and educational grants.

In the 1990s, Lilly was approached by Partners in Health (in affiliation with the Harvard Medical School) and Doctors Without Borders to help provide treatment to patients with multidrug-resistant tuberculosis (MDR-TB).

MDR-TB is a highly infectious mutation of the pulmonary disease tuberculosis (TB) resulting from interrupted or incomplete treatment, often unresponsive to standard TB drugs. And Lilly is one of the world's main producers of capreomycin and cycloserine, two of the antibiotics used to treat MDR-TB.



The Partnership has distributed 40,000 educational decks of cards to rural migrant workers to curb the spread of MDR-TB.

MDR-TB afflicts 420,000 new people each year, nearly one third of whom are in China. Lilly recognized the need for increased supply of their medicines both through concessionary prices and by helping companies in developing countries produce the drugs themselves.

The company joined partners like the World Health Organization, World Economic Forum, and eleven other businesses, humanitarian organizations, academic institutions, and professional health care associations to form the Lilly MDR-TB Partnership to fight the spread of this disease, primarily targeting China and other areas with a high concentration of MDR-TB.

Multi-pronged Approach

Lilly realized that providing drugs alone would not sufficiently address the threat of MDR-TB. The company's involvement therefore shifted to a much larger role in fighting this disease. Alongside its international partners, Lilly embraced a multi-pronged program to work toward eliminating MDR-TB.

1. Transfer of technology and drug supply. Although capreomycin and cycloserine were no longer under patent, generic manufacturers were not producing the

drug because of the relatively small market. Therefore, Lilly decided to empower local pharmaceutical manufacturing companies in four high-burden TB countries with the technology to produce the drugs. This will ultimately increase the international supply of these medicines in countries where they are most needed, like China.

China was one of the first countries to receive technology training; Lilly dedicated ten people from its manufacturing team to provide training and support for Hisun Pharmaceutical Company, the local manufacturing partner, to ensure that the locally

produced drugs were of the same quality as Lilly's other pharmaceutical products.

Purdue University, one of Lilly's partners, was also able to forge ties with local universities to offer staff exchanges and employee development programs.

These efforts assisted in elevating the quality of China's

pharmaceuticals and enhancing its ability to compete in world markets through better drug development and pharmaceutical manufacturing.

2. Training, treatment, and surveillance. The nature of MDR-TB requires that patients are closely monitored throughout their treatment cycle. The Lilly MDR-TB Partnership program is intent on training nurses and doctors to use “directly observed treatment” programs (DOTS) to administer the medication and providing ongoing support services.

3. Community support and advocacy. Public education programs are essential for the elimination and prevention of this disease. Lilly promotes local anti-stigma campaigns, workplace education, and general advocacy initiatives to raise awareness of TB and MDR-TB.

A success of the Lilly Partnership has been to reach out to the migrant population, one of the groups most affected by the disease in China. As an example, Lilly worked with the Ministry of Health and the Global Business Coalition to distribute 40,000 packs of TB educational playing cards to rural migrant workers in construction sites and to the migrant population at the Beijing Railway Station.



Lilly shares its drug-manufacturing expertise with manufacturers in countries with high MDR-TB burdens.

Addressing Challenges

Early in the partnership, Lilly focused on infrastructure challenges to ensure treatment efficacy. Providing better health care to all citizens is a priority of the Xiao Kang Society goals for development in China and Eli Lilly is helping to strengthen the health care system by providing medical education and better access to medicine through this partnership.

Lilly selected the best partners to guarantee that the drugs were properly administered and that treatment cycles were completed. Lilly's collaboration with the World Health Organization, the International Council of Nurses, the World Medical Association, the Ministry of Public Health, and others created a network to provide training to health care professionals administering treatment in China and elsewhere and distribution channels to deliver the drugs to high-need regions.

The Partnership has also worked to match the speed of Chinese adaptation by forecasting the needs and demands of a successful venture. The government in particular made tremendous expansions to the program as soon as they were on board. Lilly was prepared for this growth having already established strong relationships with major stakeholders in order to scale the program effectively.

Finally, addressing diseases like MDR-TB, similar to HIV/AIDS, requires consideration of local customs and deep-seated medical beliefs. In some regions of China, there exist long-held traditions in the medical communities that do not always correlate to Western medical practices.

Therefore, Lilly faced the challenge of re-training experienced doctors and others in the curative sector. Involving international medical associations, well-respected hospitals, and academic institutions has helped Lilly develop creative means of reaching medical communities who approach medicine differently from their Western counterparts. □

Patrizia Carlevaro is the Head of the International Aid Unit for Lilly.

NONPROFIT PERSPECTIVE:

The Changing Landscape of Corporate Giving in China



Continued from page 1

The context in which these organizations operate is constantly evolving. Regulations change and the Chinese government sometimes expresses concern that non-governmental entities do not share its priorities. Companies should seek input from local contacts aware of these changes to ensure that the goals and capacities of donors, local partners, and governmental interests are aligned.



Starbucks works with the Xi'an Women and Children's Activity Center to provide extracurricular literacy programs.

Finding well-regarded Chinese NGOs often requires local connections and, in many cases, organizations choose to fund projects where their employees and other stakeholders in the region have already identified worthy projects and understand specific issues affecting the communities.

Other ways to find projects include:

1. **Identifying universities** working on a specific issue such as the environment or education. Target Corporation, for example, works with Sun Yat-Sen University to provide access to social support and education for 2,500 marginalized children of migrant families living in Guangzhou City.

2. **Enlisting regional employees** to help develop and champion corporate philanthropy programs. Giving local staff responsibility for finding projects and building relationships is an important means of engaging employees in China and targeting the needs of local communities.

3. **Finding intermediary non-profit organizations** or consultants with staff in China capable of identifying and monitoring projects.

Groups like Give2Asia have full-time Chinese staff to liaise with the government and NGOs.

The developing philanthropic landscape in China also warrants much support regarding organizational capacity-building and training for NGO leadership. Projects may range from improving executive and financial management to enhancing program

implementation to simply sharing best practices in philanthropy. Fortunately, these efforts are supported by Chinese organizations dedicated to the NGO field, such as the China NPO Network (see other Resources on page 8).

For companies considering partnerships with local NGOs, it is essential to conduct full due diligence. Foreign funding for NGOs is on the rise and some local groups have more experience and are more sincere about their mission than others. Utilize local expertise to understand fully a group's reputation and ability to carry out your project.

Working with the Chinese Government

China is working under a set of objectives similar to the Millennium Development Goals: the Xiao Kang Society. The focus of these goals is to raise the standard of living for 1.3 billion Chinese citizens, increasing the per capita income to \$3,000 by 2020. The Xiao Kang Society addresses issues like the environment, developing rural provinces in the Midwest and Northeast of China, and improving education.

Showcasing how corporate giving supports the Xiao Kang Society goals communicates an alignment with the Chinese government, facilitating philanthropic opportunities in the country. While not always stated as such, many existing corporate philanthropy programs, such as Pepsi's projects supporting health and clean water access, contribute to these goals.

Working with Government Organized NGOs, or GONGOs, is another way to build important relationships. Leaders of these organizations usually hold or have held government positions and are in regular contact with local officials. For example, the China Children and Teenager Foundation has close ties with the Ministry of Education and builds schools, creates libraries, and supports other programs helping school-aged children.

GONGOs are some of the most established charities in China. For example, China Women's Development Foundation, supported by Starbucks, offers clean-water education and has branches in virtually every town in the country. Because of their close government ties, GONGO projects



The National Center for Women & Children's Health in China is supported by Johnson & Johnson to reduce the rate of infant mortality.

often run smoothly, although government goals may limit the scope of the projects they address.

Overall, corporate philanthropy in China is on the rise, and companies looking to expand their efforts in the region must focus on local expertise, creative engagement with NGOs, GONGOs, and other charitable organizations, and constructive relationships with the Chinese government to tackle the issues that are most important for the health and well-being of people in China and the world.

About Give2Asia

Give2Asia is a U.S. 501(c)(3) public charity that facilitates and encourages charitable giving to meet needs in Asia by providing personalized services to donors and recipients. Founded by The Asia Foundation, Give2Asia helps to overcome the common challenges associated with giving overseas. □

Ellen Furnari is the vice president for programs and strategy for Give2Asia.

Inspiring Action for the Intellectually Disabled

Corporate Partnerships and the Special Olympics in Shanghai

In early October, China hosted the 2007 Special Olympics World Summer Games. 7,500 athletes with intellectual disabilities from 165 countries gathered in Shanghai for ten days of modified Olympic sports at venues across the city.

China has been involved in Special Olympics for more than 25 years, but hosting this event for the first time urged the government to take major steps to demonstrate leadership and partnership to advance development goals in education, health care, and disability, initiating a variety of programs that promote inclusion, volunteerism, engagement, and human dignity.

Corporate partners have long played an important role in supporting and marketing the Special Olympics and the Games in China are no exception. The 2007 Special Olympics World Summer Games in Shanghai allowed companies to align themselves with a respected and renowned cause, and the Chinese government showed full support. Together, Special Olympics organizers, corporate sponsors, and the government successfully created

an opportunity for advancement for people with intellectual disabilities in China and abroad.

The following includes a few examples of the corporate activities in partnership with the 2007 Special Olympics Summer Games in Shanghai:

Bank of America Corporation

Bank of America's donation to Special Olympics Team U.S.A. allowed 399 athletes and 144 coaches to train and compete in Shanghai. As part of a joint effort with the China Construction Bank, the Bank of America Charitable Foundation also provided funding to support the 2007 World Games, embodying the companies' goals for social responsibility and community development.

The Coca-Cola Company

Coca-Cola is a founding and global partner of the Special Olympics. On the day before the World Summer Games kicked off in Shanghai, Coca-Cola presented a \$1 million check to Special Olympics, presented by



Bank of America's support for the 2007 World Summer Games in Shanghai included sponsorship of Special Olympics Team USA.

company President Muhtar Kent. The funds were raised through cause-related initiatives such as an online auction and commemorative packaging. In addition, Coca-Cola China executed a multifaceted Special Olympics awareness campaign.

Mattel, Inc.

Team Mattel engages employees as volunteers and provides financial support around the world to assist with Special Olympics sports events at

local, county, state, and national levels. Mattel provides financial support for the Special Olympics Get Into It program for school-aged athletes and youth volunteers. The company also supported the development and global launch of the Young Athletes program to engage children age two to seven years by teaching them basic sports lead-up and motor skills development.

Starwood Hotels & Resorts Worldwide, Inc.

Starwood is the exclusive Hotel Sponsor of Special Olympics and the 2007 World Summer Games, providing financial and in-kind contributions, public relations, and support through the Starwood Preferred Guest program. Starwood raised \$50,000 for the Games through their "Panda Promotion," including sales of a Panda Bear wearing a Special Olympics/Starwood T-shirt. Starwood was one of the first international hotel companies to enter the Chinese market and has made a major commitment to expanding in China. □

Kirsten Seckler is director of branding and marketing for Special Olympics.

CECP News

CECP Online

To learn more about corporate philanthropy in the news or to gain access to CECP's research visit CorporatePhilanthropy.org

New Corporate Giving Research

CECP is proud to release the newest edition of **Giving in Numbers**, an indispensable analysis of corporate giving trends from 136 companies. The data featured in this report are derived from the Corporate Giving Standard (CGS), CECP's online measurement and benchmarking system containing over \$38 billion in comparative corporate philanthropy data. Members who participate in the annual survey have access to the CGS for instant reporting on corporate giving data.

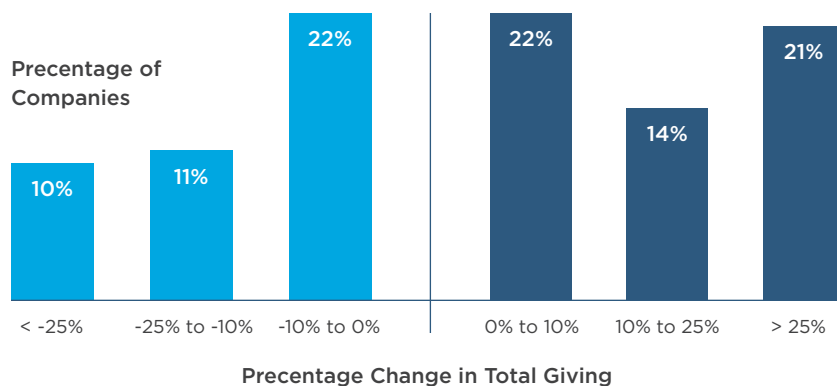
Special Features for Giving Professionals

- ▶ An inaugural Fortune 100 analysis, based on data from 55 Fortune 100 companies.
- ▶ A practical user's guide to help giving professionals make best use of the data.

- ▶ Accurate year-over-year analyses of industry trends.
- ▶ An exploration of the factors influencing these trends.
- ▶ Benchmarking reports by giving as a percentage of pre-tax profit, revenue, industry, and number of employees.

Key Findings

While median total giving per company was higher in 2006 than in 2005 (up by 4.8%), companies were divided in how their total giving changed: 57% reported increased giving while 43% reported decreased giving, as shown in the figure below. CECP interviewed participating survey respondents to understand why giving rose or fell, sometimes dramatically. Their responses are captured in the "Emerging Trends" section of **Giving in Numbers**. □



Distribution of Companies by Percentage Increase/Decrease in 2005 – 2006 Total Giving (N=97)

Corporate Philanthropy Resources

In recent months, CECP has produced a number of resources to support the corporate philanthropy community. Visit our website, www.CorporatePhilanthropy.org, to download any of the following:

- ▶ **Giving in Numbers 2007 Edition**
- ▶ **Loud and Clear: CEOs Speak Out About Corporate Philanthropy**
- ▶ **Corporate Philanthropy Resource Guide**
- ▶ **Key Takeaways** from the 2007 Corporate Philanthropy Summit featuring presenters including Jeffrey Sachs (*The Earth Institute*), James Austin (*Harvard Business School*), Kellie McElhane (*Haas School of Business*), Lenny Mendonca (*McKinsey & Co.*), and CECP Directors. □

The Voice of Corporate Philanthropy

CECP has established itself as the Voice of Corporate Philanthropy for CEOs and companies around the world. This fall, CECP accepted many invitations to present our research and expertise to audiences ranging from regional grant-making associations to national organizations in Brazil and Korea.

In addition, CECP has been successful in reaching public audiences and corporate leaders alike concerning the issue of strategic corporate philanthropy. This summer, CECP worked closely with LEADERS Magazine to develop *Investing in Society*, a special sixty-page section on corporate philanthropy. The feature ran in the July/August/September 2007 issue of the magazine, which targets a readership of CEOs and world political leaders.

The section highlights CEOs' dedication to corporate philanthropy and features interviews with seventeen CECP CEO members and five additional CECP giving professionals as well as a message from CECP Executive Director Charles Moore.

Key themes from the LEADERS Magazine interviews include:

- ▶ **Alignment with Business Strategy.** Corporate giving is no longer considered a stand-alone issue. To maximize both the business and societal benefits of corporate giving, companies should develop initiatives that are part of larger business objectives.
- ▶ **CEO Leadership.** Several interviewees emphasized the importance of leading by example in order to communicate the value of corporate giving to employees on every level.
- ▶ **Investing in the Next Generation of Leaders.** Younger generations expect strong CSR and corporate philanthropy practices from their employers. Therefore, CEOs recognize that corporate giving is an important HR tool for recruiting, retaining, and developing talent.
- ▶ **Employee Engagement.** CEOs are tapping into their companies' human capital to maximize community investment. Many interviewees cited matching-gift programs and volunteer initiatives as means for involving employees in philanthropic endeavors.
- ▶ **Shift in Shareholder Expectations.** Whereas shareholders previously may have been resistant to corporate giving due to pressure for immediate returns, many now recognize that philanthropy can be a sustainable means for building the business.
- ▶ **Public Perception.** Roughly half of the CEOs noted that public perception of corporate philanthropy remains negative while the other half remarked that this perception is changing to become more favorable.
- ▶ **Measurement.** CEOs are holding their giving officers accountable for strategic corporate philanthropy programs. Measuring the scope and scale of global giving allows companies to understand the business and societal outcomes of corporate initiatives and ensure programmatic effectiveness.
- ▶ **Partnerships.** CEOs agree that corporations have the broadest impact on their communities through strong cross-sector partnerships that involve other funding partners, well-matched nonprofit organizations, and government agencies.
- ▶ **Education.** While some CEOs listed various priorities for their corporate philanthropy initiatives including environmental causes, health care, and domestic violence, nearly all agreed that education is a primary focus for their company. □

Contact CECP to participate in future corporate philanthropy media opportunities: LSiegel@CorporatePhilanthropy.org



"Young people today want to be associated with enterprises they can relate to, that they can believe in, and that they can take pride in."

M. FAROOQ KATHWARI
ETHAN ALLEN

Source: LEADERS Magazine 2007



"CEOs can and should encourage each other to create giving cultures at their respective companies."

MARILYN CARLSON NELSON
CARLSON

Source: CECP 2007 Annual Review



"A successful chief executive in today's corporate world recognizes that a healthy, growing company requires a strong and focused community presence."

HAROLD MCGRAW III
THE MCGRAW-HILL COMPANIES

Source: LEADERS Magazine 2007

New Members

CECP welcomes the following new members, joining now over 165 leading CEOs as champions for corporate philanthropy:



David L. Beré

*Interim CEO, President, Chief Operating Officer
Dollar General Corporation*



Since December 2006, Mr. Beré has been president and COO of Dollar General Corp. He was named interim CEO in July 2007. He is chairman of the board of trustees of Fuller Theological Seminary and is a member of the Indiana University Kelley School of Business Dean's Advisory Council.

Angela F. Braly

*President and Chief Executive Officer
WellPoint, Inc.*



Following several high-profile roles at the company, Ms. Braly assumed her current position of president and CEO at WellPoint, Inc. in June 2007. Under her leadership, WellPoint's philanthropy is focused on improving health care access, affordability, and quality in communities across America.

Richard L. Carrión

*Chairman and Chief Executive Officer
Popular, Inc.*



Mr. Carrión gives great priority to philanthropy, placing particular emphasis on education and sports. He is a member of the International Olympic Committee (IOC), where he chairs the Finance Commission and is a member of the IOC's Marketing, TV and Internet Rights Commissions. He is also founder and trustee of the Banco Popular Foundation.

Douglas R. Conant

*President and Chief Executive Officer
Campbell Soup Company*



Mr. Conant is an executive committee member for the board of Students in Free Enterprise (SIFE), vice chairman and trustee of The Conference Board, trustee of The Seeing Eye of New Jersey and the International Tennis Hall of Fame, and board member of the Grocery Manufacturers Association/Food Processors of America (GMA/FPA).

Kevin M. Connelly

*Chairman
Spencer Stuart*



As chairman of Spencer Stuart, Mr. Connelly is the elected representative of the partners, chairman of the board and partners' meetings, and is responsible for providing strategic perspective to the firm's business and finances. He is also an active search professional.

Stephen J. Dannhauser

*Chairman and Chief Executive Officer
Weil, Gotshal & Manges LLP*



Mr. Dannhauser joined Weil, Gotshal & Manges LLP in 1975 and has been the firm's chief executive since 1989. He has been a member of many organizations, committees and boards, and is currently a member of the advisory board for the Law Firm Pro Bono Challenge.

Frédéric de Narp

*President and Chief Executive Officer
Cartier North America*



Mr. de Narp was appointed president and CEO of Cartier North America in September 2005. He is co-founder of "NeedYou," a humanitarian organization created to aid abandoned children in Cambodia, Haiti, Rwanda, and Brazil. In 1996, he took a one-year sabbatical to devote himself exclusively to the organization.

Gary C. Dunton

*Chairman, President, and Chief Executive Officer
MBIA*



Mr. Dunton joined MBIA as an executive in early 1998 after helping to establish MBIA as a stand-alone entity in 1986 while working at Aetna Life & Casualty. An alumnus of Northeastern University, Mr. Dunton is a corporator on the governing board of the university.

Paul Lawrence

*President and Chief Executive Officer
HSBC Bank USA, N.A. and HSBC USA, Inc.*



Mr. Lawrence assumed his current position in February 2007, after 25 years of experience with HSBC at their offices in the United Kingdom, New York, Hong Kong, the Philippines, and Singapore. HSBC focuses its philanthropy on education and the environment, providing nonprofits with the resources and tools to sustain long-term results.

Thomas J. McInerney

*Chairman and Chief Executive Officer
ING Insurance Americas*



Mr. McInerney is a member of the board of the American Council of Life Insurers (ACLI) and a member of the Financial Services Roundtable. He also serves on the MBA advisory board for the Tuck School of Business at Dartmouth College.

Mark C. Pigott

*Chairman and Chief Executive Officer
PACCAR Inc.*



Mr. Pigott serves on the board of the Royal Shakespeare Company America, The British Library Foundation, the National Medal of Technology Foundation, the St. George's Society, and Trinity College Foundation. Under Mr. Pigott's leadership, the PACCAR Foundation provides support for education, social services, and the arts worldwide.

Thierry Porté

*President and CEO
Shinsei Bank, Limited*



Mr. Porté is a member of the board and chairman of the Finance Committee of the American School in Japan. He is president of the Harvard Club of Japan, a member of the Harvard Business School Visiting Committee, and participates in a number of other Harvard boards and advisory committees.

Thomas J. Quinlan III

*President and Chief Executive Officer
R.R. Donnelley & Sons Company*



Mr. Quinlan is the president and CEO of Chicago-based R.R. Donnelley & Sons Company, the world's largest provider of printing and print-related business services. The R.R. Donnelley Foundation and the company's corporate giving program sponsor a variety of programs that promote reading and literacy.

Barry Salzberg

*Chief Executive Officer
Deloitte & Touche USA LLP*



Mr. Salzberg is a board member of the Center for Audit Quality, Center for Strategic and International Studies, the Partnership for New York City, College Summit, Vanderbilt University Owen School of Management, the Jackie Robinson Foundation, and the Johnetta B. Cole Global Diversity & Inclusion Institute at Bennett College for Women. He also chairs the Capital Steering Committee for the YMCA of Greater New York.

David J. Stern

*Commissioner
National Basketball Association*



Mr. Stern serves or has served on the boards of Beth Israel Medical Center, Rutgers University Foundation, NAACP, Martin Luther King Jr. Federal Holiday Commission, Thurgood Marshall Scholarship Fund, Paley Center for Media, Jazz at Lincoln Center, and is a member of the Council on Foreign Relations. NBA CARES has committed to donating \$100 million to charity, providing one million hours of service, and has created 250 places where kids and families can live, learn, or play.

John G. Stumpf

*President and Chief Executive Officer
Wells Fargo & Company*



Mr. Stumpf is a director for the Bay Area chapter of Junior Achievement and the San Francisco Committee on JOBS. He also serves on the board of trustees of the San Francisco Museum of Modern Art and The Carlson School of Management at the University of Minnesota. He is a member of the California Business Roundtable and the Financial Services Roundtable.

Robert Wolf

*Chairman and Chief Executive Officer
UBS Group Americas*



Mr. Wolf is on the Undergraduate Executive Board of the Wharton School, the Athletics Board of Overseers at the University of Pennsylvania, and the Executive Leadership Council for the Multiple Myeloma Research Foundation. He is also a trustee for the Children's Aid Society and a director for the Partnership for New York City, the National Sports Museum, and the Financial Services Roundtable.

CECP BOARD OF DIRECTORS

Chairman

Harold McGraw III
*Chairman, President & CEO
The McGraw-Hill Companies*

Founding Co-Chairs

Kenneth T. Derr
*Retired Chairman & CEO
Chevron Corporation*

Paul L. Newman
*Chairman
Newman's Own, Inc.*

Alain J. P. Belda
*Chairman & CEO
Alcoa Inc.*

Lex Fenwick
*CEO
Bloomberg L.P.*

Lawrence K. Fish
*Chairman & CEO
Citizen's Financial Group, Inc. and RBS America*

Timothy P. Flynn
*Chairman
KPMG International*

Robert H. Forrester
*Chairman & CEO
Payne, Forrester & Associates, LLC*

Jean-Pierre Garnier
*CEO
GlaxoSmithKline plc*

William B. Harrison, Jr.
*Former Chairman & CEO
JPMorgan Chase & Co.*

Alan G. Hassenfeld
*Chairman
Hasbro, Inc.*

Rochelle B. Lazarus
*Chairman & CEO
Ogilvy & Mather Worldwide*

Peter L. Malkin
*Chairman
Wien & Malkin, LLC*

Marilyn Carlson Nelson
*Chairman & CEO
Carlson*

William G. Parrett
*Senior Partner & Former CEO
Deloitte*

Charles O. Prince, III
*Chairman & CEO
Citigroup Inc.*

Michael Roth
*Chairman & CEO
Interpublic Group*

Edward B. Rust, Jr.
*Chairman & CEO
State Farm Mutual Automobile
Insurance Company*

Arthur F. Ryan
*Chairman & CEO
Prudential Financial, Inc.*

Henry B. Schacht
*Director
Alcatel-Lucent*

Martin J. Sullivan
*President & CEO
American International Group, Inc.*

Sanford I. Weill
*Chairman Emeritus
Citigroup Inc.*

John C. Whitehead
*Former Deputy Secretary of State
Former Co-Chair, Goldman, Sachs & Co.*

LOCAL PERSPECTIVE:

Principles for Successful Giving in China

David Wolf
President and CEO
Wolf Group Asia



The timing is right for corporate philanthropy in China. Business is good for a large and growing number of companies; even a casual tour through the country underscores that the need is profound. And executives, in particular those from foreign firms, want to help.

But corporate philanthropy in modern China is still a relatively new concept. Charities are few and mostly unaudited, and policy-makers in the Party and government

are still getting comfortable with the idea of organizations outside of government playing an active, prominent social role—particularly international organizations.

The National People's Congress is starting to develop the regulatory infrastructure to encourage corporate giving. If your company is in China and not already looking to start a giving program, you probably will be within the next 24 months.

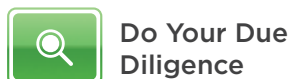
As you begin that process, there are a few principles to follow to ensure that your efforts are successful from the outset:



Start at "Home"

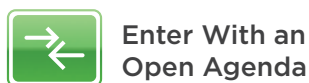
Before you write your first check, and before you even start looking around for someone to give it to, make sure your house is in order.

There is an unspoken suspicion in some circles in China of companies who are generous givers, an implicit belief that they are giving in order to atone for (or be allowed to continue) some form of corporate misbehavior. Therefore, make sure you are obeying all relevant laws, paying your taxes, treating your people well, and doing everything you can to operate a sustainable enterprise.



Do Your Due Diligence

The laws and systems regulating charities in China are in their formative stages, leaving a lot of room for the unscrupulous to take advantage of the kind-hearted. There is a simple rule of thumb: even with charities that are familiar to you, do your due diligence, and if you are planning a large gift, don't be shy about asking to do an audit. The well-run organizations will not flinch and you will ensure the money goes where it should.



Enter With an Open Agenda

Many companies come to China with preconceived projects, but doing so might be unwelcomed and can often come across as out-of-touch. Take the time to understand the national agenda and priorities and look for the "sweet spot" where your interests and capabilities match what the locals perceive the needs to be.

Wolf Group Asia is a Strategic Communications and Community Relations advisory firm based in Beijing.



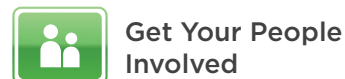
Drive from the Top

Both the local general manager and the corporate CEO should be seen as driving the philanthropic effort. When top executives take an interest, not only will the giving yield better results, it will also help galvanize other companies to give, multiplying the value of your own effort.



A Little Goes a Long Way

You don't have to make seven-figure (or higher) donations to make a difference. In a country where an elementary school can be built, supplied, and staffed for less than \$100,000, the return on your giving is immense. Start slowly, give carefully, and spread it around.



Get Your People Involved

By supporting employee giving through matching funds and recognition programs you are not only providing a way to add meaning and fulfillment to their work (thus improving retention), you are also helping sow the seeds of a personal giving renaissance in China.



Stay Informed

There are a growing number of organizations pooling information and best practices on philanthropy in China. Just one example: the American Chambers of Commerce in Beijing and Shanghai have excellent and active CSR committees that focus on the issue of corporate philanthropy. Take advantage of these and similar resources. There is strength, and wisdom, in numbers. (See Resources for Philanthropy in China.) □

MORE INFORMATION:

Resources for Corporate Philanthropy in China

American Chamber of Commerce in Beijing
www.amcham-china.org.cn

A forum for Americans engaged in business in China, working with Chinese and U.S. government authorities to help foster constructive commercial relations between the two countries.

American Chamber of Commerce in Shanghai
www.amcham-shanghai.org

The Chamber supports the success of its members by promoting a healthy business environment in China, strengthening U.S.-China commercial ties, and providing high-quality business information and resources.

The Asia Foundation
www.asiafoundation.org

The Asia Foundation supports programs throughout Asia that help improve governance, law, and civil society; women's empowerment; economic reform and development; and international relations.

Asia Society
www.asiasociety.org

Preparing Asians and Americans for a shared future, Asia Society is the leading global and pan-Asian organization working to strengthen relationships and promote understanding among the people, leaders, and institutions of the U.S. and Asia.

Charity in China
www.charityinchina.org

This website is a free service of ChinaCSR.com to help the public learn about the work that non-governmental organizations, businesses, communities, and government agencies are doing to help elevate local Chinese communities.

China CSR Magazine
www.chinacsr.com

The magazine provides Corporate Social Responsibility (CSR) news and information for China.

China NPO Network
www.npo.com.cn

China NPO Network serves all non-profit organizations in China and promotes international cooperation and sustained development.

Crossroads
www.china-crossroads.com

A community (on- and off-line) of professionals looking to develop a new channel for CSR-minded people in China to come together.

Give2Asia
www.give2asia.org

A U.S.-based 501(c)(3) organization that helps donors give effectively and responsibly to projects run by local leaders across Asia.

International Finance Corporation, World Bank Group
www.ifc.org

IFC is the private sector arm of the World Bank Group, connecting foundations with businesses that fill critical gaps in society, working with market forces and driven by sustainability.

ResponsibleChina.com
www.responsiblechina.com

A blog focused on environmental sustainability and CSR in Greater China.

Wolf Group Asia
www.wolfgroupasia.com

A management advisory firm providing strategic communications counsel to companies in Greater China and the Asia-Pacific region. □

THE CORPORATE PHILANTHROPIST

Fall 2007

The Corporate Philanthropist is published by the Committee Encouraging Corporate Philanthropy (CECP).

Editor: Lindsay Siegel
Phone: 212.825.1000
Address: 110 Wall Street, Suite 2-1
New York, NY 10005
E-mail: Info@CorporatePhilanthropy.org
Web: CorporatePhilanthropy.org
Design: Thinkside Design



This paper is made carbon neutral by offsetting its thermal energy emissions with Verified Emissions Reduction credits. 100% of the electricity used in the manufacturing of this paper is offset by Green-e certified wind certificates.