



Corporate-NGO Partnerships Barometer 2012

- Corporate-NGO partnerships increasingly relevant to the business agenda – they enhance understanding and lead to better business practices
- Partnerships with businesses support mission delivery for NGOs as well as for business
- The prolonged recession has acted as a spur to the Corporate-NGO partnering agenda

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Introduction

Welcome to the C&E Corporate-NGO partnerships Barometer 2012 – the third in our annual series.

This edition of the Barometer draws on the experience of over 130 leading companies and NGOs who completed our confidential survey during September.

With two years behind us, we have more trend data and are better able to apply the 'barometer effect' – to determine the extent to which changes in context (economic, social, political etc) are affecting both current practice, as well as practitioners' sentiments about the future prospects for cross-sector partnering.

For this year's focus topics we examined the **impact of the economic downturn and recession on cross-sector partnering**. We have also explored corporate and NGO practitioners views and experiences of **Shared Value** – a topic which has been much in the professional media over the last year.



Manny Amadi, MVO
CEO, C&E Advisory

We are grateful to all our respondents and commentators for sharing their perspectives and experiences. As usual, we hope this 2012 edition of the C&E Corporate-NGO Partnerships Barometer helps to inform their and your understanding, investments, reviews and practice of Corporate-NGO partnering.

We welcome comments and suggestions for the next edition.

Headline Findings

Importance and role of Corporate-NGO partnerships

Partnerships between businesses and NGOs remain important for both sectors

- For leading UK-based multi-nationals, such partnerships are **becoming an increasingly important instrument in driving forward the core business agenda**
 - Over three quarters (77%) of business respondents to the Barometer study stated that partnerships with NGOs are 'very important' or 'important' to their (core) business agenda. Such partnerships are 'very important' to the business agenda of a third of all business respondents (a rise of 19% compared to 2011) and 'important' to a further 40% of corporate respondents (up 10% on 2011).
 - However, (with a score of 82%) enhancing brand reputation and achieving greater credibility remains the leading reason why companies choose to partner with NGOs.
- In contrast, the opportunity to access and generate resources (including funding) remains overwhelmingly the most important reason why NGOs partner with businesses, with 96% of NGO respondents listing resource generation as a reason for partnering.
- However, there is evidence that NGOs may be moving beyond the single-dimension, 'cash partnership' mindset, and that **business partnerships are increasingly important to NGO's mission-delivery agenda** (whether that relates to service provision or campaigning).
 - There were significant increases in the percentage of NGOs partnering with businesses in order to secure access to people and networks (technical expertise, labour, etc). This was 15% up on 2011.
 - The percentage of NGOs partnering for purposes of innovation (i.e. developing unexpected or new ways of addressing old issues and complex challenges) was up 15% on 2011
 - There was also a marked (12%) increase in the percentage of NGOs partnering with businesses to in order to improve efficiency (reducing or sharing costs and delivery systems, and by avoiding duplication)

The partnering experience: effectiveness, perceptions, the recession and Shared Value

- The Barometer discovered an overwhelming level of confidence that **strategic partnerships between NGOs and businesses are meeting their objectives and delivering value**, with 90% of respondents expressing such views
- Despite the above findings, **NGOs and Businesses continue to dispute the value (or perceived value) of non-financial support**
 - In an echo of last year's finding, 68% of businesses in the 2012 Barometer say that harnessing their competencies and non-cash resources would make much more of an impact on the fulfilment of their NGO partners' objectives, than purely cash-based relationships.
 - However, only 20% of NGOs agreed with this view, (a significant drop of 18%). This represents a huge gap in perception of value between the two sectors.
- Companies confirm that **partnerships with NGOs are really moving the dial**: they are adding very clear value to businesses...
 - An overwhelming majority (91%) of company respondents state that their key NGO partnerships have helped their businesses to improve understanding of social and / or environmental issues.
 - And 57% of corporate respondents state that their key NGO partnerships have helped them change business practices for the better.

These findings explain why partnerships are becoming more central to businesses

- **...But NGOs understate the value of their role** in enhancing business understanding and improving business practices for the better
 - 78% of NGO respondents (compared to 91% of business respondents) state that partnerships between the sectors improve business understanding of social and environmental issues
 - And 50% of NGO respondents (compared to 57% of their corporate peers) state that such key partnerships help to change business practices for the better
- The differential weight of views may result from the two sectors applying different standards for assessing change – or it may simply be the case that NGOs underestimate the value of their contribution to the business agenda
- Additionally, **NGOs understate their perceived effectiveness as 'business partners'**
- The largest divergence between the sectors in the 2012 Barometer arose when NGOs and corporate respondents are asked about how NGOs are perceived by companies

- Nearly three quarters (74%) of business respondents agreed that ‘on the whole, NGOs are effective, professional entities with which companies can do business’ (only 6% of corporate respondents disagreed with this view)
- Conversely, only a small majority of NGO respondents (42%) agreed that ‘on the whole, NGOs are considered by companies to be effective, professional entities with which they do business’. And nearly a quarter of NGO respondents (23%) disagreed with this statement

This striking dissonance between the sectors may indicate either ineffective communication between the sectors and / or a lack of confidence by the NGO sector in its own professionalism and effectiveness.

- **Recession and slow economic growth have boosted Corporate-NGO partnering!**

- The tough economic climate has spurred more companies and NGOs (58% of the combined sample) to place a greater emphasis on cross-sector partnering than might otherwise have been the case over the last two years.
- These organisations placed a ‘greater’ or ‘much greater’ emphasis on Corporate-NGO partnerships as an efficient way to drive value’ in a tough climate. And this effect was more pronounced for NGOs
- Perhaps, linked to the pressure on resources for both sectors, **marketing-led partnerships (concentrating on cause-related marketing) saw a marked increase** (up by 14% on 2011). This was striking in a year in which figures for other types of partnerships remained broadly stable at a consolidated level
- **Awareness and interest in ‘Shared Value’ is high across the business and NGO sectors.** The idea of Shared Value locks together the unique competencies of businesses and NGOs to deliver products or service solutions with commercial scale and deep social impact for customers and clients.
 - Approximately 87% of NGOs are aware of and / or exploring shared value opportunities, and
 - 93% of businesses are aware of and / or exploring SV opportunities
 - ..But a **range of barriers may be preventing more active take up of SV opportunities by businesses** – notably the challenge of securing internal mandate and engaging colleagues outside of the Corporate Responsibility function.

The most admired Corporate-NGO partnerships and partners

- M&S and Oxfam triumphed yet again as the 'Most Admired Corporate-NGO Partnership 2012' – with a higher share of the free vote
 - P&G (Pampers) – UNICEF '1 Pack=1 Vaccine' holds onto second place, but Boots-Macmillan partnership storms in to tie for second place
- Oxfam again secured the 'Most Admired Partnering NGO 2012' status, ahead of UNICEF and Macmillan Cancer Support (a new entrant at the top end of the rankings)
- M&S also secured the accolade of the 'Most Admired Partnering Company 2011' ahead of P&G and Boots

Future prospects for Corporate-NGO partnership

The mid-term prospects for Corporate-NGO partnering remain bright. Between 2012-2015:

- Both businesses (82%) and NGOs (85%) expect the role of cross-sector partnerships to become more important to their organisations over the next three years
- Pressure on businesses to demonstrate societal consideration, and the desire by companies and NGOs to leverage each other is the key driver to this expected growth
- **Investment (of time, commitment and resources) in Corporate-NGO partnering is set to grow over the next three years**, with 77% of business and NGO respondents expecting their investment in cross-sector partnerships to either increase or increase significantly over the next three years
- In a notable finding, only 2% of respondents from either sector suggested that their investment in partnerships will decrease over the next three years

Concluding points

Partnerships will always be complex and challenging because, by definition, they involve different organisations, sectors and cultures. But this practitioner-led 2012 edition of the Corporate-NGO Partnerships Barometer confirms yet again that the future for such partnerships remains bright!

The future remains bright because, on the whole, such partnerships are successfully evolving in order to meet their objectives. They are adding notable value – to the core business of business, and to the delivery of NGOs mission. This explains why even in very difficult circumstances, partnerships have remained high on the agenda of businesses and NGOs.

Part 1: Why Companies and NGOs Partner

Partnerships between organisations are typically complex and challenging – and complexity can be enhanced when organisations from different sectors and cultures are involved. So in this era of ongoing economic challenge have cross-sector partnerships remained important and if so, what motivates businesses and NGOs to spend time and valuable resources working together?

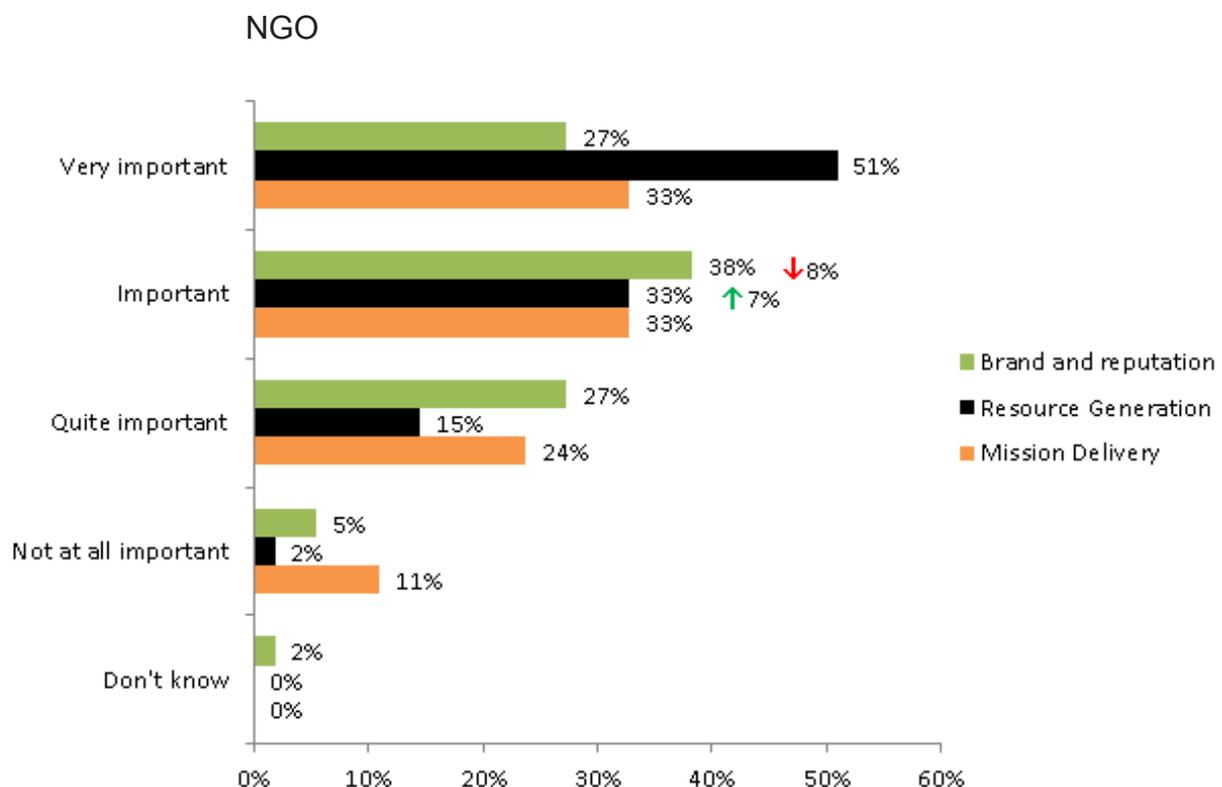
Cross-sector Partnerships remain important for businesses and NGOs

In a finding consistent with the last two barometers, the opportunity to access and generate resources is again the most important agenda driving NGOs to partner with companies. 99% of NGOs list resource generation as very important, important or quite important to their partnering agenda, and this has become even more important this year.

Brand and reputation (92%) and mission delivery (90%) remain very important, important or quite important to NGOs as drivers of their corporate partnering agenda. (See figure 1).

Figure 1: Brand and reputation, resource generation and mission delivery as factors for NGOs

'To what extent would you say partnerships with corporates are important to your organisation in delivering your mission, in resource generation and in enhancing your brand and reputation?'



For businesses, this year's Barometer indicates that **partnerships with NGOs are becoming an increasingly important instrument in driving forward the core business agenda.**

Advancing the CSR agenda (99%) and, enhancing brand and reputation (83%) are more highly rated as 'very important' to company respondents.

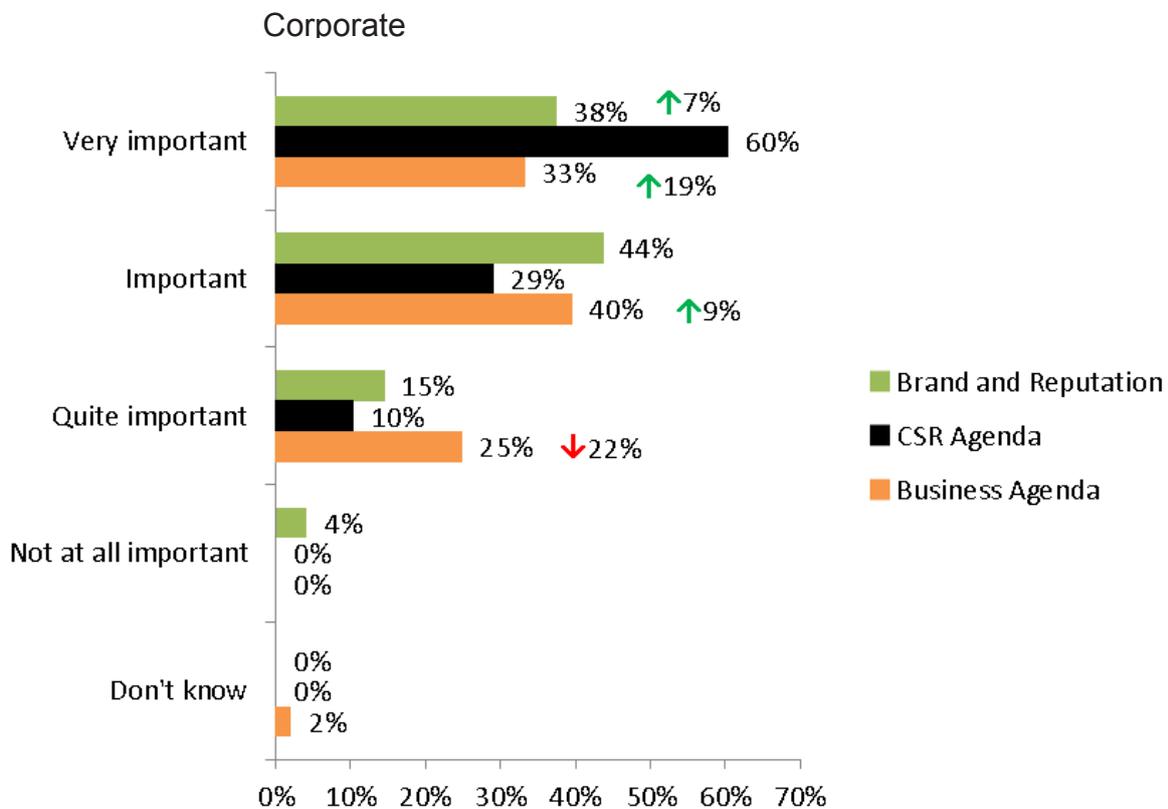
The CSR Agenda and brand/reputation are the factors that most drive the Corporates (89% and 82% respectively) rating them as "very" important or "important", However,

the most striking and perhaps most significant increase was in the percentage of those (33%) of business respondents listing NGO partnerships as being 'very important' to their (core) business agenda (a rise of 19% compared to 2011). Additionally, 40% of this segment rated NGO partnerships as being 'important' to their business agenda (up 10% on 2011).

This growing role of NGO partnering as a means of driving forward the core business agenda is notable. We return to it later in this report.

Figure 2: Brand and reputation, CSR and the business agenda as factors for businesses

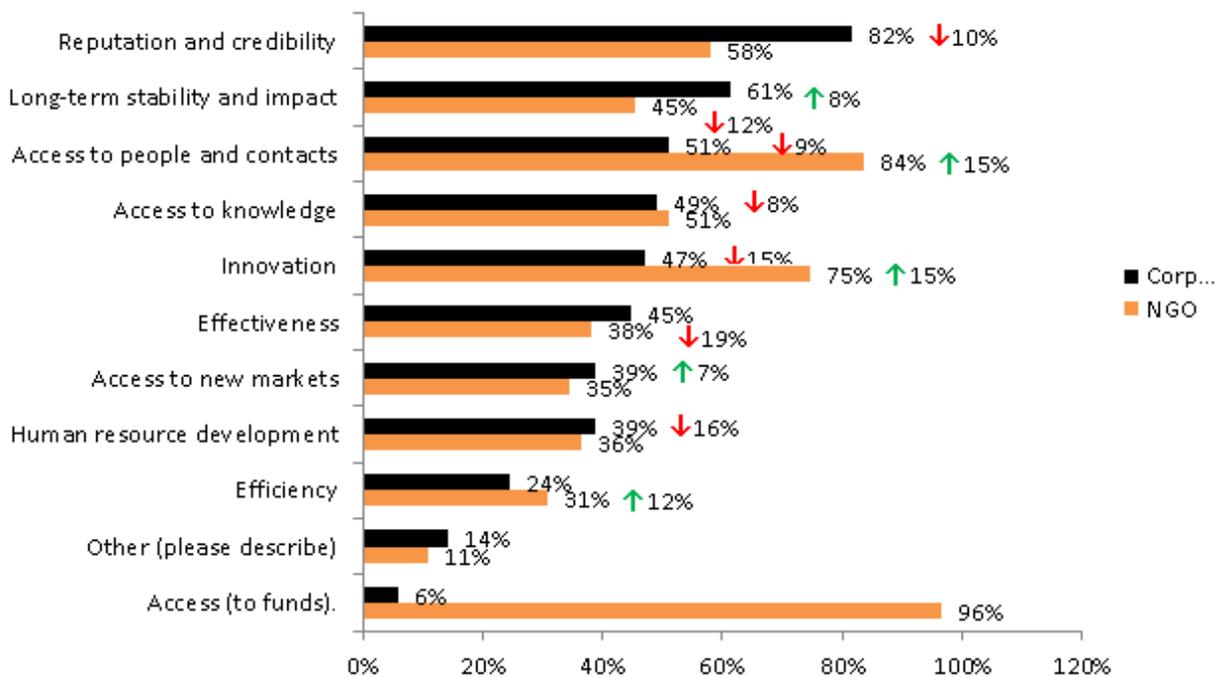
'To what extent would you say partnerships with NGOs are important to your organisation in your overall Business agenda, for your corporate social responsibility (CSR) agenda and in enhancing your brand and reputation?'



Having highlighted some of the agendas within which partnerships are framed by each sector, we again this year delved deeper into why companies and NGOs choose to partner. As in previous years, there are divergent reasons regarding why companies and NGOs chose to partner with each other.

Figure 3: Why companies and NGOs engage in partnering with each other

'Why does your organisation engage in Corporate-NGO partnerships? TICK ALL THAT APPLY'



Achieving reputation and greater credibility (at 82%) remains the leading reason why businesses choose to partner with NGOs (though at a 10% lower rating than 2011, perhaps reflecting the growing emphasis on core business factors). Long term stability & impact (achieving greater 'reach' by being efficient and effective in securing an expanded sustainable development impact) has grown in importance over the last year (up 8% on 2011). Similarly, access to new markets (e.g. reaching consumers at the bottom of the economic pyramid) has risen (up 7% on last year) as a reason for partnering.

Conversely, access to knowledge, innovation, and human resource

development remain in the mid-ranking as reasons why companies partner with NGOs, but each received a reduced score this year (down 8%, 15%, and 16% respectively). These are significant reductions. We will keep an eye on the scores for these factors in future barometers to establish whether there is a trend forming here.

In contrast, the opportunity to access and generate resources remains overwhelmingly the most important reason why NGOs partner with businesses, with 96% of respondents from this segment listing resource generation as a reason for partnering.

However, there has been a significant increase in the percentage of NGOs partnering with businesses in order to secure access to people and contacts (drawing on a wider pool of technical expertise, experience, skills, labour and networks – up by 15%). The same level of increase is recorded in the NGOs partnering for purposes of innovation (i.e. developing unexpected or new ways of addressing old issues and complex challenges). Additionally, there is a marked increase (up 12%) in NGOs partnering with companies in order to improve efficiency (reducing or sharing costs and delivery systems, and by avoiding duplication).

These findings are in line with the increase in NGOs relating corporate partnerships to their mission delivery agendas. They indicate that **for an increasing number of NGOs, corporate partnerships are becoming multi-faceted and mission-related, if not mission-led. NGOs may be moving beyond the one-dimensional, single purpose, ‘cash partnership’ agenda.**

However, it is worth noting that there was a very marked reduction in NGOs listing ‘effectiveness’ (creating more appropriate products and services, whether commercial or not-for-profit through partnerships) as a reason why they partner. This contrasts with the increases noted above. Again, we will keep a close eye on this in next year’s Barometer.

Why Corporates and NGOs engage in partnerships: Top 3 reasons (NGO and businesses Consolidated)

| Rank 2012 (2011) | Reason | Percentage (NB: Multiple options allowed) |
|------------------|--|---|
| 1 (2) | Access to people and contacts: Drawing on a wider pool of technical expertise, experience, skills, labour and networks. | 71% |
| 2 (1) | Reputation and credibility: Achieving organisational reputation and greater credibility. | 67% |
| 3 (3) | Innovation: Developing unexpected / new ways of addressing old issues and complex challenges. | 62% |

Figure 4

Why businesses engage in partnerships with NGOs: Top 3 reasons (businesses only)

| Rank 2012 (2011) | Reason | Percentage (NB: Multiple options allowed) |
|------------------|--|---|
| 1 (1) | Reputation and credibility: Achieving organisational reputation and greater credibility. | 82% |
| 2 (6) | Long term stability and impact: Achieving greater ‘reach’ via expanded sustainable development impact. | 61% |
| 3 (3) | Access to people and contacts: Drawing on a wider pool of technical expertise, experience, skills, labour and networks. | 51% |

Figure 5

Why NGOs engage in partnerships with business: Top 3 reasons (NGOs only)

| Rank 2012 (2011) | Reason | Percentage (NB: Multiple options allowed) |
|------------------|--|---|
| 1 (1) | Access (to funds). | 96% |
| 2 (1) | Access to people and contacts: Drawing on a wider pool of technical expertise, experience, skills, labour and networks. | 84% |
| 3 (3) | Innovation: Developing unexpected / new ways of addressing old issues and complex challenges. | 75% |

Figure 6

Part 2: Partnering practice – and effectiveness

Have partnerships between companies and NGOs become more or less strategic over the last year? How are partnerships adding value? Have there been any changes to the types of partnerships deployed? And what effect, if any, is the seemingly endless economic down turn and recent economic recession had on partnerships? We address these and related questions in this section.

Additionally, Shared Value (locking together the unique competencies of businesses and NGOs to deliver products or service solutions with commercial scale and deep social value for customers and clients) has been much in the professional media recently. What are the views of corporate and NGO partnership practitioners about this topic and its relevance for the partnering

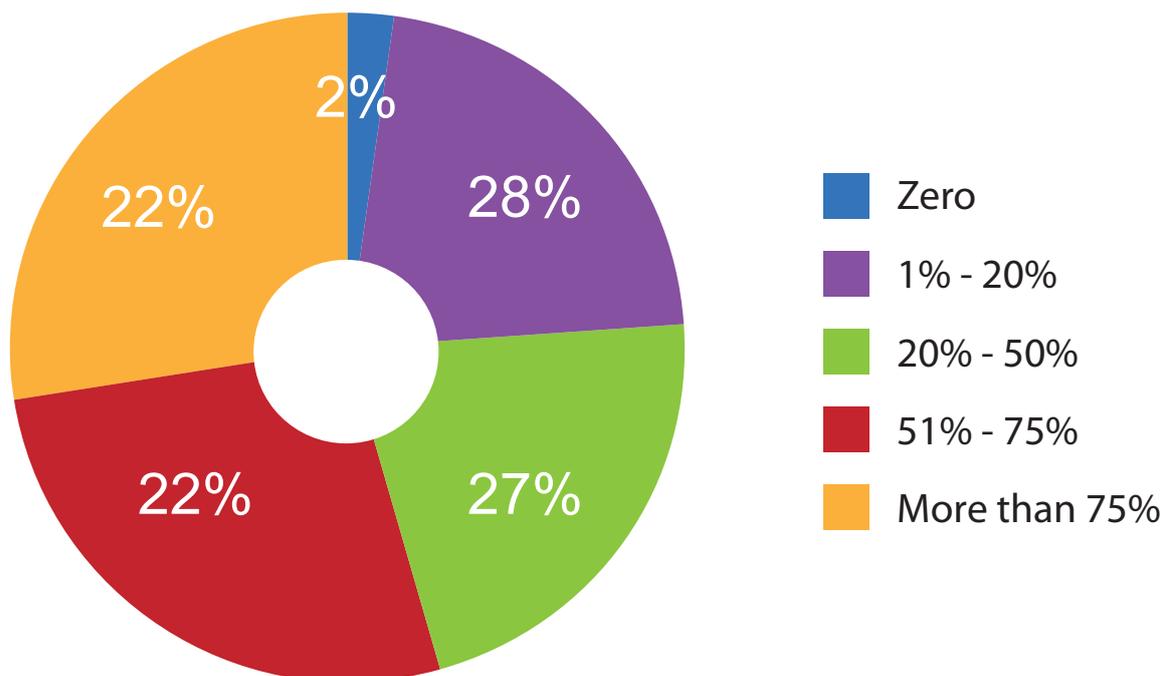
agenda? We also report here on our findings on Shared Value, one of our two focus topics for 2012.

The clear business shift towards more strategic partnerships continues to hold – this is more so for companies

One of the key findings from the 2011 Barometer related to the extent to which partnerships between companies and NGOs are becoming more strategic. This year’s survey witnessed no major changes over the year. At a consolidated level, 44% of respondents classify over half their partnership portfolio as ‘strategic’.

Figure 7: Strategic partnerships – corporate and NGO responses

‘In approximate terms, what percentage of your Corporate-NGO partnerships would you describe as strategic as opposed to ‘non-strategic’ (transactional, tactical)?’ [NGO and corporate respondents]



However, this year, the move towards more strategic partnerships is even more pronounced within the corporate segment. 56% of corporate respondents classify over half their partnerships as 'strategic' (figure 8) compared to 31% of NGO respondents (figure 9).

We see here that for companies there has been an increase in those saying that between half and three quarters of their partnerships are strategic, but a slight drop in those saying that over three quarters of them are. Despite most corporates seeing their activities in this area as strategic, it appears that there may be some growth in some more ad hoc tactical activity.

NGOs see most of their activities as being tactical rather than strategic, and for them there has been a slight drop in those saying that over 50% of their activities in this area are strategic.

Corporate respondents refer to the inherent advantages of strategic partnerships (including more efficient use of financial, time and mind-share resources). It appears that many NGOs are responding to the logic of strategic partnerships, but NGOs are perhaps extending their corporate partnerships portfolio through relationships with smaller companies outside the C&E Barometer sample set of leading companies.

Figure 8: Strategic partnerships – corporate responses only

'In approximate terms, what percentage of your Corporate-NGO partnerships would you describe as strategic as opposed to 'non-strategic' (transactional, tactical)?' [Corporate respondents only]

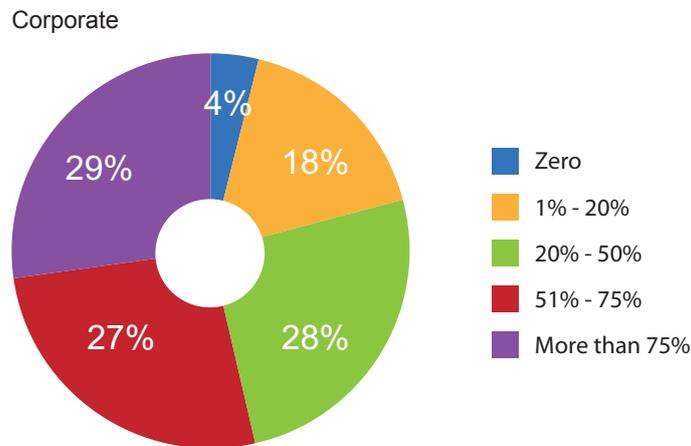
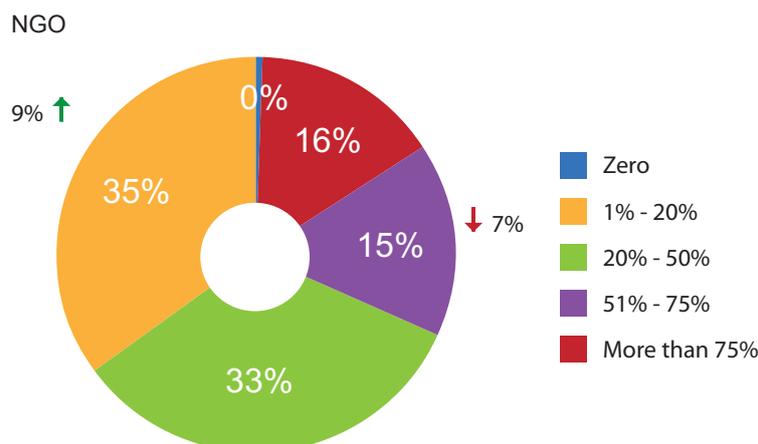


Figure 9: Strategic partnerships – NGO responses only

'In approximate terms, what percentage of your Corporate-NGO partnerships would you describe as strategic as opposed to 'non-strategic' (transactional, tactical)?' [NGO respondents only]



Confidence

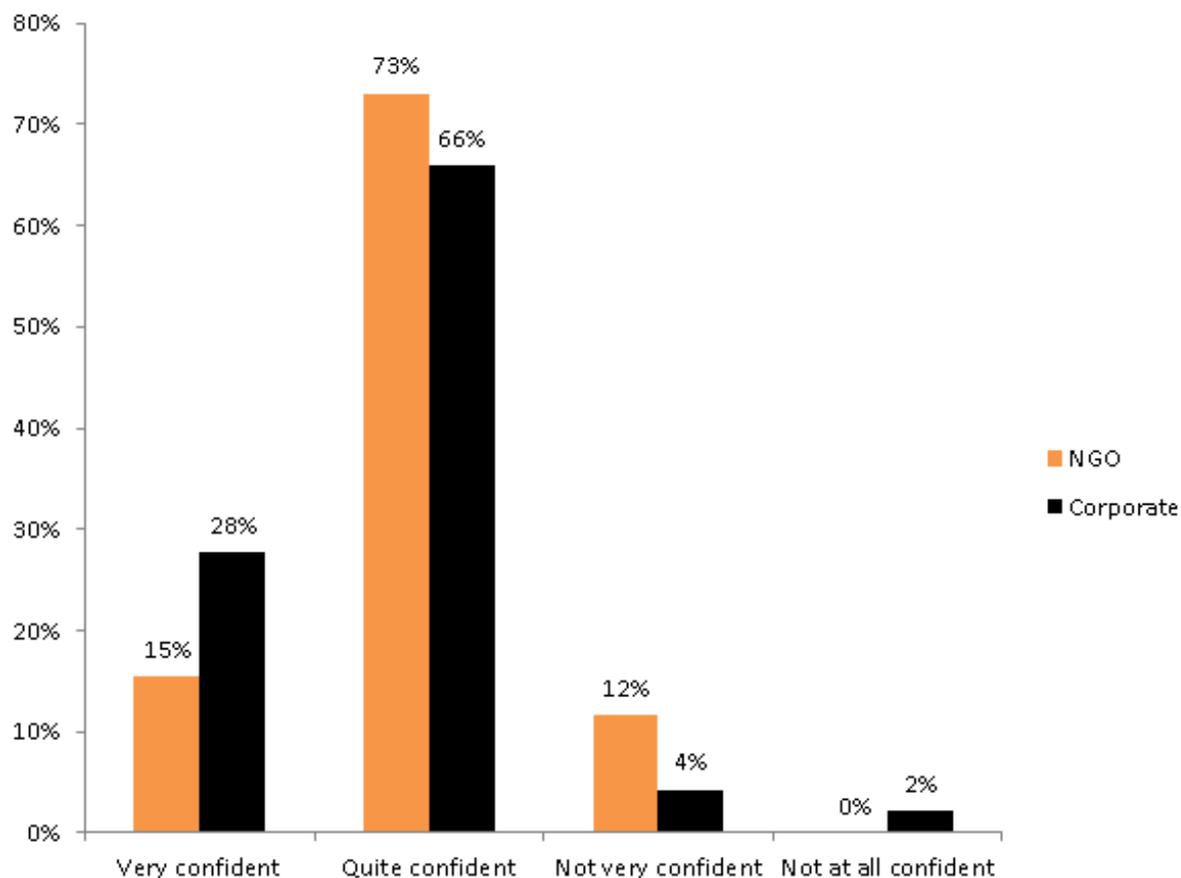
There remains a high degree of confidence that strategic cross-sector partnerships are meeting objectives and delivering value.

Again this year, we discovered an overwhelming level of confidence that strategic partnerships between businesses and NGOs are meeting their objectives – and delivering the value expected of them. This finding has remained stable over the three years of the Barometer.

90% of respondents in the 2011 survey are ‘quite’ or ‘very confident’ that strategic partnerships are meeting their objectives and delivering the value expected from them. Of note, company respondents demonstrate more confidence on this issue than their NGO counterparts, with over a quarter (28%) of companies ‘very confident’ and over a fifth of NGOs (21%) responding similarly.

Figure 10: Level of confidence that strategic partnerships will meet objectives and deliver value

‘On the whole, to what extent are you confident that your strategic partnerships are meeting their objectives and delivering the value expected from them?’



NGOs and Businesses continue to dispute the value (or perceived value) of non-financial support.

In perhaps the greatest area of dissonance, last year's Barometer revealed a significant gap between the NGO and corporate sectors regarding the extent to which non-financial corporate inputs do or can make a difference to the mission of NGO's.

In an echo of last year's finding, 68% of businesses in the 2012 Barometer recorded the view that harnessing their competencies and non-cash resources would make much more of an impact on the fulfilment of their NGO partners' objectives, than purely cash-based relationships (figure 11). However, only 20% of NGOs agreed with this view (a significant drop of 18%); 52% of NGOs in the 2012 study now disagree with the view that corporate competencies and the non-cash support would make much more of an impact on their mission fulfilment than purely cash-based support (an increase of 21%).

The message from NGOs is that they are experts in the delivery of the social or environmental missions for which they are conceived (through service delivery, campaigning, etc) and have unique specialist know-how to drive their mission

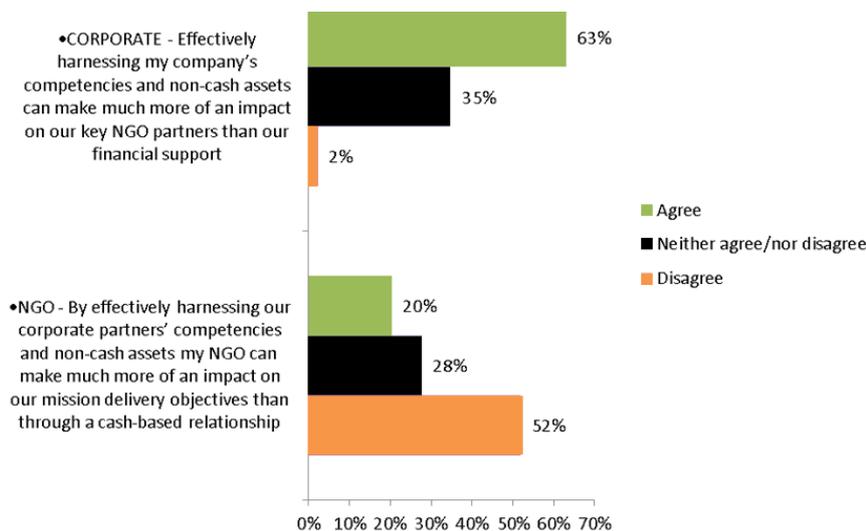
forward. They often require additional financial and non-financial resources to achieve greater impact and they value the contribution (including competencies and other assets) that companies bring through partnership. However, most NGOs prefer the flexibility (of choice, procurement of third-party services, etc) that financial support brings, over what is sometimes perceived as the risk of relying on voluntary service provision from corporate partners.

Nevertheless as noted in part 1, this 2012 Barometer has also discovered that NGO's increasingly partner with companies in order to drive forward their mission delivery agenda. This indicates a growing recognition of the value of corporate partnerships to the NGO sector.

Despite this encouraging development, the perception clearly remains on the corporate side that NGOs could do more to harness the former's competencies and assets to greater effect. How NGOs can best leverage such competencies and assets must be one of the challenges for the future.

Figure 11: Assumption about the potential impact of their non-financial assets

'On the whole, to what extent are you confident that your strategic partnerships are meeting their objectives and delivering the value expected from them?'



Partnerships with NGOs are enhancing business understanding of social and environment issues and changing business practices for the better...

As with previous editions, this 2012 edition of the Barometer has highlighted the motivations for partnerships between companies and NGOs. This Barometer has also indicated a high level of confidence that partnerships are meeting objectives and delivering the value expected of them. Business respondents seem confident about the value their segment brings to the partnering arena. But what level of value do partnerships with NGO bring to businesses? Do business partnerships with NGOs really shift the dial in important ways for companies?

For the first time, we asked practitioners about their perceived value of the effect of NGO partnering on businesses. As evidenced in figure 12, the findings were very striking. The overwhelming majority of respondents state that Corporate-NGO partnerships have improved business understanding of social and environmental issues, and a clear majority of respondents state that Corporate-NGO partnerships

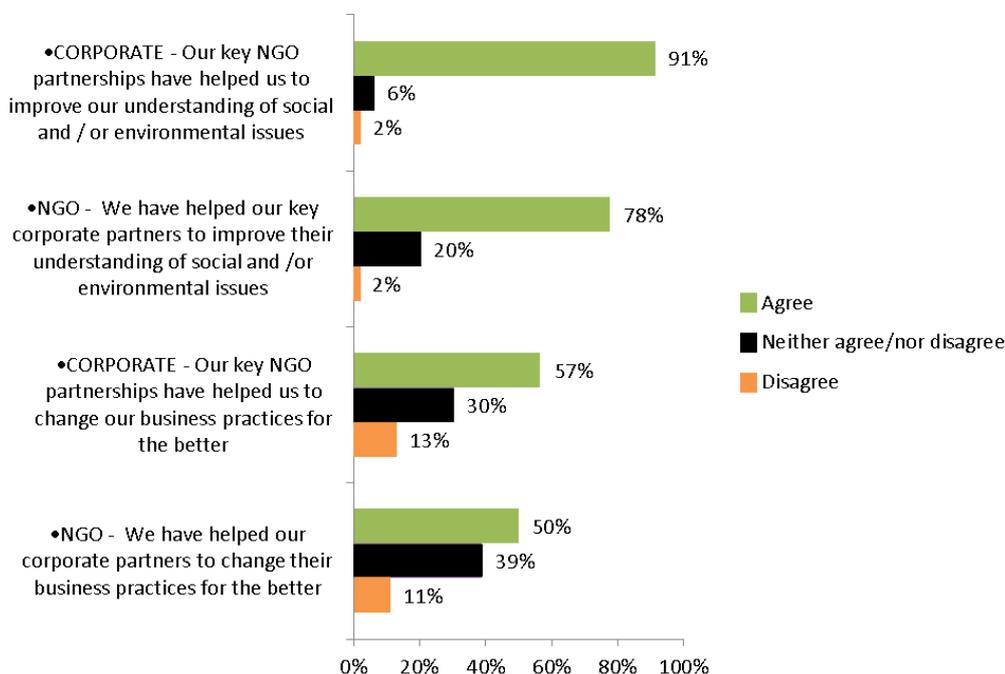
have helped businesses to improve their business practices for the better.

To be more specific, 91% of company respondents state that their key NGO partnerships have helped their businesses to improve understanding of social and / or environmental issues. Only a tiny minority (2%) of business respondents disagree with this view.

And in terms of behaviour, 57% of corporate respondents state that their key NGO partnerships have helped their organisations to change business practices for the better.

These are strong testimonials for the value of Corporate-NGO partnerships. They also align with the finding recorded in part 1 of this report, that Corporate-NGO partnerships are becoming increasingly relevant to the business agenda (in addition to the brand & reputation and CR agendas).

Figure 12: Impact on businesses of partnering with NGOs



...But NGOs understate the value of the role they play in improving business practices and enhancing business understanding of social and environmental issues.

Seventy eight percent of NGO respondents state that key Corporate-NGO partnerships have helped improve their business partners' understanding of social and / or environmental issues. Again, only a tiny minority (2%) of respondents disagree with this statement. And a majority of NGOs (50%) state that they have helped their key corporate partners to change their business practices for the better (a minority of 11% disagreed with this statement). It is clear therefore from both sides of the partnering arena that companies and NGOs have seen partnerships between the sectors as adding clear value to businesses.

However, the gap between the business and NGO responses is striking. 13% more corporate respondents see partnerships as improving their understanding of social and / or environmental issues than do NGO respondents. And 7% more corporate respondents credit their key NGO partnerships with changing their business practices for the better than do NGO respondents.

The significant differentials highlighted above may result from the two sectors having standards for assessing improvements in 'issues understanding' and 'better business practice'. It may also be the case that NGOs understate the value of the role they play in improving business understanding and practice because of a lack of confidence or communication.

The inaugural C&E Corporate-NGO Partnerships Barometer 2010 identified a gap in the power dynamic in partnerships between companies and some NGOs. In these instances, companies which in most cases provide the funding which is highly valued by NGOs tend to be seen as having the upper hand in their relationship with NGOs. This sometimes causes some NGOs to be lower in confidence about their share of voice in their relationship with key corporate partners. This factor may well be at play in the differentials highlighted in figure 12.

Additionally, NGOs understate their perceived effectiveness as 'business partners'

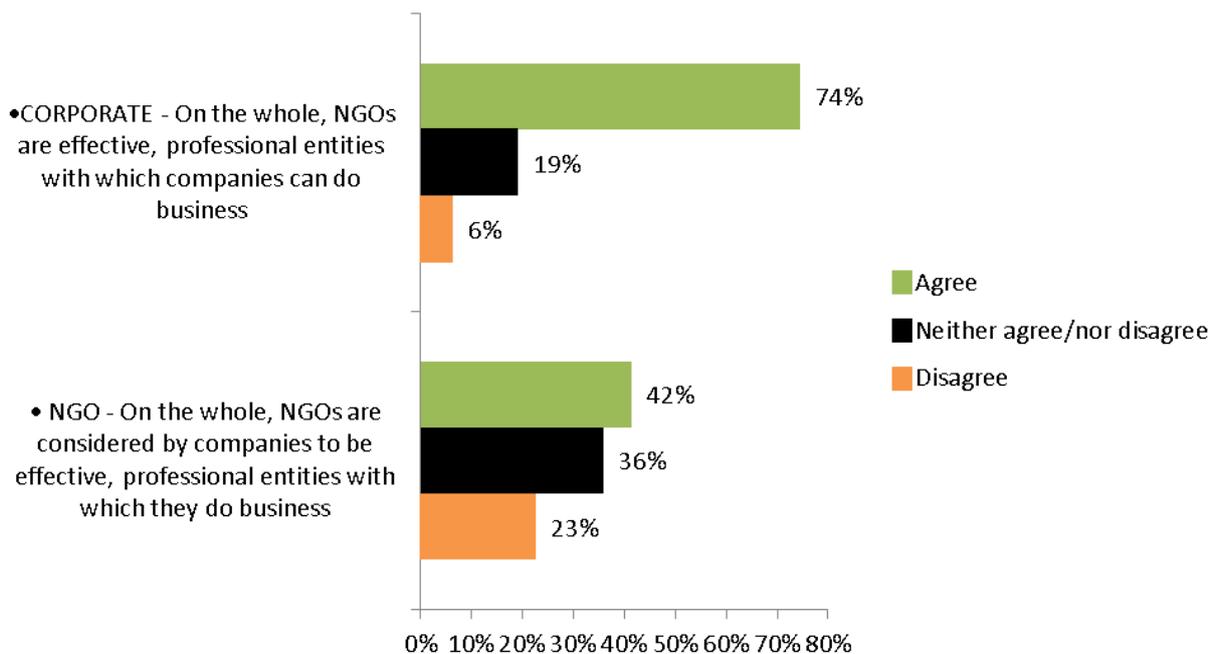
The biggest divergence in the 2012 Barometer occurs when NGO and corporate respondents are asked about how NGOs are perceived by companies. Figure 13 reveals that a significant majority of business respondents perceive NGOs as effective, with nearly three quarters (74%) of this segment agreeing that 'on the whole, NGOs are effective, professional entities with which companies can do business'. Only 6% of corporate respondents disagree with this statement.

Conversely, only a small majority of NGO respondents (42%) agree that 'on the whole, NGOs are considered by companies to be effective, professional entities with which they do business'. Nearly a quarter of NGO respondents (23%) disagree with this statement.

Again, this is a notable point of dissonance between the two sectors. It may indicate either that businesses are not sufficiently or accurately conveying their positive perception of NGOs to the latter sector, and / or may indicate a lack of confidence by the NGO sector in its own professionalism and effectiveness. We intend to track this question in future to see how things evolve.

What is evident is that there is a perception gap in terms of how important NGOs think they are in terms of csr activity/partnering in relation to business; NGOs may need to listen more to what business tells them about the impact partnering is having on their business and companies may need to invest more time and effort in discussing such issues with their NGO partners and communicating and celebrating the impact of partnering. Creating a more “equal” dialogue is likely to benefit all.

Figure 13: Perceptions of NGOs as effective partners



Recession and slow growth have not deterred Corporate-NGO partnerships. Instead, tough economic times have acted as a boost to the cross-sector partnering agenda for most companies and NGOs

This was a notable finding in the 2012 Barometer (figure 14). Perhaps counter-intuitively, the prolonged economic slowdown has spurred more companies and NGOs (58%) of the combined sample to place a greater emphasis on cross-sector partnering than might otherwise have been the case over the last few years.

Forty nine percent of corporate respondents to the Barometer survey stated that over the last two years or so, the economic downturn / recession had either a positive or strong positive impact on their cross-sector partnering agenda. For 37% of this cluster, recent economic conditions had a positive impact in terms of their partnering, in that they 'placed a greater emphasis on Corporate-NGO partnerships as an efficient way to drive value' for their organisation. And for 12% of company respondents, the economic downturn had a strong positive impact in that they 'placed a much greater emphasis on Corporate-NGO partnerships as an efficient way to drive value' for their organisations.

Forty three percent 43% of corporate respondents were neutral saying the tough recent economic conditions, 'have had no impact on their cross-sector partnerships'. Only 8% of all corporate respondents state that recent economic conditions had a negative impact and that they 'have reduced their focus on Corporate-NGO partnerships as a result of the economic climate'. No corporate respondent reported a significant reduction ("very negative impact") in their focus on Corporate-NGO partnerships for reasons linked to the recent economic climate.

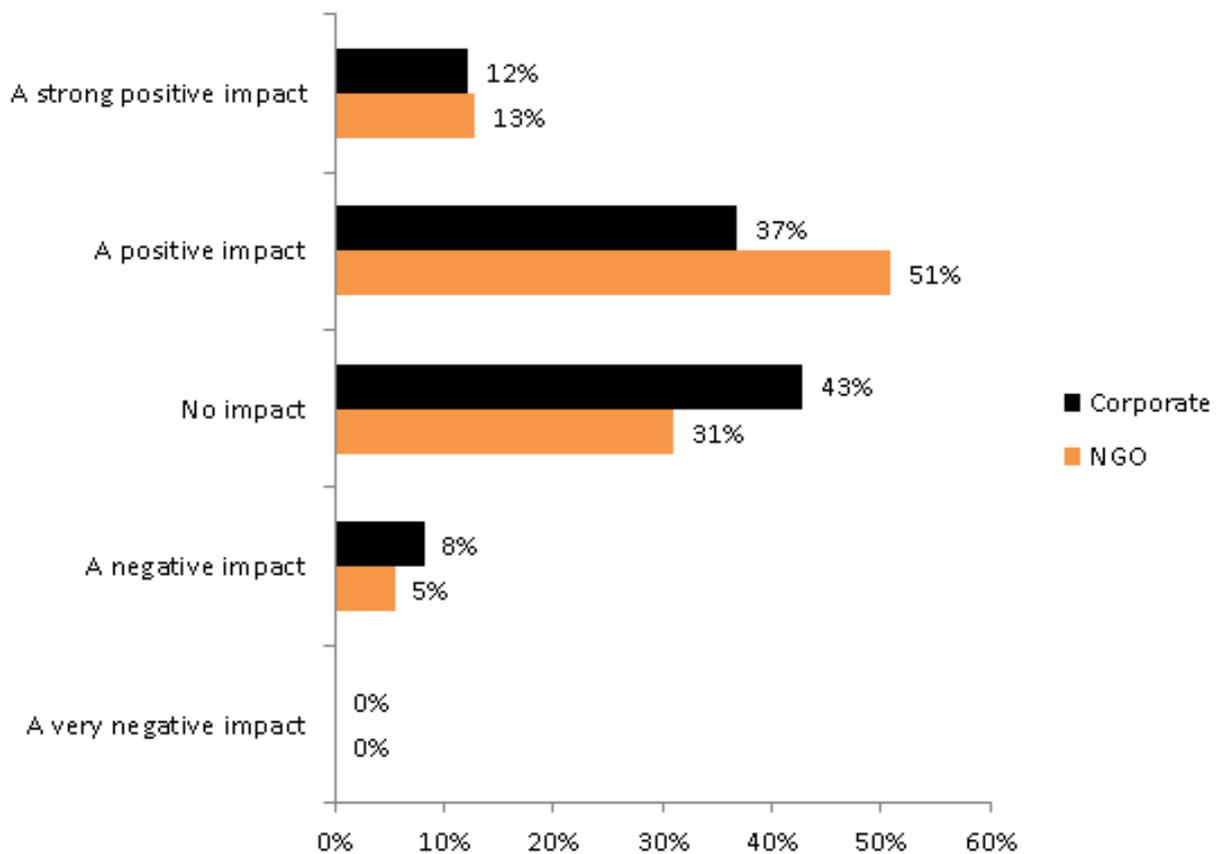
For NGOs, the economic downturn and recession appear to have had an even more positive effect in terms of the Corporate-NGO partnering. For 64% of this segment, the economic climate has meant a positive or strong positive impact in that they have placed a much greater emphasis (13%) or greater emphasis (51%) on Corporate-NGO partnerships as 'an efficient way to drive value for their organisations' over the last two years or so.

Thirty one percent of NGOs reported that recent economic conditions have had no impact and only a small minority (5% of NGOs) report that they ‘have reduced their focus on Corporate-NGO partnerships as a result of the economic climate.’ As with their corporate counterparts, no NGO respondent reported a significant reduction in their focus on Corporate-NGO partnerships for reasons linked to the recent economic climate.

Once again, these findings echo other findings already reported in this Barometer. Corporate-NGO partnerships are resilient. They are deemed by both business and NGO respondents to be adding value. So much so, that they appear to be an efficient way for both sectors to operate during tough, as well as good times.

Figure 14: The effect of the economic downturn / recession on Corporate-NGO partnerships

‘What effect has the current economic downturn / recession had on your cross-sector partnering agenda over the last 2 years or so?’



Marketing-led partnerships have seen a marked increase over the last year

In terms of types of partnerships undertaken by companies and NGOs (figure 15) the figures remained broadly stable year on year. However, there has been a marked increase over the year in the number of partnerships concentrating on the area of cause-related marketing (up by over 14%). This seems to suggest a greater emphasis on bottom line business. Perhaps unsurprisingly during uncertain economic times, this trend has continued from previous years. Nevertheless, for the third year in a row, 'Social Investment' partnerships remain the most common overall partnership type with almost 90% recognising this element of partnerships.

Figure 15: Types of partnerships undertaken

'It is common for a partnership to have a LEADING CHARACTERISTIC. The International Business Leaders Forum (IBLF) has identified 7 partnership typologies (as adapted below). As far as you are aware, which of these different types of partnerships does your organisation currently undertake?' TICK ALL THAT APPLY

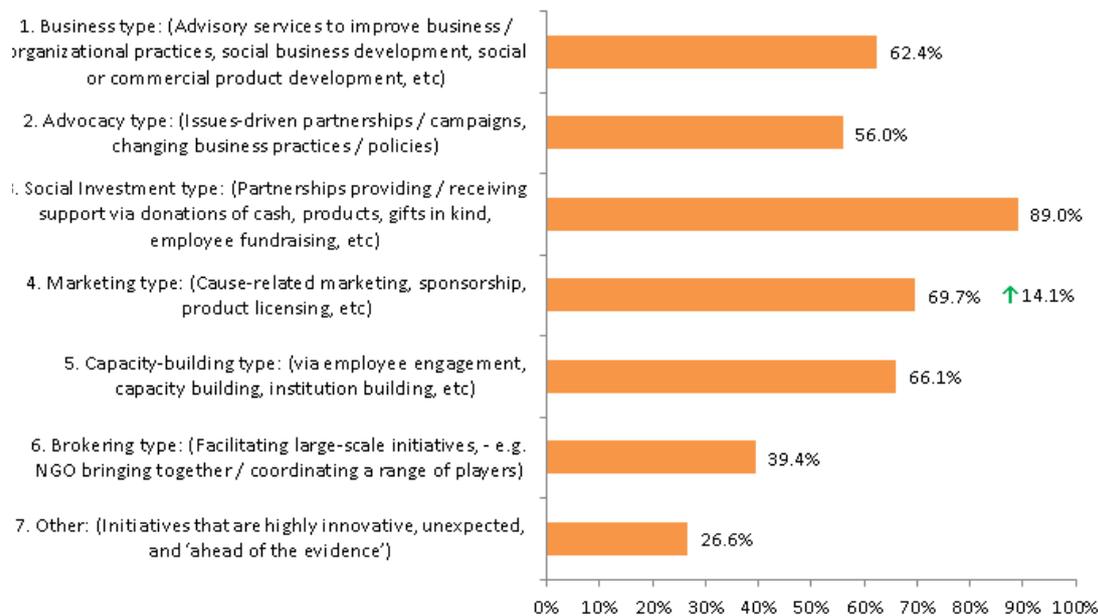


Figure 16

| Most used partnership types (as identified by NGOs) | |
|---|--|
| Rank 2012 (2011) | Reason |
| 1 (=1) | 'Social Investment' type: (Partnerships providing / receiving support via donations of cash, products, gifts in kind, employee fundraising, etc) |
| 2 (2) | 'Marketing' type: (Cause-related marketing, sponsorship, product licensing, etc) |
| 3 (5)) | 'Capacity building type' type: (via employee engagement, capacity building, institution building, etc). |

Figure 17

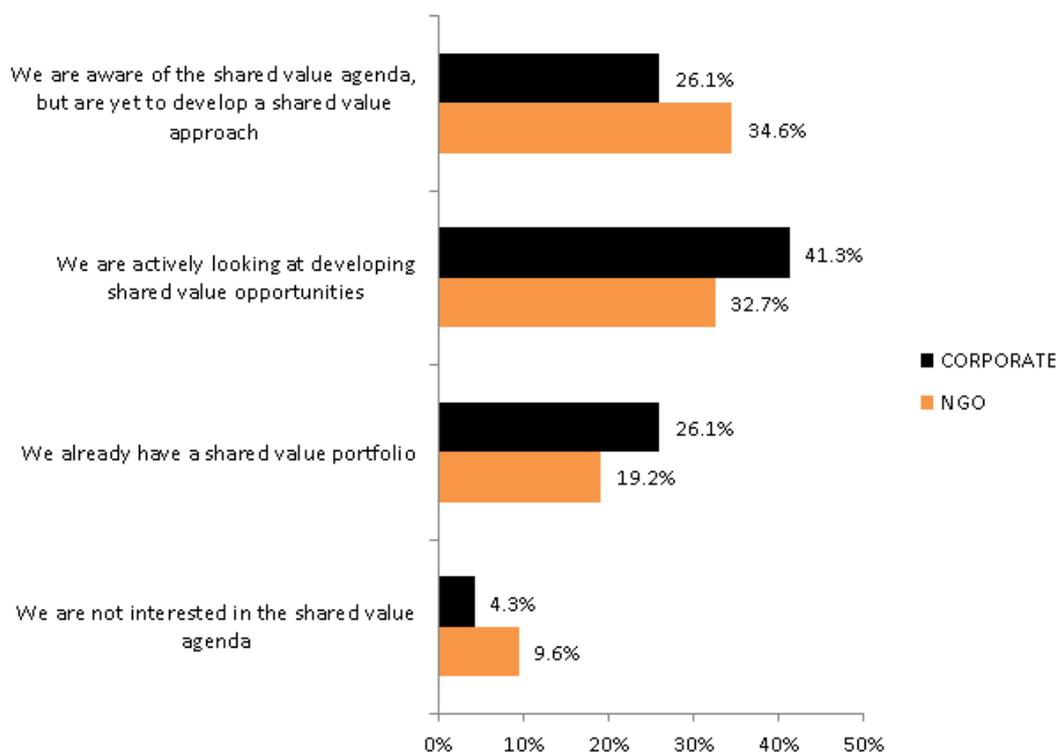
| Most used partnership types (as identified by businesses) | |
|---|---|
| Rank 2012 (2011) | Reason |
| 1 (1) | 'Social Investment' type: (Partnerships providing / receiving support via donations of cash, products, gifts in kind, employee fundraising, etc) |
| 2 (1) | 'Business' type: (Advisory services to improve business / organizational practices, social business development, social or commercial product development, etc) |
| 3 (3) | 'Capacity-building' type: (via employee engagement, capacity building, institution building, etc) |

Awareness and interest in pursuing the Shared Value agenda is high across the business and NGO segments...

As a topic, Shared Value (locking together the unique competencies of businesses and NGOs to deliver products or service solutions with commercial scale and deep social value for customers and clients) has been much in the professional media recently. Leveraging shared value indicates a higher plane, a further development in relation to corporate/NGO partnering. By definition, shared value occurs at the intersection of business and social / environmental needs and opportunities, and although successful execution of shared value propositions often requires other actors (sometimes including the public sector and academia), we wanted to assess business and NGO positions on the concept.

Figure 18: Business and NGO awareness and positions on shared value

'Which of the following statements describes your organisation's current position on shared value?'



As figure 18 reveals, NGOs are aware of and largely enthusiastic about shared value. Approximately 87% of this segment is aware of and / or exploring shared value opportunities. Over half of the NGO respondents (52%) are active on or actively exploring the concept. More specifically, 33% of NGO respondents say their organisations 'are actively looking at developing shared value opportunities', with 19% declaring that their organisations 'already have a shared value portfolio'. A minority of NGO respondents (10%) report that their organisations 'are not interested in the shared value agenda'.

Businesses appear to be even more enthusiastic about engaging in shared value opportunities than NGOs...

Ninety three percent of this segment is aware of and / or exploring shared value opportunities, with two-thirds of corporate respondents (67%) not only aware of shared value, but actively exploring or active on the concept. More specifically, 41% of corporate respondents (8% more than the NGO equivalent) say their organisations ‘are actively looking at developing shared value opportunities’, with 26% declaring that their businesses ‘already have a shared value portfolio’ (7% more than the NGO equivalent). A smaller minority of corporate respondents (4%) report that their organisations ‘are not interested in the shared value agenda’.

Clearly these findings on both the business and NGO sides, is good news for the various voices advocating shared value and its potential to bring scaled and sustainable solutions to the social and environmental challenges facing not only NGO stakeholders, but the business community also.

...But a wide range of barriers are preventing more active take up of shared value opportunities - notably securing internal mandate and engaging colleagues outside the CR function) of barriers

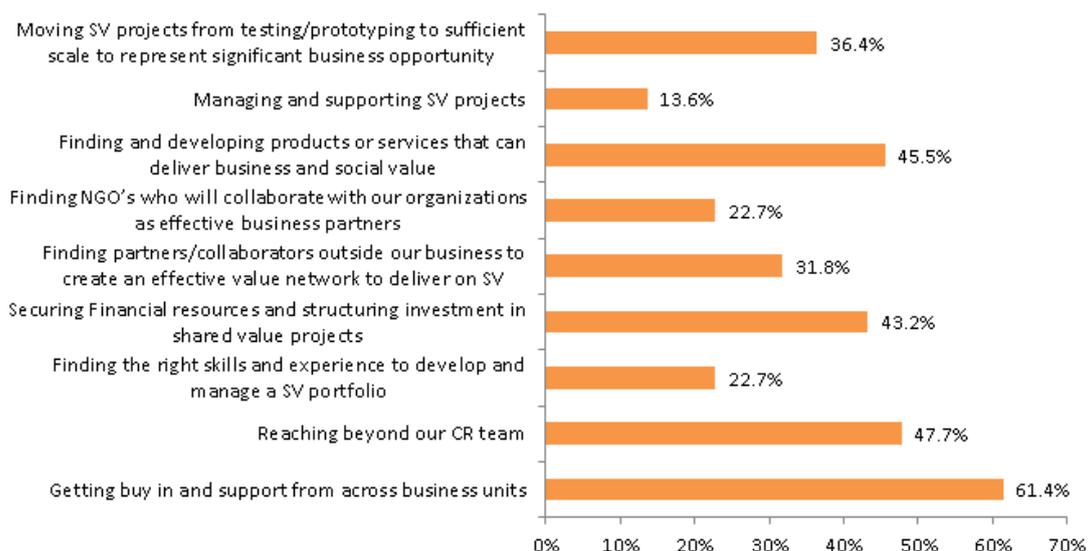
Developing shared value opportunities is clearly not plain sailing. Companies report a range of barriers which are preventing them from fully developing this agenda. As figure 19 shows, ‘Getting buy in and support from across business units’ is reported by 61% of corporate respondents to be the top barrier or challenge. Reaching beyond the CR team, finding and developing appropriate shared value products and services, and securing financial investment also appear to be common barriers or challenges to the development of the shared value agenda.

It will be interesting to see how the shared value agenda develops for NGO and corporate practitioners in future editions of the Barometer.

Figure 19: Business awareness and positions on shared value (SV)

‘What in your experience are the biggest barriers or challenges for developing shared value approaches?’ TICK ALL THAT APPLY.

Corporate



Part 3: The Stars - The Most Admired Corporate-NGO partnerships and partners

As is now familiar, we wanted corporate and NGO practitioners to give us a definitive view on the stand-out Corporate-NGO partnerships and partnering organizations. The question of which organisations are Most Admired in the corporate-NGO partnering landscape is an open-ended one. Unsurprisingly, therefore, the number of partnerships and organisations suggested are many and varied.

Nevertheless, three partnerships clearly stood out from the rest in terms of unsolicited mentions.

Mutually beneficial, long-standing and innovative

Great Marketing

I can see the business benefit/ connection for both parties

M&S and Oxfam triumph yet again as 'most admired' Corporate-NGO partnership

Marks and Spencer's collaboration with Oxfam was again voted the most admired Corporate-NGO partnership this year. This much admired and enduring partnership appears to be pulling away from the rest, securing 15.7% of practitioner votes in 2012 compared to 13.7% last year.

Again, respondents particularly admired the partnership for its focus on (and success in) delivering on corporate mission for both the business and the charity and for the effective way in which it is communicated to consumers and other audiences. The partnership involves M&S and Oxfam sharing knowledge and working together to drive sustainable production and consumption. The collaboration famously includes the Clothes Exchange, where anyone donating an item of M&S clothing to Oxfam receives a money-off voucher for use at M&S store. And this year a new 'Shwopping' concept was introduced as the initiative extended into new realms.

M&S and Oxfam are again to be congratulated for continuing to set the benchmark to which other organizations aspire.

Again this year, The P&G (Pampers) and UNICEF 1 Pack=1 vaccine campaign is voted the second most admired partnership, holding the position it gained last year with virtually the same percentage share of votes. P&G and UNICEF work together to provide maternal and infant tetanus vaccines in the developing world. In addition to delivering a core service for UNICEF's stakeholders, this ongoing global campaign secures significant commercial and brand value for Pampers (P&G).

Shared target market, clear tangible outcome of customer purchase - immunisation of one child

Partnership has long-term sustainability

Delivers so much business value

Joint second place in the Most Admired Corporate-NGO Partnership this year goes to the Boots-Macmillan partnership. An entirely new entry which appears to have stormed from nowhere to gain cut-through and acclaim amongst partnering practitioners over a short period of time. This is a multi-faceted partnership which draws on customer, employee, pharmacy and retail activities to enhance the Boots 'Feel Good' proposition whilst promoting Macmillan's drive to reach everyone in the UK effected by cancer.

Innovative & effective

Strong effective partnership with a strong message of support

Excellent link between business and charity objectives & high staff buy in

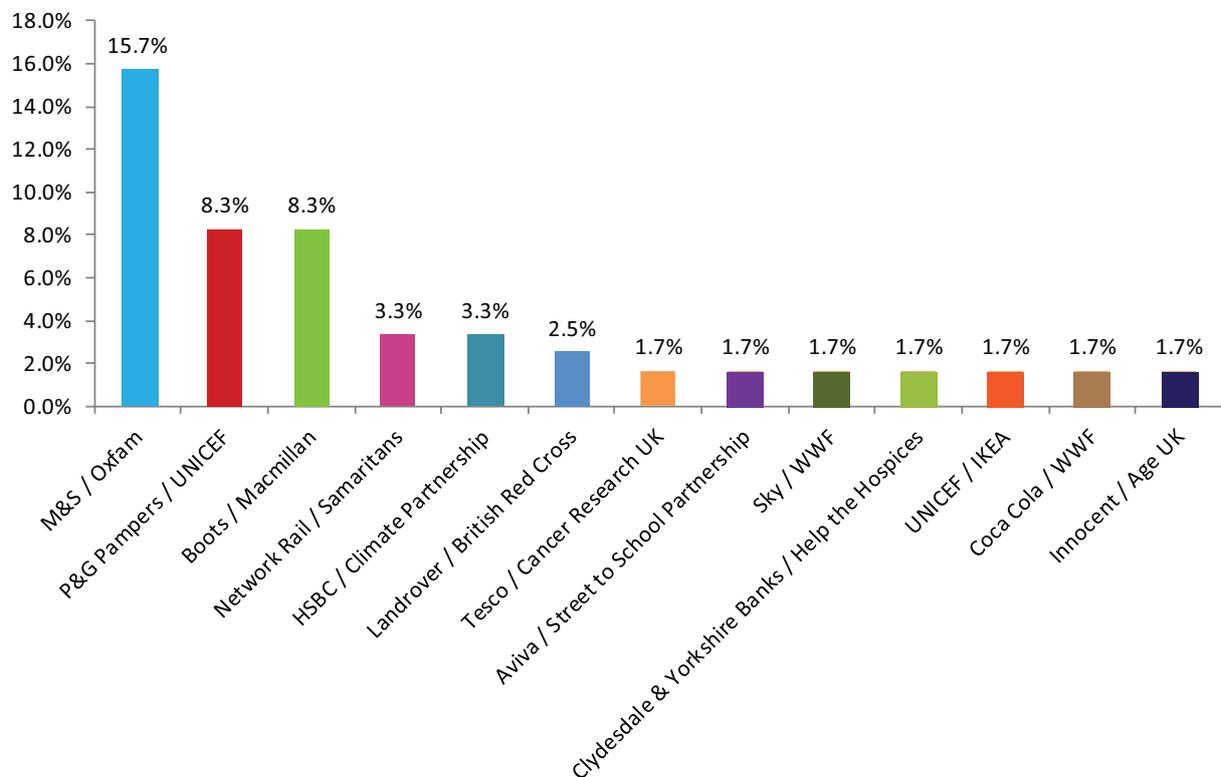
| Top 3 Most Admired Corporate-NGO partnerships | |
|---|---|
| Rank 2012 (2011) | Partnership and Partners |
| 1 (1) | M&S/Oxfam – Including The M&S-Oxfam Clothing Exchange |
| = 2 (3) | P&G (Pampers)/UNICEF – 1 Pack=1 Vaccine |
| = 2 (new entry) | Boots/Macmillan |
| = 3 (new entry) | Networkrail/Samaritans |
| = 3 (4) | HSBC Climate Partnership – HSBC, The Climate Group, Earthwatch, Smithsonian Tropical Institute and WWF |

As the quotes above illustrate, once again, partnership professionals rate these as the most admired partnerships because of their ambition, scale, ability to innovate, communicate. They are also highly rated because of their success in blending corporate, brand and commercial objectives with a clear focus on social impact.

Figure 23

Figure 20: The 'Most Admired' partnerships

'Which other Corporate-NGO partnerships do you most admire and why?'



We also wanted to identify the organizations partnership practitioners rate most highly in terms of their ability to partner.

The 'Most Admired' partnering NGOs

On the NGO side, Oxfam has maintained its place at the top of admired partnering NGOs – a position the NGO first secured last year from the 2010 winners WWF. UNICEF also maintains the second place it secured last year. Both organizations took a broadly similar share of votes to their percentage scores in the previous year.

Strikingly (and no doubt strongly driven by its highly acknowledged partnership with Boots) Macmillan Cancer Support has this year been voted the third most admired partnering charity. The charity was outside last year's top ten. And perhaps because of its cyclical nature, Comic Relief (number 4 in the ranking last year) has fallen out of the top 15 in the 2012 Barometer.

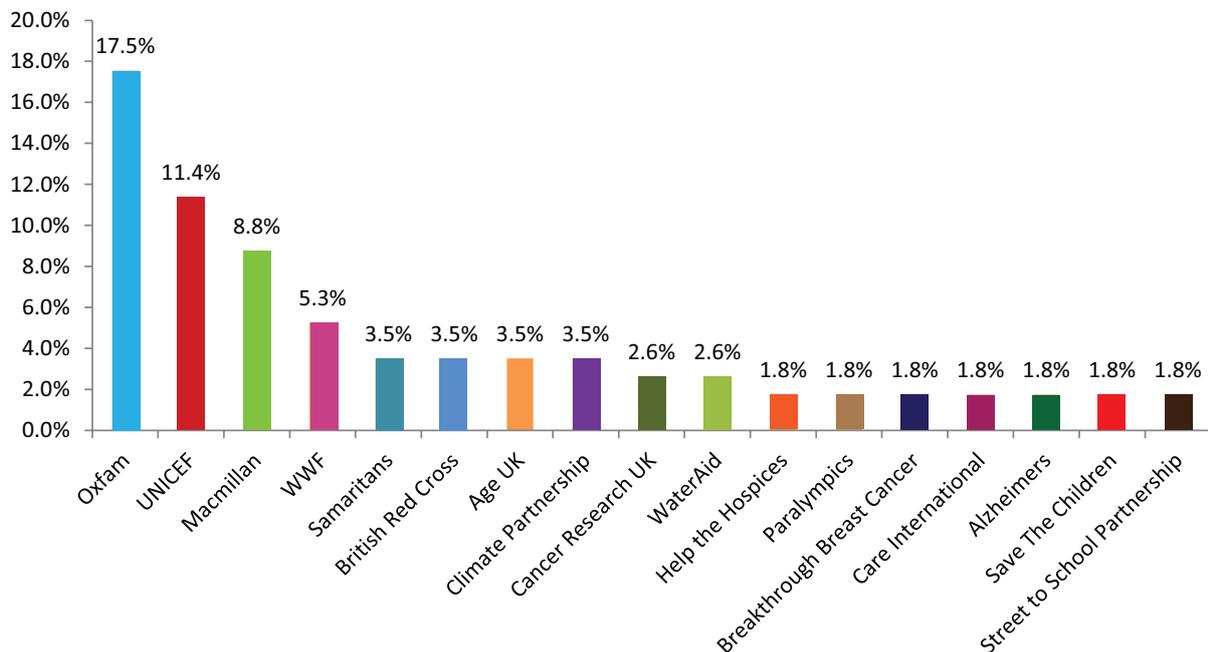
Once again, the high ranking of these major NGOs appears to confirm that their scale, reach and the power of their brands all enable them to stand out. It is also clear that these organisations emphasize mission-led, strategic partnerships and

have become adept in navigating the opportunities and challenges inherent in cross-sector partnering. Evidently what is sauce for the goose is sauce for the gander – the three most admired partnerships gain accolades for both the businesses supporting them and their NGO implementers/partners.

| Top 3 Most Admired Partnering NGOs | |
|------------------------------------|--------------------------|
| Rank 2012 (2011) | NGO |
| 1 (2) | Oxfam |
| 2 (2) | UNICEF |
| (new entry) | Macmillan Cancer Support |

Figure 24

Figure 21: The 'Most Admired' partnering NGOs



The 'Most Admired' partnering companies

In terms of businesses, M&S once again secured the accolade of 'Most Admired Partnering Company' though with a reduced share of the vote as other companies (particularly those in second and third place) raised their vote share.

P&G (Pampers) was rated the second most admired partnering company, with Boots breaking very strongly into the high end of the rankings to achieve third place. The company did not feature previously in the top 15, but has clearly gained cut-through over the last year.

In other notable changes, Sainsbury, perhaps due to similar reasons as Comic Relief, dropped out of the top end of the ranking. And Barclays (joint second place in 2011) has missed out on a place in this year's list of most admired partnering companies.

It is again striking that so many of the most admired partnerships and partnering organizations are drawn from the consumer facing retail, fmcg and banking sectors. Clearly high profile, impactful,

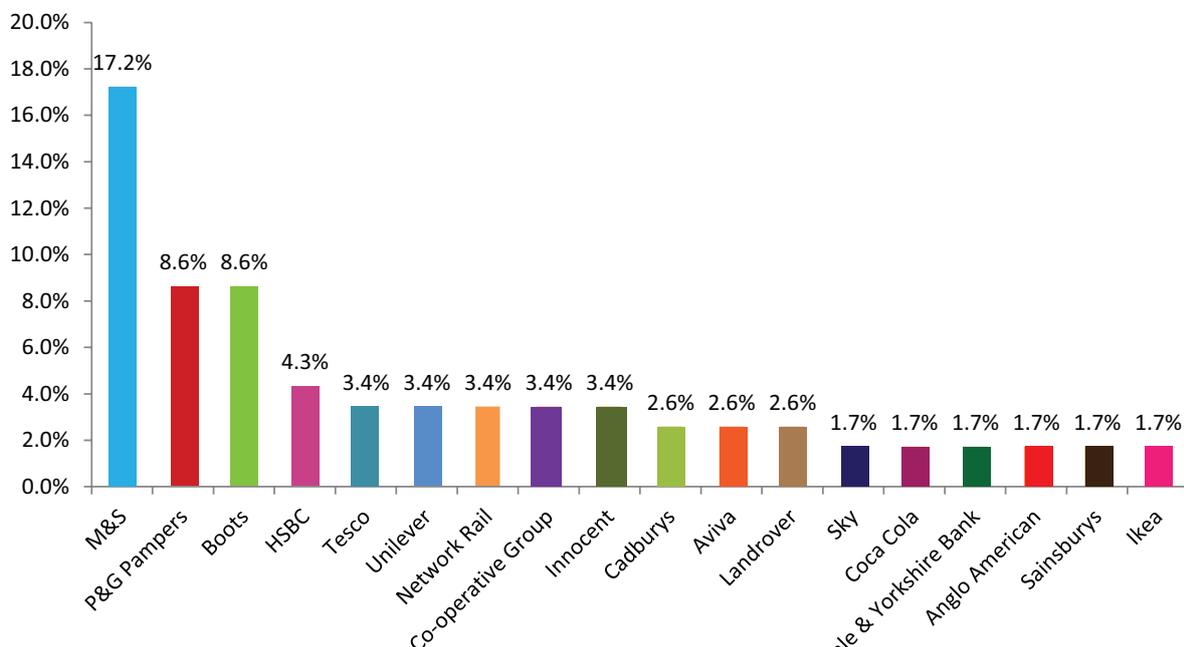
customer-facing partnerships are factors here. It is also a fact that those sectors have built up their partnering experience over many years and therefore benefit from their partnership savvy. They have also been prepared to invest in partnerships, including in their promotion and marketing – and this underpins their success.

What will be interesting to see over the coming years is the degree to which those companies admired mentioned outside those sectors (Sky, Anglo American, Landrover, Network Rail) also fare well in terms of votes.

| Top 3 Most Admired Partnering Companies | |
|---|-------|
| Rank 2012 (2011) | NGO |
| 1 (2) | M&S |
| 2 (3) | P&G |
| 2 (new entry) | Boots |
| 3 (5) | HSBC |

Figure 25

Figure 22: The 'Most Admired' partnering companies



Part 4: Great expectations – Future prospects for Corporate-NGO partnerships

This 2012 Barometer has shown plenty of evidence that Corporate-NGO partnering is in great health. The agenda is demonstrably adding value to companies and NGOs alike and has proved resilient so far in tough economic circumstances. But what are the medium-term prospects for cross-sector partnering? We turn now to the forecasting role of the C&E Corporate-NGO Partnerships Barometer.

Cross-sector partnerships will become more important over the next three years

As in previous years, there is a resounding finding that both businesses and NGOs expect the role of partnerships to become much more important to their organisations over the next three years.

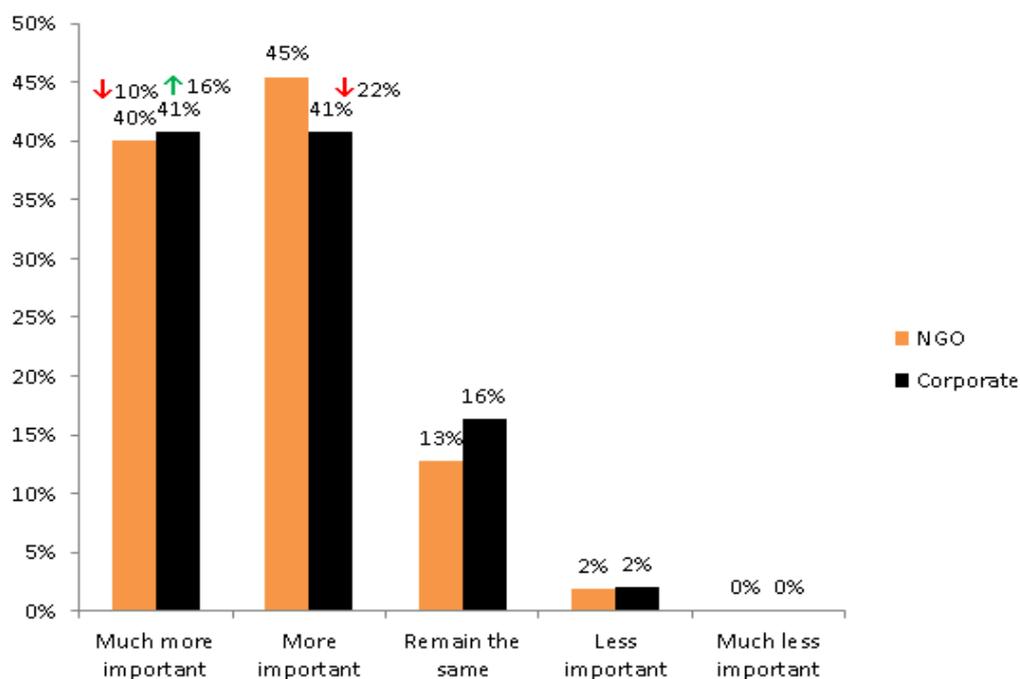
Both businesses (82%) and NGOs (85%)

are confident that partnerships across the two sectors will become more important over the next three years. An equal split of corporate respondents (41% in each case,) expect partnerships with NGOs to become more, or much more important between 2012 and 2015 with the proportion of those answering ‘much more important up 16% on 2011. Forty percent of NGOs expect partnerships between their sector and businesses to become much more important over the next three years (a reduction of 10%), whilst 45% of the NGO segment expect partnerships to become more important over the same period.

Under a sixth of NGO and corporate respondents expect partnerships between their sectors to “remain the same” and only a very small minority (2%) expect them to become less important over the next three years. It is clear therefore that the future of Corporate-NGO partnering remains bright.

Figure 26: Likely importance of Corporate-NGO partnerships over the next 3 years

‘What is your expectation of the role that partnerships will play in the corporate or NGO agenda over the next 3 years? Would you say they are likely to become?’



Desire for leverage, pressure to demonstrate societal consideration and desire to leverage each sector’s competencies remain key drivers of the likely growth in the importance of cross-sector partnering

So what are the factors that will drive the continuing importance of Corporate-NGO partnering?

For NGOs, the single most important factor likely to make partnerships with companies more important over the next three years, is the need to raise funds in what is likely to remain a difficult economic climate. Internal stakeholder pressure and the need to reduce cost also feature for NGOs.

However, both corporates and NGOs remain united in their opinion that the pressure on companies to demonstrate societal consideration within their business practices is a highly important factor in making Corporate-NGO partnerships more important over the next 3 years – with four out of every five respondents on both sides citing this factor. This is the single most important factor for company respondents. This is closely followed by an increasing recognition of the need for companies and

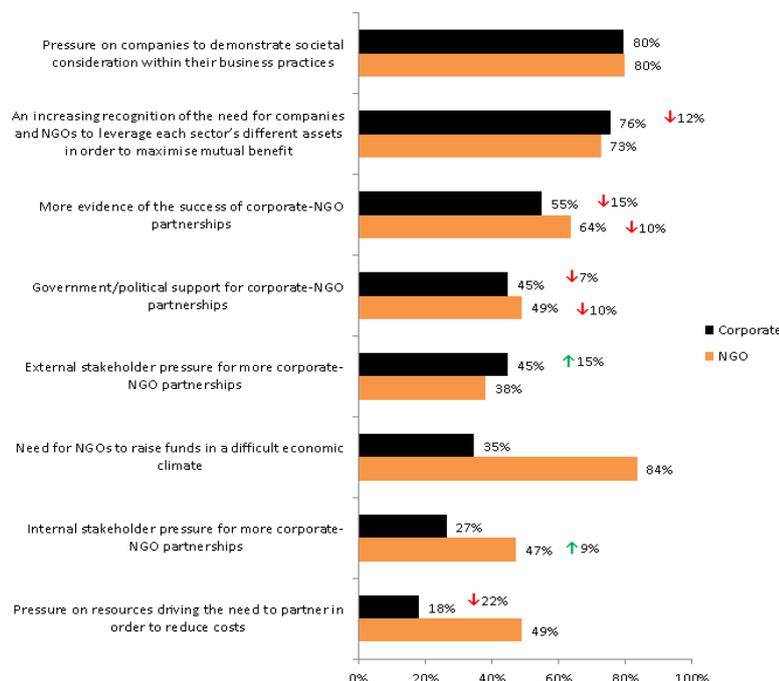
NGOs to leverage each sector’s different assets in order to maximise mutual benefit, with 76% of businesses and 73% of NGOs citing this factor.

Also of importance is the perceived need to demonstrate more evidence of the success of Corporate-NGO partnerships. However this is perceived as being less of a factor (by both corporate and NGO respondents) than in previous years.

45% of corporate respondents cited the factor of external stakeholder pressure for more Corporate-NGO partnerships being expected to make Corporate-NGO partnerships more important in the next 3 years. This figure was up by 15% on the equivalent figure from last year. There was a 9% increase from NGO respondents citing the importance of internal stakeholder pressure for more Corporate-NGO partnerships.

Figure 27:

‘In your view, what factors are likely to make Corporate-NGO partnerships more important in the next 3 years?’
TICK ALL THAT APPLY



Investment in Corporate-NGO partnering set to grow over the next three years

As a result of the drivers noted above, and in line with the expected increasing importance in Corporate-NGO partnering over the next three years, a significant majority of business and NGO professionals expect their investments (of time, commitment and resources) to increase, or increase significantly between 2012 and 2015 (figure 28). This is again a significant finding, particularly given the accepted view that the economic context is likely to remain challenging.

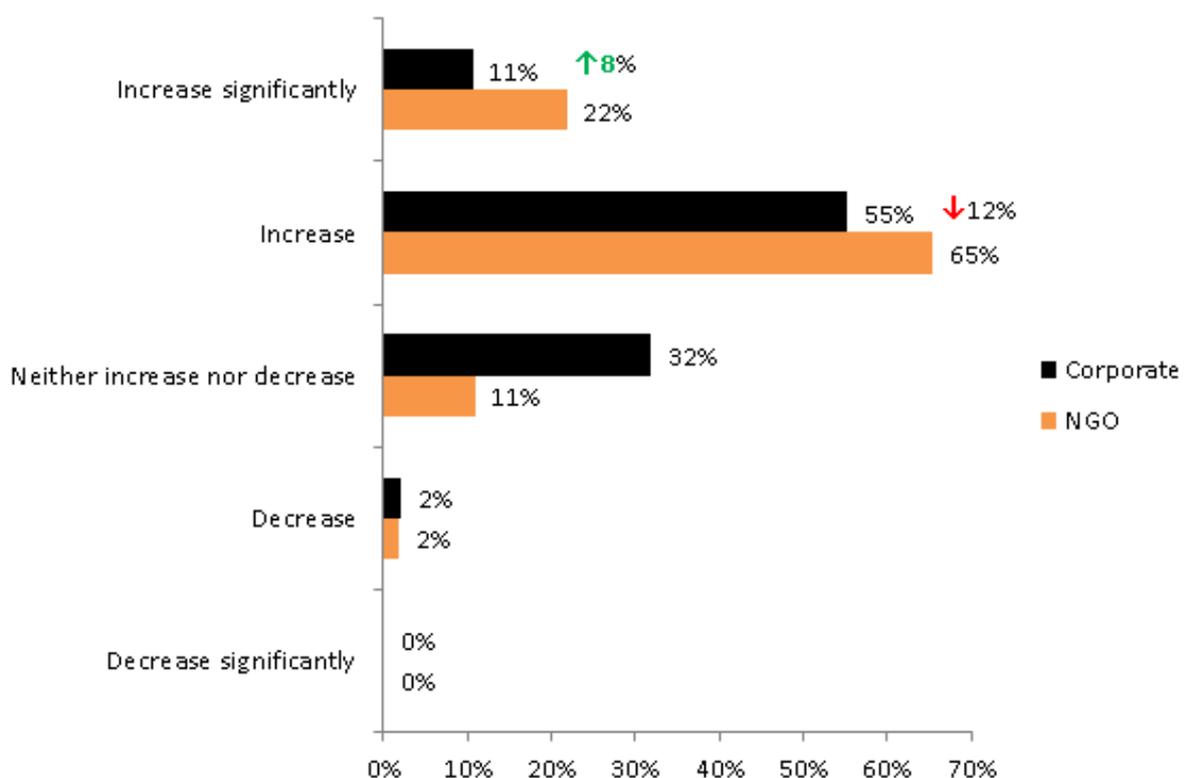
Exactly two-thirds of corporate respondents expect their investments in cross-sector partnerships to either 'increase' or 'increase significantly' over the next three years, with 11% expecting a significant increase (3% in 2011) and 55% expecting their investments to increase (67% last time). A third of corporate respondents expect that their investments in partnerships would neither increase nor decrease between 2012 and 2015 – and only a tiny minority (2%) of corporate respondents expect their investments to decrease.

NGOs have an even more optimistic view about their likely investments in Corporate-NGO partnerships than their corporate peers, with 87% of this segment expecting that their investments in partnerships will either increase or increase significantly over the next three years. Of these, 22% expect that their investments in partnerships will 'increase significantly', and 65% expect their investments to 'increase'.

In all therefore, the future seems very bright for the Corporate-NGO partnering agenda. And practitioners have positive expectations for the period between 2012 and 2015.

Figure 28: Likely movements in Corporate-NGO partnership investments over the next three years

'Is your investment (commitment, time, resources, etc) in Corporate-NGO partnerships likely to increase or decrease over the next 3 years?'



Concluding Remarks

This third edition of the C&E Corporate-NGO Partnerships Barometer has found cross-sector partnerships on strong and resilient form. This report has noted many valuable developments. The following points stand out:

- As predicted by practitioners in prior year forecasts, cross-sector partnerships do indeed appear to have become more important to companies and NGOs
 - or companies, partnerships with NGOs are increasingly a part of the core business agenda; they improve business understanding of social and environmental issues; and they are acknowledged to help businesses change their practices for the better
 - For NGO's, income generation remains primary (particularly in a tough economic climate), but partnerships are increasingly important to the mission-delivery agenda
- It is clear that on the whole, companies perceive NGOs as professional and effective business partners, and companies recognise the value that NGOs add through cross-sector partnerships.
- NGOs, however, may need to give themselves greater credit for the value they add to companies through partnerships
- Corporate-NGO partnering has continued to thrive through the recent downturn. In fact, the economic downturn may have acted as boost to the partnering agenda, as organisations on both sides sought more efficient ways to secure value
- For both the NGO and corporate sectors the concept of shared value appears to represent an opportunity to be explored and embraced. However, we discovered that businesses face a range of barriers and challenges which may prevent them from fully harnessing such opportunities
- In most settings, good role models are important in the development and evolution of improved practice. In this context, we found much enthusiasm and praise for the 'most admired' Corporate-NGO partnerships and partnering organisations. Great credit is due to them all.

And looking to the future, we have again been pleased to discover that businesses and NGOs expect the role of cross-sector partnerships to become even more important to their organisations over the next three years.

Our discovery that a strong majority of practitioners on both the corporate and NGO sides expect to increase their investment in cross-sector partnering despite the tough economic climate, validates the power of the drivers underlying the cross-sector partnering momentum. It also represents further evidence that cross-sector partnering – particularly of the strategic type – is clearly considered to be value-adding to businesses and NGOs.

Partnerships will always be complex and challenging because, by definition, they involve different organisations, sectors and cultures. But this practitioner-led 2012 edition of the Corporate-NGO Partnerships Barometer confirm yet again that the future for such partnerships remains bright!

About the Barometer

Methodology

The C&E Corporate-NGO Partnerships Barometer 2012 was compiled using responses to a confidential online survey of 136 leading UK-based companies and NGOs engaged in Corporate-NGO partnerships.

The high number of respondents reflects a growing interest in the Corporate-NGO partnering agenda and confirms some of the findings in our survey. It also reaffirms practitioners' strong appetite for the Barometer as an important instrument which provides a sector-wide perspective, gauging changes in the cross-sector partnering landscape.

The survey comprised a broad mix of new and previously asked questions. This mix allowed us to identify new issues in partnering, whilst simultaneously enabling accurate and effective comparison of data against Barometer readings from previous years.

In this year's survey, more respondents than ever expanded on their own opinions through open text. This offered a wealth of useful individual commentary, which is reflected in this report.

As a final step in our process, we again invited four leading corporate and NGO practitioners to review and comment on the draft Barometer for 2011. Their commentary is included in this report.

The online survey and practitioner evaluation took place during the summer of 2012.

The Sample

The online survey was undertaken by 136 respondents of which 129 were involved in cross sector partnerships. Of these, corporate sector respondents were drawn mainly from the FTSE100, Interbrand's Best Global Brands Ranking, and Business in the Community's Corporate Responsibility Index. NGO respondents were drawn mainly from the leading UK charities – by brand and revenue ranking. (See Appendix 1 for list of participating organisations). Our thanks to all who took part.

The distribution of 45.4% corporate and 51% NGOs (figure 29) was again very well balanced, with the remaining few respondents representing Corporate Foundations and an international organisation.

The survey participants encompassed a diverse range of professional roles all directly engaged in, or overseeing Corporate-NGO partnerships from a senior level. However, this year noticeably over a third of corporate respondents held a specific corporate responsibility position, as can be seen in figure 30.

Figure 29: Sector representation

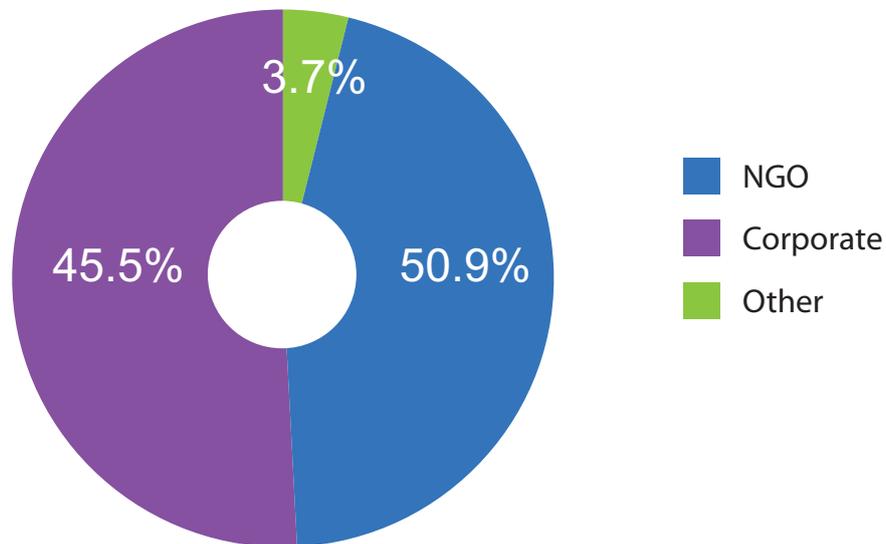
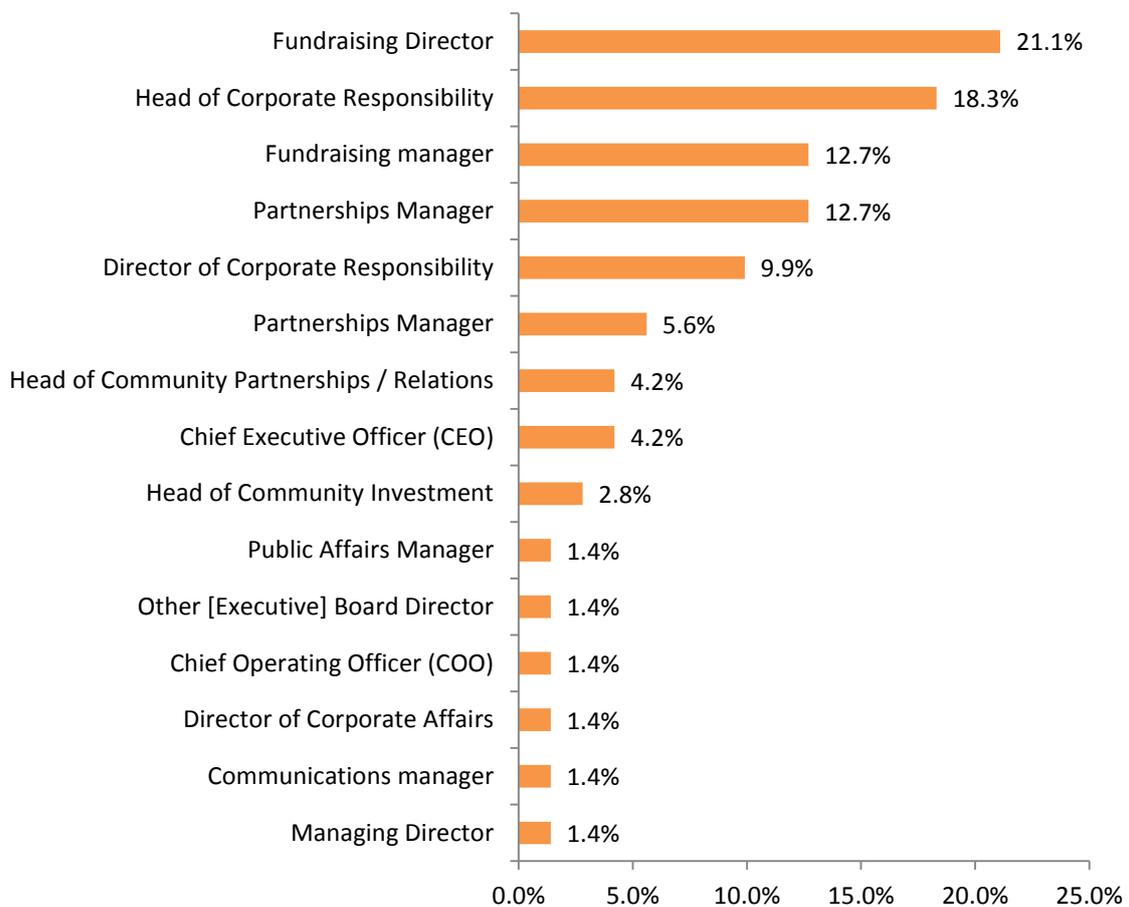


Figure 30: Respondents' roles



About C&E Advisory

C&E is a leading specialist 'business and society' consultancy. We work with some of the world's foremost businesses, NGOs and High Net-Worth Individuals, helping them secure sustainable value – shareholder, social and environmental.

And because today's challenges and opportunities require new ways of thinking, C&E is particularly adept at inspiring and enabling sometimes surprising cross-sector collaborations. We have advised – and continue to advise – on some of the world's leading and best known Corporate-NGO partnerships. www.candeadvisory.com

Appendix 1: Survey respondents (excluding organisations wishing to remain anonymous)

NGO

- Action for Children
- Addaction
- AfriKids
- Age UK
- Amnesty International UK
- Arthritis Research UK
- Asthma UK
- Barnardo's
- Bliss
- Breakthrough Breast Cancer
- Breast Cancer Care
- British Heart Foundation
- British Red Cross
- Charities Aid Foundation
- Cancer Research UK
- CARE International
- Christian Aid
- Citizens Advice
- Comic Relief
- Coram
- Friends of the Earth
- Global Action Plan
- Great Ormond Street Hospital
Children's Charity
- Help the Hospices
- Kidney Research UK
- Make-A-Wish UK
- Mencap
- Merlin
- Nelson Mandela Children's Fund UK
- Oxfam
- Royal Horticultural Society
- Save the Children
- STARS Foundation
- The Forest Trust
- The National Autistic Society
- The Prince's Trust
- UNICEF
- World Food Programme
- Wildfowl & Wetlands Trust (WWT)

COMPANIES & CORPORATE FOUNDATIONS

- Alliance Boots
- Allianz Insurance Plc
- Anglo American
- ArcelorMittal
- Asda
- AstraZeneca
- Aviva plc
- Barclays
- BFI
- BP
- Brewer
- BSkyB
- Capgemini
- Centrica
- Clydesdale & Yorkshire Banks
- Credit Suisse
- Edelman
- G4S
- GlaxoSmithKline
- HSBC
- Legal
- Legal & General Group Plc
- Linklaters LLP
- Marks and Spencer
- Mondi Group
- Nationwide
- Nestlé S.A.
- NFU Mutual
- Old Mutual
- P&G
- Royal Bank of Scotland
- Virgin Money
- Virgin Unite
- Warner Bros.