GIVING LARGE

Increases in corporate philanthropy are being driven by the need to appeal to younger workers and provide staff with a sense of purpose.

STORY PATRICK DURKIN **PHOTO** ARSINEH HOUSPIAN

Coles CEO Steve Cain. The supermarket chain supports SecondBite, which distributes surplus food to people in need.

Rio Tinto and BHP have topped the list of Australia's biggest corporate givers as the business sector is increasingly driven by the desire to demonstrate it is about more than the bottom line.

The big miners are followed by supermarket chain Coles, biotechnology company CSL and the Commonwealth Bank.

The amount for the top 50 was $1.25 billion, out of a total contribution by the business sector of more than $4 billion.

The top 20 companies increased their giving by almost 10 per cent, to just over $1 billion, as businesses grew more aware of their social licence to operate and the expectations of younger workers that their employers make a positive difference to the world.

Millennials and Gen Z will make up more than 50 per cent of the workforce within the next few years, and studies such as Deloitte's Global Millennial Survey, recent Gallup polls and the Edelman Trust Barometer suggest that they are less inspired by money, instead seeking a higher sense of purpose in work.

According to the Deloitte Global Millennial Survey 2019, 32 per cent of Millennials believe companies should be trying to improve society – by improving education or reducing inequality, for example – but only 16 per cent believe companies are actually achieving that. On the flipside, 55 per cent believe that generating profit is business's main achievement, while only 28 per cent say that should be their main focus.

"[Respondents] will not hesitate to lessen or end relationships when they disagree with companies' business practices, values, or political leanings," the report says.

Chip Goodyear, a former CEO of BHP and chairman of the mining giant's charitable foundation, says corporations have realised they have an obligation to broader society. "We are part of an ecosystem which involves people, government and education, and we have a critical role to play," he says. "Young people today expect more from the institutions they come into contact with and they want to work for organisations that make a positive difference. ... [they] will migrate to organisations that are not just there to make a profit."

John McLeod, co-founder of the JBWere Philanthropic Services Division and who compiled the list of top givers for *BOSS* with Strive Philanthropy, agrees that the increase in corporate giving is being driven by the need to appeal to younger workers and provide staff with a sense of purpose.

"The days of the chairperson's spouse's favourite charity as recipient are long gone," McLeod says.

With Millennials making up 53 per cent of its workforce, CSL freely admits the drive to appeal to its younger workers is key. "In a recent survey, employees agreed environmental and social sustainability enhances their motivation to work, is a factor in recommending CSL, and is a motivator to stay with the organisation," the company says.

Corporate adviser and philanthropist Simon Mordant says the approach to corporate giving changed after the GFC. Public companies used to do more sponsorship of sports and the arts, but the beneficiaries found the cost of servicing them often exceeded the benefits.

"When businesses went through a tough part of the cycle, early things which got cut were sponsorships," he says. "There has been an increasing focus on corporate foundations like BHP, Westpac, Coca-Cola, Origin, most of the big corporates. That trend has really been driven by an increasing focus on having a social licence to operate."

Mordant says companies want to see more measurable outcomes: "I think that will become an increasing trend."

The top 10 companies on the 2019 list (see page 34) contributed 65 per cent ($814 million) of the total, and 16 companies gave away more than 1 per cent of pre-tax profits – a globally encouraged benchmark.

The list includes cash as well as in-kind support and volunteering. Pure "no-strings-attached" philanthropy or cash donations make up just 10 per cent of the support.

"We hope the results of this analysis encourage increased contributions and transparency, and stimulate an environment of healthy competition for corporate community investment," Strive Philanthropy co-founder Jarrod Miles says.

The growth in corporate and high net wealth giving has more than made up for a fall in giving from the general public. Several corporates have signed up to Pledge 1%, under which they divert 1 per cent of equity, 1 per cent of product, 1 per cent of profit and 1 per cent of employee time to charitable causes.

Rio Tinto, at the top of this year's list with $256 million, says it focuses on partnerships that can deliver shared value for communities, employees and shareholders. "Our partnership with the Royal Flying Doctor Service in Western Australia is a good example," Rio CEO Jean-Sebastien Jacques says.

Other examples include a long-term partnership with Clontarf Academy, which helps in the education and employment of young Aboriginal and Torres Strait Islander men, and a focus on the future of work.

Goodyear says the BHP Foundation was put in place in 2015 to focus on long-term strategic philanthropy that goes beyond the miner's direct business.

"When we began, we obviously felt an obligation to support the communities in which we operate," he says. "We felt that was not only the right thing to do, but was good for BHP. It directly supported the health of the community, the educational capability and the workforce.

"But as time has gone on, the expectation for companies has expanded, and rightfully so. Big business has not had the reputation it ought to have in terms of what it gives back to society. So we do have to think beyond the communities in which we operate."

> **"Corporate giving is not a substitute for responsible business practice or an 'offset' for irresponsible business practice."**
>
> Simon Longstaff

One of the big movers on this year's list is Coles, which contributed more than $100 million in its first year since demerging from Wesfarmers. Coles says a further $14 million was contributed by customers, team members and suppliers, representing a 50 per cent increase on the previous year.

"Our strategic purpose is to sustainably feed all Australians to help them lead healthier, happier lives," Coles CEO Steve Cain says.

BHP and CSL also recorded big increases, each up by about $30 million. Contributions by property group Mirvac increased six fold to $16.1 million.

Woolworths, sixth on the list, increased its giving to more than $44 million, up from $31 million in 2018. However, the retailer's dramas over underpaying staff raise questions about whether a company's wider ethical behaviour undermines philanthropy efforts.

In November, following allegations that some of its customers had made payments linked to child exploitation in the Philippines, Westpac announced it would give $18 million over three years to the International Justice Mission and $6 million over six years to match the government's funding for its SaferKidsPH partnership with Save the Children, UNICEF and The Asia Foundation.

"Corporate giving is not a substitute for responsible business practice," says ethicist Simon Longstaff. "Nor is it an 'offset' for irresponsible business practice."

Longstaff, CEO of The Ethics Centre, says profitable corporations draw on pools of social and natural capital beyond paying their staff and paying tax, making corporate philanthropy more than just "virtue signalling".

"I think it fair and proper that corporations contribute funds in support of activities that build and maintain social and natural capital," he says. "The choice of what to support is driven by a range of factors, which can include elements of self-interest. [But giving and responsible business practice] should be judged separately and on their own terms."

The contributions of the big banks continue to look low as the reporting standards do not include "foregone revenue". If this revenue were included, it would add significantly to the banks' contributions: $281 million for CBA against the $56.9 million on the list; $129 million for Westpac compared with $37.4 million; and $142 million for ANZ as opposed to $33 million. Telstra's contributions would also increase to $108 million, against its listed total of $32.1 million.

JBWere's McLeod says companies have become much more targeted in their support, aligning it to their business, stakeholders and broader purpose in the community. For example, the majority of Medibank's $4.5 million investment goes into mental and general health, and into medical research.

Coles pours significant resources into SecondBite, which rescues fresh food destined for waste and redistributes it to people in need, donating the equivalent of 85 million meals to people since 2011.

CSL directs most of its $80 million into tackling disease. Its causes include improving the diagnosis of bleeding disorders in developing countries through the World Federation of Hemophilia and helping the World Health Organisation's pandemic influenza preparedness.

THE ART OF GIVING Mining giant Rio Tinto has topped Australia's 2019 corporate philanthropy list

	Company	Community Investment ($m)	Proportion of pretax profit (%)	Causes supported
1	Rio Tinto [a]	$256	1.06%	Education, recreation, environment, health
2	BHP Group [b]	$134.6	0.63%	Human capability and social inclusion, environment
3	Coles Group [b]	$101.7	7.14%	Health and wellbeing
4	CSL Limited [b]	$80	2.39%	Patient, biomedical and local communities
5	Commonwealth Bank Group [b]	$56.9	0.48%	Financial education, financial wellbeing
6	Woolworths Group [b]	$44.3	1.99%	Food rescue, food relief, health, rural aid and drought relief
7	National Australia Bank [c]	$38.4	0.53%	Disadvantage/welfare, community sport, education & youth, environment
8	Westpac Group [c]	$37.4	0.38%	Education, financial hardship, financial literacy, social enterprise
9	ANZ Banking Group [c]	$33	0.37%	Responsible banking, financial wellbeing, environment and housing
10	Telstra Corporation [b]	$32.1	1.04%	Digital inclusion and literacy, youth education
11	Oil Search [a]	$30.8	4.55%	Community health and education, disaster relief
12	PwC Australia [b]	$26	na	Homelessness, Indigenous
13	Deloitte Australia [e]	$25.8	na	Health, aid and development, vulnerable populations
14	Newcrest Mining [b]	$25.7	2.17%	Health, community infrastructure, education
15	South32 [b]	$24.7	2.15%	Health and wellbeing, education, employment and economic growth
16	Wesfarmers [b]	$19.9	0.71%	Medical research and health, arts, community and education
17	EY Australia [b]	$19.3	na	Youth, mental health, Indigenous
18	Macquarie Group [d]	$19.3	0.5%	Not for profit capacity build, social and economic opportunities for youth
19	Woodside Energy [a]	$17.7	0.63%	Youth education, environment, technology, arts and culture
20	Mirvac [b]	$16.1	1.5%	Homelessness, housing, health, community
21	KPMG Australia [f]	$15.7	na	Indigenous, climate change, mental health
22	Cotton on Foundation [f]	$13.3	na	International development and Indigenous education
23	Santos [a]	$11.6	0.79%	Regional communities and healthy living
24	IAG [b]	$10.4	0.78%	Community safety, environment, emergency relief
25	Tabcorp [b]	$9.6	1.83%	Health, drought relief, community sport, food rescue
26	Future Generation companies [b]	$9.5	19.55%	Mental health and wellbeing of young Australians
27	Suncorp Group [b]	$9.2	0.6%	Financial, social and natural hazard resilience
28	Star Entertainment Group [b]	$9	3.23%	Surf lifesaving, disability support
29	AMP [a]	$8.9	na *	Education, employment, not-for-profit capacity building
30	Optus [d]	$8.7	0.85%	Vulnerable and disadvantaged youth
31	Crown Resorts Foundation [b]	$8.2	1.1%	Arts, community partnerships, Indigenous education
32	Stockland Corporation [b]	$7.4	2.07%	Health and wellbeing, education, community connection
33	Colonial Foundation [f]	$7.3	na	Youth wellbeing, healthy ageing and arts and culture
34	Scentre Group [a]	$7	0.3%	Disability, social wellbeing
35	QBE Insurance Group [a]	$6.9	0.82%	Health, climate action, financial resilience, diversity and inclusion
36	Brambles [b]	$6.3	0.68%	Food security, food waste, environmental restoration & education
37	Coca-Cola Amatil [a]	$6.2	1.1%	Food rescue and hunger, education, health and medical research
38	Goodman Group [b]	$5.7	0.33%	Children and youth, community health, food rescue, environment
39	Google Australia [a]	$5.5	na	Scalable and feasible projects that will use technology/innovation for impact
40	OceanaGold Corporation [a]	$5.3	2.37%	Health, education
41	Atlassian Corporation [b]	$5.2	na *	Disadvantaged youth and education
42	GPT Group [a]	$5	0.35%	Health and wellbeing, inclusivity, employment and skilling
43	Medibank Private [b]	$4.5	0.73%	Community health, medical research, Indigenous health equity
44	AGL Energy [b]	$4.5	0.35%	Arts and culture, economic development, environment
45	Origin Energy [b]	$4	0.31%	Education for youth and disadvantaged
46	Spark Infrastructure [a]	$3.1	na *	Culture, education, health, environment
47	Qantas Group [b]	$3.1	0.25%	Rural outreach, gender equality, health, reconciliation
48	Sonic Healthcare [b]	$3.1	0.43%	Medical research, medical access, child health
49	Flight Centre Travel Group [f]	$3	0.87%	Education, hunger relief
50	Vicinity Centres [b]	$2.5	0.74%	Youth unemployment, community connection

* Recorded full-year losses

a. 12m to Dec 2018 b. 12m to Jun 2019 c. 12m to Sep 2019
d. 12m to Mar 2019 e. 12m to May 2018 f. 12m to Jun 2018

Future Generation chief executive Louise Walsh.

KEEPING CHARITY ON TRACK

Giving more to fewer causes is one way to increase impact.

STORY SALLY PATTEN **PHOTO** LOUISE KENNERLEY

Anyone can give money, but it is hard to do it well. It's a salient warning from Louise Walsh, chief executive of funds management provider Future Generation, which donates its asset management fees to charity.

Walsh, a former CEO of Philanthropy Australia, argues that a good way for companies to start giving effectively is to donate larger amounts to fewer causes.

Ensuring that a corporate donor is getting the most bang for its charity buck requires a deep understanding of the social or environmental issue, the areas within the cause that need the most attention, and the individual not-for-profit players.

"You've got to know who's who in the zoo," Walsh says. "You can come unstuck if you come across a charismatic CEO."

Limiting the number of causes is important, given the philanthropic arms of most companies and corporate foundations are generally not flush with staff and hefty operating budgets. "The smaller the fund, the more strongly I would advise them to focus their efforts," Walsh says.

Further, by limiting the number of causes, the donor has a better chance of "moving the dial", she says.

In 2010, Deutsche Bank Australia introduced a "charity of the year" program. In 2017 it morphed into a "charity partner program", which supports a single charity for an extended period in an effort to "make a more sustainable difference", says Lee Merchant, the bank's co-head of global foreign exchange in Asia and chairman of the charity committee.

Deutsche is in the third year of its partnership with the Clontarf Foundation, which uses sport to help improve the prospects of young Indigenous men. Clontarf aims to almost double the number of boys in its programs to 15,000. Merchant says: "We want to be part of that journey."

Deutsche Bank's investment in Clontarf is just over $200,000.

Future Generation was established by Wilson Asset Management five years ago and this year donated $9.5 million. It currently funds charities that support mental health and youth at risk.

The company has just completed a review of both cause areas, as well as the individual charities, and is likely to narrow its focus to just one cause. To ensure the money is used optimally, Future Generation might also require individual charities to work together. Working with other funders is attractive to Walsh, but she notes it is complicated and would require a high level of trust between the corporate donors.

Some industries take the collaborative approach one step further and get their constituents to join forces in areas where they can make a difference. Renee Bowker is executive director of Telco Together Foundation, whose members include Telstra, Optus and Vodafone, as well as suppliers, such as Ericsson and Nokia, and re-sellers, such as iiNet.

Telco Together, which has donated more than $1 million since 2016, is expanding its remit beyond donating money collected through staff fundraising and customer bills to encouraging industry collaboration to tackle domestic and family violence and modern slavery. One of the projects is expected to be launched in 2020.

Bowker says that while telco companies like the concept of working together, and recognise the impact that could have, finding common initiatives to support – and where they could craft their own message – has proved more difficult. Some companies are more inclined to help victims, while others prefer to look at prevention.

Discussions are at an early stage, but the telcos are looking at how they can assist victims, or reduce the incidence of violence through their services and policies. Telecoms companies are often one of the first ports of call for victims, who may want to ensure an abusive family member can't get information about their whereabouts or listen to their messages.

The Property Industry Foundation co-ordinates another industry-wide initiative. It addresses youth homelessness by building transition houses, which are operated by the likes of the Salvation Army. In 2017-18, the foundation disbursed $3.3 million, of which just over half went to building accommodation.

"The magic is the in-kind donation," says CEO Kate Mills, referring to the fact that the 130 key donors in the property and construction industries often donate materials and labour. It helps that many of the individual donor companies are used to working with each other, she says.

HOW THE LIST WAS COMPILED

The research was conducted by Jarrod Miles, founder of Strive Philanthropy, and John McLeod, of JBWere Philanthropic Services.

Sources include the GivingLarge report, publicly available company sustainability/CSR reports, Fundraising Research & Consulting, and Fundraising & Philanthropy Australasia.

Amounts are for community investment and include philanthropic donations, in-kind support plus pro bono and volunteering.

Amounts exclude leverage facilitated by companies (such as staff donations through workplace giving), revenue foregone (for example, the difference between market and subsidised loans or medicines provided), political donations, commercial sponsorships or purchases of community goods or services when business in nature.