2011: An Exciting Year for Corporate Responsibility

Kellie McElhaney, founding Faculty Director of the Center for Responsible Business at the Haas School of Business at the University of California, Berkeley, shares her thoughts about why 2011 is an exciting year for corporate responsibility and sustainability (CRS).

What key corporate responsibility and sustainability trends do you foresee for 2011?

There are a few interesting trends taking place in the corporate responsibility and sustainability space that keep me awake at night thinking!

• Focus on smarter products: Companies are shifting their focus from smarter people to smarter products. They are increasingly realizing the benefits of making products in a more sustainable manner – reduced costs, increased employee innovation and greater profitability. For instance, Kimberly-Clark, the manufacturer of Scott toilet paper introduced a new kind of toilet paper – tube-free. Kimberly-Clark estimates that from the 17 billion toilet paper tubes that are produced annually in the USA, 160 million pounds of trash is generated that can be stretched from the moon and back - twice. Since most consumers toss rather than recycle used tubes, Kimberly-Clark decided to go tubeless. This is a great example of product innovation that not only helps the environment but also cuts expenses and increases profits.

• Businesses are embracing CRS as a corporate strategy: CRS has evolved from being a nice add-on, to a critical part of business strategy, with clear cut goals. As a business strategy, companies recognize that CRS can be leveraged to engage employees and customers and being an efficient and profitable business is directly linked with being environmentally responsible. Walmart is a pioneer in this field and has set three simple environmental goals: to create zero waste, be supplied 100 percent by renewable energy and to sell products that are produced annually in the USA, 160 million pounds of trash is generated that can be stretched from the moon and back - twice. Since most consumers toss rather than recycle used tubes, Kimberly-Clark decided to go tubeless. This is a great example of product innovation that not only helps the environment but also cuts expenses and increases profits.

• More towards sustainable consumption: Increasingly companies are focusing on sustainable consumption and the ability of individuals to consume more responsibly without increasing their environmental footprint. Unilever’s Sustainable Living Plan is an excellent example of this. It’s committed to not only halving its greenhouse gas emissions, water and waste usage but extended that to its suppliers and consumers as well. Over two-thirds of greenhouse gas emissions and half the water used in Unilever products’ lifecycle come from consumer use. Unilever has pledged to halve the total carbon, water and waste impact of their products enabling consumers to make a small difference when using Unilever products without having to compromise on quality products.

What more would you like to see happen in the CRS field?

I would like to see businesses continue to take a leadership position in CRS. Not surprisingly, CRS remained on the agenda at Davos, emphasizing the important role businesses can play regarding environmental and social issues. Recently, Greendex, a study conducted by GlobeScan for National Geographic, explored what inhibits individuals from being more environmentally active. The online survey asked approximately 17,000 respondents across seventeen countries to rank different factors that discouraged them from more environmentally-friendly consumer behavior. Forty four percent of respondents cited false claims by companies about the environmental impact of their products and forty percent felt individual efforts are not worth it if governments and industries don’t take action. This presents businesses with an opportunity to take a greater leadership role in 2011 by creating smarter products and educating consumers about smart and sustainable consumption.

How can The McGraw-Hill Companies continue its leadership position in CRS?

McGraw-Hill would benefit from unleashing the potential of their employees in achieving its CRS goals. CRSWire is a good starting point in helping employees understand CRS’s role as a tool for leadership development, innovation and business growth. The Green Team initiative is another way employees can get involved in identifying ways the Corporation can minimize its environmental footprint.

Learn More!
Smart Corporate Responsibility and Sustainability is a vehicle for business growth, innovation and employee engagement. As employees, what role can we play in the process? Click here to listen to Dr. McElhaney discuss the part each of us can play in driving the Corporation’s CRS strategy.
S&P Provides Thought Leadership At Cancun Climate Change Conference

In December, governments and businesses descended on Cancun, Mexico for the United Nations Framework Convention on Climate Change. A set of agreements were reached, designed to commit all major global economies to reduce greenhouse gases for the first time.

Standard & Poor’s is taking a leading role in providing clarity to the opaque carbon markets, and was there providing insight on the event through their Carbon Markets team, led by Managing Director Mike Wilkins.

In Cancun, the Carbon Markets team published a report outlining the potential progress made at the Summit and the impact on corporations and governments.

“We believe that the Cancun agreements reemphasize the view of signatory countries as to the relevance of global carbon markets as a means of raising climate finance,” Mike said upon the report’s release.

The report, titled “Q&A: Did the Cancun Summit Bring Global Action on Climate Change a Step Closer?”, addresses the achievements of Cancun, the future of further legislation and agreements, and the potential market opportunity in mobilizing private finance, among others.

Legislation and agreements like those discussed in Cancun have the potential to impact governments and corporations across the globe, but the cost and risks associated with it are not yet well understood. As a leader in bringing transparency to markets through its benchmarks, ratings and data, S&P is working on a number of fronts to provide insights related to carbon emissions risk to corporations and markets. It’s also assessing risk related to carbon offset projects.

Read the full report here.

GRI Provides Vital Sustainability Reporting Framework

Just like financial reporting, having a generally accepted framework for sustainability reports simplifies report preparation and enhances comparability among reports making them more useful to both the reporter and the report user. The Global Reporting Initiative is the world’s most widely used framework for sustainability reporting and since its inception over 1000 organizations have utilized the guidelines in their reports. The guidelines help promote measurement as they guide companies on which indicators to track and consequently report on.

A recent global survey, Reporting Change, surveyed 5000 reporters (organizations that write sustainability reports) and readers (stakeholders that read these reports) to examine reporting trends aimed at improving sustainability reporting transparency. The survey identified some interesting trends:

• **Readers influence others**, since they discuss what they learn from reports and share their opinions with other stakeholders. As a result, companies may not be the only ones receiving feedback on reports as readers actively share feedback with other constituents influencing their impression of the company as well.

At McGraw-Hill, we are committed to transparent communications of our corporate responsibility and sustainability (CRS) practices and are adopting the GRI guidelines for our upcoming CRS report. This will enable us to do our part in accounting for our best-in-class CRS performance, communicating with our stakeholders and contributing to the sustainability agenda to create a smarter, better world.

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Companies from around the world observed International Corporate Philanthropy Day (ICPD) on February 28th to recognize and celebrate the achievements in corporate philanthropy and to inspire businesses to further engage in philanthropic efforts. ICPD is led by the Committee for Encouraging Corporate Philanthropy (CECP), an international forum for business leaders that aims to improve corporate philanthropy. CEO Terry McGraw is the Chairman of CECP and since 2003, McGraw-Hill has helped advance CECP’s mission of providing thought leadership in corporate philanthropy.

At McGraw-Hill, Terry kicked off the Board of Boards CEO Conference which we hosted at McGraw Hall. The conference convened CEOs from the world’s largest businesses to discuss corporate philanthropy from an executive perspective. The theme of this year’s conference was Business at its Best: Maximizing Long-Term Profitability and Societal Impact and the conversation was led by Indra K. Nooyi, Chairman and CEO of PepsiCo, and William D. Green, Chairman, Accenture and the newest member of The McGraw-Hill Companies Board of Directors. Close to 90 global CEOs discussed emerging trends in corporate philanthropy including:

• Philanthropy has evolved from being focused solely on grantmaking to mobilizing companies around relevant social issues that are not only good for society but also good for the bottom line. Harvard Business School professor Michael Porter refers to this as “shared value.” Porter argues that companies must take the lead in bringing business and society together to create economic value in a way that also creates value for society by addressing its needs. Click here to learn more about Porter’s shared value principle.

• Investment in social issues has progressed from being a risk mitigation strategy by companies to an opportunity for new business prospects. Globalization has brought companies closer to social issues faced by stakeholders. Companies can leverage a focus on social issues to maintain their competitive advantage by cutting costs, generating revenue and building relationships with the next generation of consumers.

Our philanthropic efforts support a wide variety of organizations working to promote education, health and human services and civic causes. From developing financial skills among impoverished women in Peru to promoting equal educational opportunities in public schools, our philanthropic activities are improving communities around the world. Highlights of our portfolio include:

• We are piloting a financial literacy program with Pro Mujer in Peru to train 21,000 women living in extreme poverty in seven regions of the country. Pro Mujer is a woman’s development and microfinance organization that lifts poor women in Latin America out of poverty by providing financial services, healthcare, and training. The program will be replicated by Pro Mujer in other countries it serves such as Argentina, Bolivia, Mexico and Nicaragua.

• Since 1997 we have supported the Lawyers Committee for Civil Rights Under Law (LCCRL), which provides pro bono resources for litigation, public policy advocacy, and other forms of service by lawyers to the cause of civil rights. Our philanthropic efforts have supported the Educational Opportunities project at LCCRL that strives to ensure that all students from kindergarten through 18 years of age receive equal educational opportunities in institutions of learning.

• The Prince’s Trust is a U.K. organization that supports job placement and training for disadvantaged youth. Through our philanthropic efforts we have supported two key programs: the xl program, which supports the personal development of vulnerable 16-24 year-olds, and the enterprise program, which mentors young entrepreneurs to help them take the first step towards self-employment.

To learn more about our corporate philanthropy programs please visit our CR.
Maximize Your Talents Through Skill-Based Volunteering

Employees across The McGraw-Hill Companies are using their valuable skills to support nonprofits and communities in need. Skill-based volunteerism is service by individuals or teams that capitalize on personal talents or core businesses skills to build capacity at nonprofit organizations and serve a community need.

And the community isn’t the only group that reaps the benefits. According to the Points of Light Foundation, skill-based volunteering develops the workplace skills of participating employees, and thus plays an important role in making the employee volunteer program business-smart.

For example, more than three quarters of nonprofit leader respondents in one survey believe that skilled volunteers could significantly improve their organization’s business practices. Yet, only 12 percent of nonprofits actually put volunteers to work on such assignments (Deloitte, 2006).

At McGraw-Hill, a number of our volunteer programs are leveraging our employees’ range of skill sets:

• Our Writers to the Rescue program matches individual employees to nonprofit organizations to serve as volunteer writers, editors, communication and/or public relations specialists. Past projects have included grant writing, press releases and annual reports.

• Global Operations & Infrastructure (GO&I) is in its second year in a robust partnership with nonprofit NPower, whose mission is to connect other non-profits with affordable and quality Information Technology services. They do this through an online portal that matches corporate IT groups with non-profits seeking expertise, and through a training program for underprivileged youth. Josh Beggs, director, Information Storage, said of the partnership: “To teach what we know and bring a normally complex topic down to basics forces us to think differently about technology and its impact on our business objectives.”

• Our Financial Literacy Now campaign includes a successful Speakers’ Bureau. The Corporation’s leading minds in financial information, such as S&P’s Sam Stovall and J.D. Power’s Rocky Clancy, have visited urban schools to share their insights on financial literacy with students.

For more information about skill-based volunteering or to get involved, contact Community Partners’ Amita Nagaraja.

To join the Financial Literacy Now’s Speakers’ Bureau, contact Laura Breitenbach.

McGraw-Hill and S&P Promote Greater Transparency in Microfinance

The Corporation has long been focused on economic empowerment as part of our grantmaking efforts, and for the past four years, we’ve supported the Microfinance Information Exchange (MIX) and its mission of strengthening the microfinance sector and microfinance institutions (MFIs) through market intelligence and data services. The MIX’s thought leadership and analysis are used by an array of key organizations including NGOs, investors, foundations, academics, ratings agencies and MFIs themselves. In addition to our grant support, Jane Eddy, who leads Standard & Poor’s Latin American Corporate and Government Ratings Group, has served on the MIX’s executive board for two years.

Microfinance institutions provide small loans for microenterprises with a focus on low-income clients, particularly women. These loans help enable the poor to take advantage of economic opportunities that were not accessible to them, potentially lifting themselves out of poverty. While microfinance has been tremendously successful in reducing poverty in different parts of the world, recently, questions have been raised regarding collection practices and lending at reasonable interest rates. As demonstrated by our support of the MIX, we are leveraging our business expertise and funding to strengthen MFIs and the sector in general, in particular to enhance transparency, to provide greater operating standards and quality controls.

This year, McGraw-Hill will be funding a new MIX project called “Integrated Performance Data,” which will increase transparency of MFIs around these issues and address other challenges. The data platform will track not just the financial outcomes of MFIs, but also their social performance, increasing the ability of donors and lenders to understand the commitment of individual institutions to social investment.

Our support has also enabled the MIX to launch an e-learning training system that provides microfinance practitioners eight online modules geared towards improving their planning, performance assessments and decision-making. The site has already drawn over 1,500 users since its launch in the fall.

To learn more about MIX and their work visit their website.
Corporate Responsibility and Sustainability also means a responsibility to the people of The McGraw-Hill Companies—our employees are our most valued resource and the engine for all that we do. But what does this mean and how does it impact your work?

Central to the Corporation’s focus on our people is our commitment to Diversity & Inclusion (D&I). Our success depends upon our ability to transform the diverse experiences, perspectives and ideas of our employees into outstanding innovative products and services that meet the financial, education and business needs of our customers worldwide.

And that business case is clear:

- A recent McKinsey study (Women Matter 3, September 2009) finds that companies with three or more women in senior management roles score higher on organizational excellence criteria than those with no women in these roles.
- Calvert, the socially responsible investor (see our December Issue for more on SRI), noted recently that it “views diversity as both a social and strategic business and investment imperative” and that “appropriate diversity policies, comprehensive diversity programs, and strong leadership commitment enhances a company’s long term value.”

The Corporation is focused on strengthening D&I across a number of fronts. Our D&I Councils within each segment provide training to managers and employees across our businesses to help them learn the skills and competencies required to leverage business opportunities. These groups also utilize the extensive work of our Employee Resource Groups to engage employees in their own talent development, including our newest ERG, LEAD (Learning, Empowering and Accelerating Digital).

We also provide and have been widely recognized for a broad array of WorkLife programs that support our business goals yet also provide all employees the flexibility to address work/life issues.

Our efforts don’t go unnoticed; here are some of the latest accolades we’ve received from stakeholders for our commitment to our people.

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New Book Teaches Money Matters to Kids

As part of our ongoing mission to promote financial literacy for all we underwrote the first 7,000 copies of The Nickels, Dimes, and Dollars Book: A Wise Kid’s Guide to Money Matters. The book engages elementary school children to learn about money management fundamentals so that they can make informed financial decisions in the future.

“The current economic environment has taught us that financial education is absolutely essential in order for consumers to make smart choices regarding credit, saving, investing and other money matters,” says CEO Terry McGraw. “The Nickels, Dimes and Dollars Book offers an exceptional resource for young students to learn about money in school and at home, and gives them a real head start toward making informed choices.”

Reuters recently featured a survey conducted by McGraw-Hill examining the need for financial literacy material for elementary-age children. The survey revealed that although the majority of parents educate their children at home about money management, only about one-third of elementary school teachers are discussing money management topics in their classrooms because of insufficient resources. The NDD initiative aims to address this issue by providing teachers a resource to discuss money matters with their students in an engaging and fun manner.

Since November, volunteers throughout the Corporation have been lending their time to share the book with classrooms across the United States. A series of successful reading sessions wrapped up in Monterey and Dubuque. In Dubuque, our volunteers read the NDD book to over 800 students in 16 schools. Copies of the book were also sent home with the students to share with their families. Planning is now underway for the program’s launch in Boston, Chicago, Columbus and New York City, where close to 100 employee volunteers will reach nearly 1,000 students. Future plans include creating a blog for teachers to discuss financial literacy issues where McGraw-Hill authors will contribute and share their expertise.

The NDD initiative is part of our overall Financial Literacy Now campaign that focuses on giving teachers, students and the public the resources they need to improve their understanding of important financial principles.

Interested in volunteering for the NDD reading initiative? Contact Laura Breitenbach for more information.
Employees Share Their 2011 Green Resolutions

Quaye Reed, SE Region Associate Manager, McGraw-Hill Construction, Atlanta, GA

At home, I am focusing on reusing envelopes from bills and other marketing mailings in order to save paper. At work, our Green Team has committed to reducing paper usage by reusing paper in our printers and fax machines. Through Staples we have been tracking our paper purchases and have decreased our usage by approximately 30 percent in 2010.

Lucy Cheng, Associate, Standard & Poor’s, New York, NY

For the upcoming year I have resolved to make my meals greener by using reusable bags to bring my lunch instead of plastic bags and eating foods from local and sustainable sources whenever possible.

Veeraiah Bandla, Senior Research Associate, Capital IQ, Hyderabad, India

I have pledged to make several changes to become more environmentally friendly including switching off my computer after work, substituting reusable bags for plastic bags, carpooling with a colleague from work and using the stairs instead of the elevator for floors that are walkable.

Veronica Yanez, Associate Ratings Analytical, Standard & Poor’s, Mexico City, Mexico

As a part of our Mexico Green Team I have committed to double-sided printing to conserve paper and increasing employee awareness about conserving energy and protecting the environment.

Considering a green resolution? Our Personal Sustainability Practice (PSP) module is a great resource for creating pledges to sustainable actions such as using public transport or printing double-sided and tracking your performance through weekly reminders.

Log on to the CP Connections site to get started!

Platts Forum Focuses on Clean Energy Issues

Platts’ 4th Annual Global Energy Outlook Forum – Clean Energy: Fact or Fiction? was recently held in New York and brought together globally renowned industry leaders, economists and government officials to debate the viability of many of the clean energy solutions presently under discussion or implementation worldwide. Former Shell Oil President John Hofmeister delivered the keynote address and was followed by roundtable discussions debating the economics and politics of and industry preparedness for future clean energy solutions.

Click here to view the highlights.

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