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Corporate Social Responsibility Initiative

The Corporate Social Responsibility Initiative at the Kennedy School of Government is a multi-disciplinary and multi-stakeholder program that seeks to study and enhance the public role of the private enterprise. It explores the intersection of corporate responsibility, corporate governance and strategy, public policy, and the media. It bridges theory and practice, builds leadership skills, and supports constructive dialogue and collaboration among different sectors. It was founded in 2004 with the support of Walter H. Shorenstein, Chevron Corporation, The Coca-Cola Company, and General Motors.

The views expressed in this paper are those of the author and do not imply endorsement by the Corporate Social Responsibility Initiative, the John F. Kennedy School of Government, or Harvard University.

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The homepage for the Corporate Social Responsibility Initiative can be found at: http://www.ksg.harvard.edu/cbg/csri/home.htm
Over the past decade or so, almost thirty percent of Fortune 200 companies have established board-level Public Responsibility Committees. While these committees are called by different names in different corporate settings, they assume accountability for broad oversight of the impact of corporate behavior in the public arena. This report presents original findings on the formation, composition, and role of Public Responsibility Committees in nine Fortune 200 companies. I found these committees to be active, to meet regularly with structured agendas, and to often focus on issues of consequential impact to board and corporate policy. I next interviewed ten directors from Fortune 200 companies of similar size and industry but without board-chartered Public Responsibility Committees. The small sample provides some evidence that the existence of the Public Responsibility Committee may be less a function of industry than of company-specific characteristics such as legal history, board size, company maturity and the preferences or past experiences of corporate leadership.
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Introduction

This paper provides limited but new and systematically derived evidence on an approach taken by some large corporate boards to address issues of public responsibility. The approach is based on establishment by the board of a committee explicitly charged to review corporate behavior and its impact on and response to a broad group of stakeholders. A charter document is used to formally convey full board authority to a board committee, the membership of which is selected by the full board. The names of chartered board committees dedicated to issues of public responsibility vary among corporations. Common names include the Public Policy, Public Responsibility, Public Affairs, Public Interest and Corporate Responsibility Committees. Less common names are the Corporate Issues, Compliance, Ethics or Corporate Governance Committees. This paper refers to this committee as the Public Responsibility Committee. As defined in this paper and as of late 2004, only 56 of Fortune 200 companies have Public Responsibility Committees. The universe of corporations with board-chartered Public Responsibility Committees is more than one quarter of Fortune 200 companies according to my research. This paper presents findings on the existence, structure and function of nine of these committees. To complete the picture of the role of the committee, similar questions were asked of a like number of corporate directors on boards with and without these committees.

The sample sizes were not large enough to have statistical confidence in the results, yet important insights were gleaned. Based on the interviews, the Public Responsibility Committee is viewed by serving directors as no less vital than the audit, compensation and nominating committees mandated by law. By its very nature the Public Responsibility Committee is seen as dynamic and fluid, sensibly aligned with other chartered board committees and comprehensible only within the context of each corporation. According to the respondents, to ask “What does the Public Responsibility Committee do?” is tantamount to asking “What is the appropriate culture of a corporation?” Their answer, unlike for the currently mandated committees, is that it depends. The committees evolved from different motivators and drivers, and no baseline exists for their purpose and function.

The Research Design

The research objective was to learn about the practice of board-chartered Public Responsibility Committees by interviewing directors serving on them. The analysis plan was to interview a subset of directors using three levels of questions. Question design began in mid-October 2004. Level I questions were short answer questions about (1) characteristics of each director and (2) the structure of the committee. In an era in which the number of members on board committees is shrinking, the demands on their time is increasing, and the liability for poor oversight is more explicit than ever, a compelling reason must exist for the board to structure itself as it does. Level II questions were about the function of the committee, acknowledging that board committees approach public responsibility with varying degrees of formality and links to performance. The question items are presented in Appendices I.
The field design was to administer the survey as an interview by telephone using a consistent set of predetermined open-ended questions. None of the final participants received the questions in advance. In some cases the conversations were recorded, if there were no objection. Respondents were assured their responses were not for attribution or publication and that detail would be used without specific association. The interviews took approximately 15 to 25 minutes.

The sample design involved a layered process of selecting representative companies. The top 200 companies in the 2003 listing of the Fortune 500 were the basis of the sample. This population includes most U.S. companies with revenues in excess of $10 billion annually, ranging upwards to $60 billion. While smaller companies are not of less interest, larger companies have the greatest individual impact in validating (although not necessarily generating) corporate innovation. The premise is that once larger corporations begin to incorporate change in number then change may be considered to be sustainable and to set the standard for all firms.

I visited company websites to identify Fortune 200 companies with board-chartered Public Responsibility Committees. Over one quarter (56) of Fortune 200 corporations have board-chartered committees primarily focused on issues of public responsibility. For improved focus, I screened this subgroup of Fortune 200 companies further. The chartered purpose of each Public Responsibility Committee was examined and key words were extracted. Some companies articulated a very specific purpose closely linked with the specific attributes of their business. Others were more general. Based on the key words, companies were ranked from 1 to 5. Each score class denoted companies with Public Responsibility Committees that have:

1. sole oversight for standard charitable endeavors
2. combination of (1) and oversight of political donations
3. combination of (1), (2) and compliance
4. combination of (1), (2), (3) and image enhancement
5. combination of (1), (2), (3), (4) and strategic or “trend” oversight/global market oversight

For the purpose of data collection, this survey draws from corporations ranked (4) and (5) only. Based on committee charters, these 20 corporations—one tenth of the Fortune 200—appear to have Public Responsibility Committees with the greatest potential of depth (influence on company performance) and breadth (role in guiding corporate strategic direction). The selection process abstracts from less obvious designs of corporate interest in public responsibility, but it offers an analytic starting point. The target list of companies is presented in Appendix II. The directors interviewed are referred to as Survey I respondents.
To provide a balanced perspective on the role played by board-chartered Public Responsibility Committees, I identified nine Fortune 200 companies of similar size and sector as those in Survey I and conducted follow-up interviews with directors serving on those boards. This group is referred to as Survey II respondents.

The Respondents

Screening for possible Survey I candidates began in mid-October 2004. I identified 93 directors as members of Public Responsibility Committees in the top-ranked 20 companies. The target list of directors is presented in Appendix III. Within the brief time frame available, the survey strategy was to interview a committee member from at least one quarter of the 20 committees to schedule early December interviews. Beginning with committee chairs, ultimately 31 directors were approached directly or indirectly by email or telephone. No response was received from 5 directors. Of the 26 responses received, 12 declined due to travel or poor scheduling opportunities and one no longer sat on the committee. An additional 4 declined in principle, two suffering from survey fatigue, one did not participate in surveys, and one held loyalty to a competing academic institution. Setting up board meetings at this time of year was difficult because of scheduled board meetings and traditional vacation periods, but 9 directors finally were interviewed.

Survey I Respondents

93 Candidates

/          \
31 Contacted 62 Not Contacted

/              \
26 Responded 5 No Response

/              \
9 Interviewed 13 Conflicts 4 Declined in Principle

/              \
4 Referrals 5 Cold Calls

Of the nine directors interviewed, I had referrals to 4^6 (none through CSRI). An additional two, although not referred, mentioned they were acquainted with one of my professors. The referred/acquainted interviewees tended to expand more upon their answers, perhaps
because they felt a greater sense of trust and confidentiality. I am unsure whether this biased the tenor of their responses.

Lorsch provides an excellent contextual discussion of why an integrated approach to blending director characteristics is important in effective oversight, \(^7\) the crux of which is that a balance of appropriate talent, insight and experience optimizes excellence. Using director characteristics commonly cited and publicly available, I present a demographic assessment of the respondent group. The identity of individual respondents is not revealed.

*Survey I* respondents ranged in age from 56 to 70 years old. *Survey II* respondents, interviewed between April and August 2005, spanned a broader age range of 41 to 70 years and a slightly lower average age (61.1 versus 63.7 years). In the table below, the final column in each group notes the distribution of sectors in which the respondents serve.

<table>
<thead>
<tr>
<th>Respondent Characteristics</th>
<th>Survey I</th>
<th></th>
<th>Survey II</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Attribute Frequency</td>
<td>Fortune 200 Company Sector</td>
<td>Attribute Frequency</td>
<td>Fortune 200 Company Sector</td>
</tr>
<tr>
<td>Demography</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Male</td>
<td>6</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>3</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>White American (^a)</td>
<td>5</td>
<td>9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>African American (^a)</td>
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<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
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<td></td>
<td></td>
</tr>
<tr>
<td>International</td>
<td>1</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management Expertise</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current CEO/Pres</td>
<td>1</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Former CEO</td>
<td>3</td>
<td>2</td>
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<tr>
<td>Public Responsibility Committee Role</td>
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</tr>
<tr>
<td>Current Chair</td>
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<td>Current Member</td>
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<td>Industry Background</td>
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<tr>
<td>Academia/Public Sector</td>
<td>2</td>
<td>4</td>
<td></td>
<td></td>
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<tr>
<td>Capital Goods</td>
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<td>Pharmaceutical/Medical/Consumer Goods</td>
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<td>2</td>
<td>2</td>
</tr>
<tr>
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<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Professional</td>
<td>3</td>
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<tr>
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<td>2</td>
<td>2</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Telecommunications/Technology</td>
<td>2</td>
<td>3</td>
<td></td>
<td>2</td>
</tr>
</tbody>
</table>

\(^a\) Ethnicity is presumed. Intra-category totals may exceed number of respondents.
The size of the full boards on which Survey I respondents serve ranges from 10 to 18 members, with most of them smaller, as shown in the chart. Public Responsibility Committee membership ranges from 31% to 50% of full board membership.

The size of the boards on which Survey II respondents sit was smaller in range with 6 to 13 members, distributed as shown below.

The Findings & Analysis

Responses Motivated by Level I Questions:

Director Characteristics

Each of the Survey I companies handles public responsibility differently, generally by combining or disaggregating aspects of public responsibility, and routing input through channels consistent with company tradition. The tables below summarize some of the structural issues. In some cases, I have taken the liberty of standardizing responses to aid in presentation, but have tried not to bias the tenor of the responses.
All but one *Survey I* respondent currently serves on the board of at least one other public corporation. Most of the boards on which they sit are boards of corporate giants, but not all.

The response varied widely as to whether the other boards on which *Survey I* respondents sat had chartered Public Responsibility Committees, from a preponderance of “yes”, to “this company is unique in my experience”, to “each company has its own approach”. The “yes” response sometimes referred to committees that lacked board charters. Service on the current company board varied, but in no case was less than 7 years. All respondents were veteran directors of their respective companies.

The average concurrent service of *Survey II* respondents on other boards was 2.4, slightly higher than the 2.0 average for *Survey I* respondents.
The average service on the current board for Survey II respondents was just under 8 years, compared to an average 12.8 for Survey I respondents.

### Survey II: Service on this Board

<table>
<thead>
<tr>
<th># Years</th>
<th># Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 4</td>
<td>4</td>
</tr>
<tr>
<td>5 to 10</td>
<td>3</td>
</tr>
<tr>
<td>11 to 15</td>
<td>1</td>
</tr>
<tr>
<td>16 to 20</td>
<td>1</td>
</tr>
</tbody>
</table>

### Committee Structure

Based on responses of Survey I directors, membership tenure on the Public Responsibility Committee varied. At least two directors were relatively new to the position of Public Responsibility Committee Chair.

### Survey I: Service on this Public Responsibility Committee

<table>
<thead>
<tr>
<th># Years</th>
<th># Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 2</td>
<td>5</td>
</tr>
<tr>
<td>3 to 4</td>
<td>5</td>
</tr>
<tr>
<td>5 plus</td>
<td>0</td>
</tr>
</tbody>
</table>

Most committees predated The Sarbanes-Oxley Act in some form. In at least two cases, chartered board-level committees resulted from (in one director’s words, were “dreamed up by”) mandated legal and regulatory settlements years earlier. Most underwent some reconstitution during general board restructuring motivated by The Sarbanes-Oxley Act. Respondents answered according to their perception of the legacy of the current nature of work being done by the committee.

### Survey I: Age of this Public Responsibility Committee

<table>
<thead>
<tr>
<th># Years</th>
<th># Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 3</td>
<td>6</td>
</tr>
<tr>
<td>4 to 6</td>
<td>4</td>
</tr>
<tr>
<td>7 plus</td>
<td>0</td>
</tr>
</tbody>
</table>
Reasons given for formation of the committee included to:

- improve the oversight function of directors
- have a leadership body that reflects on “the public’s right to know”
- do so because it is “common sense”
- replicate the success of the committee in other companies in the marketplace
- benefit from its direct and immediate impact on corporate employees, clients, and financial goals

A respondent noted that The Sarbanes-Oxley Act created an opportunity to “revamp the total approach to corporate governance [including] consolidation of roles and a decrease in the number of [associated] committees,” but that a choice was made to charter a Public Responsibility Committee rather than having its focus subsumed by another committee.

One corporation’s CEO rejected earlier ad-hoc ways of dealing with public responsibility issues and proposed formation of a board-chartered Public Responsibility Committee. In another case, the committee was a response to customers and an empowering of employees to “go the extra step” in representing the ethics and image of the company. In yet another, the board committee was formed along with an analogous management-level committee.

The same committee formalized consumer input by creating a paid, semi-annual consumer activist panel for direct feedback on product and service performance.

Public Responsibility Committee meetings are held a minimum of 2 to 4 times per year and then augmented as pressing issues arise. The meetings last from 1 to 3 hours, on average for 1 hour and 50 minutes. Chairs may add on another hour or more for agenda preparation. One Chair reported spending up to a dozen additional hours in planning and progress debriefings prior to meetings. Individual member preparation times range significantly. Although typically in the 1 to 3 hour range, one non-chair member reported spending 10 or more hours of preparation time in advance of one meeting. Although meetings are typically held just prior to board meetings (primarily the day before the full board meets), full-committee ad hoc meetings are not uncommon across the year, nor are telephone conferences between individual committee members and the Chair.

Public Responsibility Committee meetings occasionally are scheduled in conjunction with meetings of other committees (such as the Audit Committee) if warranted by the issue at hand.
By way of comparison, full board and charter-committee meeting preparation time reported by Survey II respondents ranged from as high as 20 hours and a “full day” to a moderate 2 hours. Most commonly reported was 4 to 6 hours preparation time for the 3 legally mandated committees. Preparation for Audit Committee meetings was most commonly reported as time consuming including digesting the contents of 10 pound board books, but compensation committee meetings may require equally lengthy preparation.

Public Responsibility Committee agendas are set primarily by the Chair, in consultation with senior management and executive staff. In at least two cases, the year’s agenda for the committee is charter “issue driven” and set 6 months to a year in advance to make sure that each element of the charter is addressed in at least one meeting. Additional time within each pre-scheduled meeting is allocated to follow-up or new matters. In some cases, the agenda is set at the Chair’s sole discretion. Committee members may use the current meeting to set the agenda for the subsequent meeting. The Chair may plan the agenda in concert with “relevant cohorts”, e.g., the compliance or audit board committees, to assure that joint issues are appropriately handled.

Based on the responses to the Survey I question, “Do committee members initiate or primarily respond to issues?” directors do initiate issues for the Public Responsibility Committee to address. According to several respondents, about 20% of issues considered are initiated by the committee. The import of their proposals can be major. In one case, the director proposed a major corporate refocus on a national health initiative that affected the re-rerouting of philanthropic research dollars, product development, and public relations initiatives. One director notes that management has never “pushed back” a committee initiative. Another form that committee-level initiatives take is to request additional presentations from management regarding relevant and timely issues of legitimate concern to individual committee members. One director notes, “[we] want no surprises.”

Survey I directors were asked how decisions are communicated to senior management. In many cases, executive management and other issue-relevant senior managers are invited to committee meetings, either regularly, on an ad hoc basis, or on a rotating basis with other committees. Normally, a committee report (often written) is presented at each full board
meeting, at which time recommendations may be proposed, or particularly consequential matters may be raised for further deliberation and, as required, action.

Selected Respondents: Director Oversight

Survey II respondents were asked for the most important oversight service they provided as directors. One respondent found the role of director poorly defined beyond the technical requirements of The Sarbanes-Oxley Act and related actions. Another identified managing board succession as a crucial oversight responsibility. Other responses included:

- independent thinking and a fresh perspective
- setting priorities and making sure company does the right thing for the right reason
- asking straight-forward, hard questions and validating strategy
- monitoring CEO ethical performance, leadership and viability
- understand the business but stay away from the details
- monitor financials and stay on top of compensation policies

Responses Motivated by Level II Questions:

Public Responsibility Committee Function

The CEO regularly informs directors of CSR-related issues, either to the committee or directly to the board, depending on the merit and the incidence of responsibility for the issue, and often prior to action implementation. On consequential issues in some corporations, the full board may act as the committee meeting.

The Public Responsibility Committee charter provides the functional definition and scope for each committee. One Chair gives the functional definition for the committee as any issue that has an impact on the company. For some, it is a virtual “road map” and closely and helpfully drives the agenda. By contrast, in at least one case, the charter seemed to be a “fence” around those issues to which the committee was restricted. Even in the committee not explicitly named as a public policy forum, the “overwhelming” amount of director time is spent on public responsibility issues. The charters are generally subject to self-evaluation and then full board annual review, and are, in that sense, living documents capable of subsuming contemporary concerns and interests, and avoiding undue overlap with other committees. Several directors referred to the committee’s purpose as “fluid”. Should the committee’s performance not be aligned with its charter, or should the charter not be aligned with the corporation’s relevant populations, then the committee’s purpose and composition may need to be reconsidered. One director mentioned that consultants and “other channels” may be brought into this process.
A director pin-pointed the responsibility of this committee to address issues of management’s responsibility to satisfy stakeholders less easily addressed elsewhere in the corporation. Several directors stressed the dual general purpose of the committee: to inform senior management and to keep board members informed, especially of “what’s down the pike.” One saw the job as working with senior management “to be knowledgeable about shareholders, the marketplace, and the business.” A crucial aspect of committee responsibility is to keep a record of the corporation’s stewardship of its identity within the larger society, and to “anticipate, monitor, and document public policy issues that impact performance”. Another director sees the committee as a “catch-all,” focused first on employees, then on consumers, then on the community. The committee is seen by another to be responsible for discerning and reflecting the “sensibility and sensitivity of the needs of the public” to the board, which then can more effectively oversee management’s performance through this lens. Complex issues or issues that straddle committees may be initially filtered through other committees, or referred elsewhere, e.g., to audit or the health and safety committees.

Survey I respondents offered the following examples of the range of issues their Public Responsibility Committees had addressed:

- litigation requiring a dozen hours of deliberation time across a year’s meetings
- public relations campaign requiring significant committee time over several years
- routine issues regularly requiring a half-hour’s attention per meeting
- corporate philanthropy foundation review and change in funding strategy
- consumer product education initiatives
- environmental issue requiring a presentation by senior management
- pharmacological issue deliberated by the committee regarding concern with and possible response to the public interest; recommendations reported to the board
- strategizing and monitoring post-acquisition consolidation of business cultures
- regular monitoring of diversity and minority advancement
- oversight of summary metrics of product/service performance; attention to “triggers” red-flagging areas of concern
- framing issues and flushing out options regarding the externalities of a major infrastructural project

Recommendations are often made as a result of the committee’s deliberation, and often change corporate policy. In the case of a consumer product initiative, a new set of education programs were developed to enable consumers to make well-informed and responsible decisions about product choice. A committee-initiated study of obesity resulted in a recommendation and in program implementation following the committee’s review of complex trade-offs. A major legal challenge first deliberated in committee ultimately decided to make a recommendation to litigate or settle, and the recommendation was presented to the full board for evaluation and further action. An ad hoc committee meeting was convened to address a foundation issue, resulting in a proposal made to management, which then implemented the change in strategy. After intensive study, a committee
recommended a change in the course of diversity programs; such recommendations are
given to the full board either by the committee or, at the request of the committee, by the
CEO, and the full board generally agrees. One recommendation involved balancing trade-
offs among stakeholders to minimize sanctions and penalties yet maximize productivity in
a case involving enormous consequential costs. The director noted that recommendations
are made to board, and that strategy is affected through informed feedback through the full
board to management.

Issues involving sensitive zero-sum trade-offs and managing reputational risk seem to
cause the greatest challenge for Public Responsibility Committees. Perhaps the most
memorable of responses came from a veteran director for whom the memory of a
particularly difficult decision remains very clear, and involved the presence of U.S.
companies in apartheid South Africa. The company ultimately decided to withdraw from
South Africa, and he thinks it was the right symbolic thing to do in the larger scheme of
things. Nevertheless, it is a decision he personally regrets. The short run impact was to
eliminate jobs held primarily by black South Africans, which seemed poorly justified
under any circumstance. Interestingly, the legacy of that time has informed a younger
generation of directors. A contemporary analogous challenge is corporate presence in
countries known to sponsor international terrorism. Having corporate committees
dedicated to focusing on these issues is part of creating an institutional memory for how to
address similar crises when they arise under different guises, which they will. This
suggests another motivation for a formally structured public responsibility oversight
function.

This report gives its lowest ranking to Public Responsibility Committees charged only with
oversight for standard charitable endeavors. Does this suggest that charitable giving is an
insubstantial function? According to the respondents assigned this as one of several
responsibilities in their charters, far from it. Foundation giving not only sets a public tone
for the corporation’s image, but it is a tool to advance the social interventions the
corporation gleans as crucial to the expressed long-term vibrancy of its stakeholder base.
This is quite a responsibility, and as in the case of concerns with food safety, human rights,
and radiation emission, has been and continues to be addressed as such. To paraphrase one
director, the “corporation is a global community asset. Fund contributions are a strategic
part of who we are.” One committee monitors how funds are being used in diverse
applications, particularly in support of “breaking issues,” and the sufficiency of the
corporation’s grants into the foundation.

Only one director was unwilling to give an example of a specific issue addressed by the
committee on which he serves. He felt all issues were difficult because they involve
reaching out to the public. Interestingly, this director did share that the committee always
made recommendations based on its deliberations but none to date had affected corporate
policy, strategy or performance.
Must the performance of the Public Responsibility Committee be measurable? Yes and no, answer the directors. Justification for its existence lies beyond metrics—the committee is interdependent and integral to the appropriate existence of the firm. In the language of one director, the Public Responsibility Committee is “the standard-bearer of [corporate] culture.” Another cautions that measurable or not, the thoughtful contribution of the committee to over-all governance discussions is critical. Nevertheless, while the committee may have a record of positive results and appropriate expertise, its effectiveness, however difficult to capture, is measurable and ultimately tied to results. Measuring committee performance is reasonable not only for purposes of self-evaluation, but becomes part of the record of diligent attention to the committee’s chartered purpose in serving the corporation. The committee must contribute to optimal sustained performance, and performance and compliance both appropriately are measured in the context of public policy. The opinion of another director is that since the dual role of the committee is to inform management and to inform the board, this is what should be measured, on issues relevant to the corporation or to the corporation in relation to the public. In the final analysis, measured or not, the role of the committee is meaningful if and only if management takes the role of the committee “very seriously.” Several respondents noted that how management views the committee is fundamental to its function.

Why a board-level Public Responsibility Committee, and why a board-chartered Public Responsibility Committee? The form of a few Public Responsibility Committees originated from a legal mandate—perhaps a settlement involving a labor, environmental, or pricing dispute. Others evolved in response to concerns of internal (employees) and/or external (consumers, shareholders) stakeholders. Most evolved organically as corporate leadership sought to implement what they viewed as best practice. Respondents were unanimous in the tone of their response: the board-level charter is the only way to assure the independence and integrity of the social audit process. Directly quoting one respondent, “the savvy Public Responsibility Committee will pursue the responsibility of perception as a matter of record.” The long-term survival (or disposition) of the corporation is entrusted to the board. While the board may ignore public responsibility in the short run, says one director, in the long-run the company will not survive without explicit attention paid to the company’s social impact. Following this thought, another director notes that without board chartering, this oversight lacks “legitimacy and authority.” Non-implementing leaders have a different orientation and set of goals and skills than do management, and the experience of independent directors brings a “new set of eyes.” Other expressed reasons include that the board (and its charter):

- is responsible for the corporate record of public commitment
- confers influence and objectivity to the social audit process
- raises the level of importance regarding attention to public responsibility issues
- formalizes the purpose of the committee so it doesn’t get “lost”
- initiates and motivates well-articulated behavioral change throughout organization
- holds management to high ethical standards and rule of full board-disclosure
- provides independent perspective crucial in all aspects of corporate oversight
• brings “heads-up” on performance relevance of important cultural issues
• gets corporation “in front of curve” on leading issues

Can a corporation be socially responsible without a board-chartered committee, and without one at the board level? The answers are a resounding “yes” and “yes.” Certainly, other corporations with a fine record of corporate citizenship may address their public responsibility missions differently. While chartering does have the advantage of establishing a formal purpose, in the current environment, the issues are of such great importance—and reporting requirements on governance so prominent—that a respondent comments that management would be “foolish” not to adhere to the highest standards of rigor in honoring either a chartered or a non-chartered committee.

Notwithstanding these exceptions, things DO tend to fade in organizations if they are not codified, transparent, taught and enforced. Chartering and supporting a board-level committee costs money, takes effort (its purpose must be clearly articulated), uses precious director time, and demands the scarce attention of senior executives. While the question of “charter or no charter?” was not asked directly, several respondent responses to an optimal public responsibility process are relevant:

• Management is the driver of social initiatives and the role of the board is to proactively support senior management; yet the board often sets the tone
• Process must be management driven, whatever the structure
• Process is top down in that leadership (including board) stimulates response; bottom up in that leadership (management) stimulates employees to bring others along with them (viral marketing and behavioral patterning)
• Board must satisfy itself that management:
  • recognizes issues of concern
  • has implemented effective strategies to address them

One director commented that the board-chartered, independently staffed Public Responsibility Committee formalized a way for directors to feel prepared, engaged, and listened to.

My small sample suggests that not all Public Responsibility Committees work equally well. A Harvard Business Review article identifies “The Four Stages of Issue Maturity” that are further adapted here to evaluate the “stages” of Public Responsibility Committees.10 It is important to note that it is not purely nor primarily the committees that are being evaluated (their charters may be viewed as quite similar), but the ability of their respective corporate cultures to integrate them into their business models. The maturity stages (roughly) are:

• **Latent**: the board is aware of the issues; there is little organizational experience in dealing with them; executive management and the board substantively ignore committee recommendations
• **Emerging**: the board and management are aware of issues; there has been some corporate success in addressing issues; a few business segments have crafted approaches on their own

• **Consolidating**: there is firm-wide experience with issues; initiation of issues is board-based; there is formalized board/management/stakeholder communication about issues in place

• **Institutionalized**: there is a dynamic process of performance evaluation around issues; innovative approaches are systematically introduced as part of the strategic planning process

Based on *Survey I* responses regarding the meeting frequency of the committees, how long they meet, required preparation time, integration of the committee agenda with the full board and other board committee agendas, direct interactivity with management on issue consultation, and the scope and impact of issues deliberated on corporate behavior, I categorize each of the Public Responsibility Committees by maturity stage as shown.

**Survey I:**

**Public Responsibility Committee Maturity**

Having looked only at those major corporations with the most formalized self-regulated board commitment to public responsibility suggests that the process has a long way to go. While over one quarter of Fortune 200 companies have board-chartered Public Responsibility Committees, only one fifth of Fortune 1000 companies do, even when defining the committee more liberally.\(^{11}\) I am not likely underestimating the diffusion of formal board public responsibility processes.

Does the charter matter? Responses strongly indicate that it does matter. The board’s relationship with the CEO is crucial to the effectiveness of the Public Responsibility Committee. As Carter and Lorsch note, the “CEOs’ views…play a critically important…influence on whether non-executive directors can do their jobs properly.”\(^{12}\) The charter is the board’s “bill of rights” to critique the corporation’s sensitivity to cultural issues, inside and out. In a very important sense, then, the charter of the Public Responsibility Committee also is the proxy “bill of rights” for the cultural voices of shareholders, employees, consumers, host countries and others to be heard in the highest deliberative forum of the corporation. This chartered “ear” on the board also serves the CEO well—by helping to advise the CEO on the difficult “…dual roles of Mr. Inside and Mr. Outside.”\(^{13}\)
Corporate Approaches to Public Responsibility

*Survey II* respondents were asked who personally comes to mind when they think of their stakeholders. The most frequent answer was the shareholders, yet the responses did range. The functional audience for one respondent was the CEO. For another, it was the small, individual shareholder and top management. Another cited the importance of addressing those obligations beyond shareholders that were legally binding. Several seasoned directors cited current and future customers as the primary stakeholders, with employees, shareholders, regulators, supply chain partners and others forming a second tier. In one case, the general public (consumers) and regulators came before shareholders. On boards without Public Responsibility Committees, concerns related to various stakeholder groups are communicated to the board in various ways:

- through periodic management reports
- via rigorous and targeted annual measurement
- tracking profitability through the distribution network
- filtered through the standard three committees
- as a full board agenda item
- using a media “hotline”
- website & letters to the board
- from polling, shareholder resolutions, and analysts
- inadequately, as the culture is not conducive to systematic intervention

Six *Survey II* boards have not considered a board-chartered Public Responsibility committee. Of these, one felt it is needed, but will not likely come with the current executive leadership. One declines the proposition because each of its stakeholder groups is seen as unique and in need of specialized oversight. Two would consider the innovation with some enthusiasm, but it is not a priority due to the current time demands on board members and/or current profitability concerns needing uncompromised full board attention. One felt issues of public responsibility “need surfacing” through established channels in the corporation, not a focused board committee. The sixth is not opposed but would need to be convinced of the merits of concentrating issues of public responsibility into a committee.

Of those three boards that considered but declined to charter a Public Responsibility Committee, one, given limited board member time, chose instead to charter a committee focused on an area of specific risk. Within the Fortune 200, examples of this type of committee include those focused on asset risk, health and safety, technology and nuclear safety. Another, given limited board member time and demands related to *The Sarbanes Oxley Act*, passed on the option for the time being. This respondent also mentioned the importance of company size and complexity in a decision to form a Public Responsibility Committee. The respondent suggested that company maturity and a well established and articulated business model matter. In the words of a *Survey I* respondent, “it is important
to walk before you learn to run.” The third board felt public responsibility oversight merits full board attention.

Examples of how Survey II boards in the absence of a Public Responsibility Committee have addressed stakeholder issues include:

- endorsing sanctions where management failed to address chronic human resource complaints
- determining the best use of excess cash in the interest of shareholders (acquisition, dividends, etc.)
- divesting problematic businesses; responding creatively to hostile bids
- doing homework, asking the right questions, and acting in good faith regarding major litigation
- shifting business focus from quarterly earnings to strategic priority in earnings
- transparent and open board nominating process
- validation (after debate) of CEO action ex post, with private reprimand to CEO

One might expect the existence of Public Responsibility Committees primarily in certain sectors, e.g., chemical companies and companies operating in specific stages of the supply chain, e.g., retail companies. From the findings of Survey I and Survey II, the reason for creation of a committee was not necessarily presence in either of these spheres. Rather, considerations included:

- the history of legal challenges faced by the individual firm including employee arbitration issues unrelated to product sector
- a desire for board excellence (depth and breadth) in oversight versus board size and competing board time demands
- company maturity and board comfort with the business model and current profitability
- the experience and awareness of corporate leadership regarding similar committees

One director commented “the committee structure of a corporation gets to the essence of what it does [how it represents itself] in the market.” Consistent with this view is an expectation that the existence of an effective Public Responsibility Committee or near proxy may signal to investors the importance the corporation places on responsible behavior in the marketplace. “Effective” presumes the committee is not just window dressing, is supported by management, and makes recommendations that have an impact on corporate behavior. This study finds that these stipulations largely are met in our sample. One downside of failing to have such a committee was highlighted by a Survey II respondent. In times of rapid board turnover, the institutional memory about stakeholder relations is poor, and balancing the intelligence and awareness of directors old and new is problematic. The board-chartered Public Responsibility Committee can lend important clarity and focus to this task and make the newcomers’ assessment of private gain versus public trust a great deal easier.
Stakeholder Monitoring

Survey II respondents were asked about the relative roles of the CEO and the board in monitoring stakeholder relations. Most see a joint role in stakeholder monitoring, with the CEO and reporting specialists (e.g., Human Resource Department) doing the work, and the board providing the oversight. All but one felt a candidate’s past record in addressing stakeholder issues was an important criterion in selecting a new CEO, and two report this criterion having been instrumental in past selection decisions. For one director, the only criterion relevant to a public responsibility initiative is meeting the pre-established policy in place for such engagement. For the other eight directors, all but one felt that measurable near-term performance was not an important litmus test for initiatives, but that long-term shareholder value was. Generally, respondents didn’t weigh company history as important in considering an initiative, but two that did felt it to be very important—to traction and changing path and as second only to good business judgment.

In all but one response, board initiation of stakeholder oversight or engagement was supported, with two directors clarifying that the initiative would be placed on the agenda for future consideration. Examples of board initiated public responsibility engagements were inner-city youth arts promotion, support of basic research in environmental and health science, proactive collaborative planning with constituents, providing non-traditional markets product education.

Risk, Strategy and Public Responsibility

Based on Survey I responses, ethical issues may begin with the Public Responsibility Committee and then be routed through the audit committee for vetting and “legal filters” before reaching the full board. Issues of effluence, radiation, and other physical process externalities may be coordinated with a board-chartered environmental standards committee, or with an executive body focused on these issues. Again, teamwork plays an important role in the performance and effectiveness of all committees.

Corporations address risk and strategy through existing structures and committees. Don’t issues of public responsibility already fall within one of these areas? Respondents answered “not quite”. Survey I respondents report that public responsibility is more than risk. Public responsibility is seen to:

- include image and wealth creation in the global economy
- go beyond simple enterprise management
- involve ethical leadership
- be accountable for the stewardship of customers and employees
- reflect a commitment to human capital development in ways that have little to do with risk, such as assuring diversity and advancement
- invest in optimal performance and not just to hedge against risk
• transcend issues of the bottom line only
• be broader and to include image, resources and knowledge

A general sense was that public responsibility should be part of the strategic planning process, but it depends upon how collegial, dynamic or fragmented the strategic process is in a corporation. If the strategic planning process is an ongoing assessment of opportunities, then one role of the Public Responsibility Committee in that process is to ensure that company behavior doesn’t compromise overall strategic performance. The Public Responsibility Committee, unlike the audit committee, has a direct role in overseeing and creating programs. The point of contact with the strategic planning process will differ for the two committees. Echoing the opinion noted above, in the near term, public responsibility can be ignored; in the long term, the corporation won’t stay in business without it. Strategic planning may refer only to an economic response to external factors; public responsibility frames a 360 degree response.

Most Survey II directors agree with this view, adding that strategic planning should include concern with public responsibility, but often has too short-term a focus, and sometimes excessive self-focus. All but one director felt that stakeholder concerns involved more than what traditionally is thought of as strategic planning or risk management, as such concerns fall into more than one bucket and are especially important to address during the process of building corporate culture. All felt the board was responsible for overseeing corporate strategy, although two emphasized it was primarily the call of the CEO. One director stressed that directors bring an important time-reflective perspective to the strategic planning process. One director felt that concern with stakeholder initiatives was not a role for the board as the issues are too complex and the board could not reasonably do a good job.

As corporations reach beyond a narrow view of shareholder interests in exercising their fiduciary responsibility, they are beginning to reach into public policy. At least one Survey II respondent feels this is inappropriate. The concern expressed was not that public policy ought to be left solely to government, but that the for-profit corporation was created for a single, narrow purpose and that is maximizing direct shareholder interests. This view holds that nonprofits—and I would add the more recent hybrid, the social enterprise—play a vital role in the formulation and execution of public policy, and that this is the appropriate way for our society to provide services for its citizens. Another Survey II respondent mentioned that one shoe doesn’t fit all corporate feet. From that respondents’ perspective, on one Fortune 200 board served, shareholder primacy makes sense; on another, smaller board served in the same industry, a far more proactive community role makes sense.

There is a question raised by Lorsch regarding the comfort of directors in delegating issues to strategy to a committee, since there was value to the full board weighing in on matters of such import. On one smaller Survey II board, directors voluntarily attended meetings of committees to which they were not assigned, and their input was welcome. On larger,
more structured boards, the filtering system was such that issues of merit surfaced for full board discussion anyway, but with more ample data, which is in part the function of committees.

**Conclusion**

Over the past decade, almost thirty percent of Fortune 200 companies have chartered board-level Public Responsibility Committees. While these committees are called by different names in different corporate settings, they assume accountability for broad oversight of the impact of corporate behavior in the public arena. This report presents original findings on the formation, composition, and role of Public Responsibility Committees in nine Fortune 200 companies. I gathered this information through a survey questionnaire administered in late 2004 to Fortune 200 company directors that sit on Public Responsibility Committees. I found these committees to be active, to meet regularly with structured agendas, and to often focus on issues of consequential impact to board and corporate policy.

In mid 2005, I interviewed nine additional Fortune 200 directors from companies of similar size and industry serving on boards without Public Responsibility Committees. Analyzing both sets of interview comments and recognizing the limitation of conclusions based on small sample size, I find evidence that the existence of the committee may be less a function of industry than of company-specific characteristics such as legal history, board size, company maturity and the preferences or past experiences of corporate leadership. To paraphrase from respondents’ comments, the board has the job of satisfying itself that (1) the CEO knows what he or she must to execute well, and that (2) the board is fundamentally well-prepared to engage in insightful deliberation on the host of issues drawn from the external culture into the internal one in a way that is pre-screened for relevance and consistency with the corporation’s purpose.

This study was useful in generating directors’ general impressions about board-chartered Public Responsibility Committees and provided valuable guidance for designing refined and improved questions for subsequent research. Respondents representing firms with and without board-chartered Public Responsibility Committees shed light on the reasons to charter a Public Responsibility Committee at the board level. The reasons are compelling, and suggest that all corporate giants should be on record as having asked themselves, “Why not”? 
## Appendix I.a: Survey I Questionnaire

### SURVEY I QUESTIONNAIRE:
**APPROACHES TO BOARD-CHARISTERED PUBLIC RESPONSIBILITY COMMITTEES**

### SECTION I: Structure

<table>
<thead>
<tr>
<th>Question</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do you sit on the board of any other public corporations? If so, How many?</td>
<td></td>
</tr>
<tr>
<td>Do you know if those Boards have a Board-charistered public policy-related committee?</td>
<td></td>
</tr>
<tr>
<td>How long have you served on this board? (Years)</td>
<td></td>
</tr>
<tr>
<td>How long have you served on this committee? (Years)</td>
<td></td>
</tr>
<tr>
<td>How old is the committee?</td>
<td></td>
</tr>
<tr>
<td>Why was the committee formed?</td>
<td></td>
</tr>
<tr>
<td>How often does the committee meet? (Times/year)</td>
<td></td>
</tr>
<tr>
<td>For how long? (Hours)</td>
<td></td>
</tr>
<tr>
<td>How much preparation time is required prior to meeting? (Hours)</td>
<td></td>
</tr>
<tr>
<td>Are committee meetings held just prior to full board meetings? (Day of, day before, own schedule)</td>
<td></td>
</tr>
<tr>
<td>How is the agenda for the committee meetings set?</td>
<td></td>
</tr>
<tr>
<td>Do committee members initiate or primarily respond to issues?</td>
<td></td>
</tr>
<tr>
<td>How are decisions communicated to executive management?</td>
<td></td>
</tr>
</tbody>
</table>

### SECTION II: Function: Board committees approach public policy with varying degrees of formality and links to performance. The second set of questions concerns the functions of the committee on which you serve.

<table>
<thead>
<tr>
<th>Question</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does executive management inform directors of public policy-related decisions taken?</td>
<td></td>
</tr>
<tr>
<td>What is the functional definition &amp; scope of &quot;public policy&quot; for your committee?</td>
<td></td>
</tr>
<tr>
<td>What public policy issues have arisen most recently (please be specific as to nature of issue)?</td>
<td></td>
</tr>
<tr>
<td>What decision/recommendation was made?</td>
<td></td>
</tr>
<tr>
<td>Did the decision/recommendation result in a change in corporate policy? In what ways?</td>
<td></td>
</tr>
<tr>
<td>Can you give me an example of a particularly difficult issue before the committee?</td>
<td></td>
</tr>
<tr>
<td>Given the committee charter, do some issues &quot;fit&quot; for your company better than others?</td>
<td></td>
</tr>
<tr>
<td>Should the existence, purpose or composition be changed in any way?</td>
<td></td>
</tr>
<tr>
<td>Do you agree: a Public Policy Committee is justified only if it measurably impacts performance?</td>
<td></td>
</tr>
<tr>
<td>What is the most important oversight service provided by the committee?</td>
<td></td>
</tr>
<tr>
<td>What value do independent directors bring to the corporation's public policy process?</td>
<td></td>
</tr>
<tr>
<td>Of what importance is it that a public policy committee be board chartered?</td>
<td></td>
</tr>
<tr>
<td>Is corporate public policy just another form of &quot;risk management&quot;?</td>
<td></td>
</tr>
</tbody>
</table>

*Corporate Board Member* reports that a majority of directors want to spend more time on strategy. Is corporate public responsibility an aspect of the strategic planning process?
## Appendix I.b: Survey II Questionnaire

### SURVEY II QUESTIONNAIRE: MONITORING CULTURE: CORPORATE BOARDS AND PUBLIC RESPONSIBILITY

#### SECTION I: Director Background

Please tell me about your board experience:

<table>
<thead>
<tr>
<th>a)</th>
<th>How many public corporate boards do you sit on and on what committees?</th>
</tr>
</thead>
<tbody>
<tr>
<td>b)</td>
<td>How long have you served on [insert corporation here] and on what committees?</td>
</tr>
<tr>
<td>c)</td>
<td>How much time do you spend preparing for meetings and what kind of issues seem to require the most preparation time?</td>
</tr>
<tr>
<td>d)</td>
<td>What is the most important oversight service provided by you as director?</td>
</tr>
</tbody>
</table>

#### SECTION II: Corporate Approaches to Public Responsibility

Several dozen Fortune 200 corporations have Public Responsibility Committees chartered at the board level. Generally, the committee monitors how the corporation views and engages with the groups it impacts.

Who do you think about when you think about your corporation's stakeholders?

How does the board monitor the corporation's relationships with its stakeholders?

Do you think concentrating the monitoring of stakeholder relationships in a specific board committee makes sense?

Has your board already discussed forming a specific stakeholder responsibility committee?

Can you give me an example of a particular stakeholder issue that has arisen and how the board has addressed it?

#### SECTION III: I'd like to explore the relative role of the board and the CEO regarding stakeholder monitoring. Please respond to the following statements:

Do you think the corporation's relationship with its stakeholders is best monitored primarily by the CEO or best monitored primarily by the board?

In searching for a new CEO, how important do you think the candidate's past record in addressing stakeholder issues should be as a selection criterion?

How important to you are the following considerations in deciding whether your corporation will launch a public responsibility initiative?

<table>
<thead>
<tr>
<th>a)</th>
<th>The initiative must measurably impact performance.</th>
</tr>
</thead>
<tbody>
<tr>
<td>b)</td>
<td>The initiative must improve long-term shareholder value.</td>
</tr>
<tr>
<td>c)</td>
<td>The initiative must reflect the corporation's history.</td>
</tr>
</tbody>
</table>

Can you describe to me a public responsibility initiative initiated by your board?

Do you think it is the responsibility of the board to oversee corporate strategy?

Should the board either initiate oversight of stakeholder relations or suggest stakeholder engagement initiatives?

Do you think concerns about stakeholder engagement are included in either the strategic planning process or in the risk management process, or do you think stakeholder concerns involve more than what traditionally is thought of as strategic planning or risk management?
## Appendix II: Fortune 200 & Top Tier SR Committees (Fall 2004)

### Fortune 200 Corporations with Top Tier Board-Chartered Public Responsibility Committees

<table>
<thead>
<tr>
<th>Company Name</th>
<th>2003 Revenue ($ billion)</th>
<th>Board #</th>
<th>Name of chartered board committee is dedicated to CSR issues</th>
<th>Is the committee purpose aligned with corporate goals? Is it comprehensive, w/ &quot;teeth&quot;?</th>
<th>Key Words</th>
<th>1 to 5 scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Motors</td>
<td>195.6</td>
<td>12</td>
<td>Public Policy</td>
<td>trends, performance, CSR, image</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>General Electric</td>
<td>134.2</td>
<td>16</td>
<td>Public Responsibilities</td>
<td>CSR, trends, impact, charity</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>ChevronTexaco</td>
<td>112.9</td>
<td>14</td>
<td>Public Policy</td>
<td>trends, pp risks, global image</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Caterpillar</td>
<td>22.8</td>
<td>14</td>
<td>Public Policy</td>
<td>image, safety, sustain, CSR</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Merck</td>
<td>22.5</td>
<td>11</td>
<td>Public Policy/Public Responsibility</td>
<td>trends, impact, CSR, EEO, charity</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Raytheon</td>
<td>18.1</td>
<td>12</td>
<td>Public Affairs</td>
<td>CSR, operations, image</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Emerson Electric</td>
<td>14.0</td>
<td>16</td>
<td>Public Policy</td>
<td>CSR, compliance, image, exposure</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>UAL</td>
<td>13.7</td>
<td>12</td>
<td>Public Responsibilities</td>
<td>trends, safety, CSR, EEO</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>PG&amp;E Corp</td>
<td>11.2</td>
<td>9</td>
<td>Public Policy</td>
<td>environment, trends, CSR, EEO</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Citigroup</td>
<td>94.7</td>
<td>18</td>
<td>Public Affairs</td>
<td>supply chain, CSR, EEO, image</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>IBM</td>
<td>89.1</td>
<td>11</td>
<td>Directors/Corporate Governance</td>
<td>CRS, EEO, Charity, SH, Environment</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Verizon</td>
<td>67.8</td>
<td>11</td>
<td>Public Policy</td>
<td>charitable, CSR, EEO, safety</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Dow Chemical</td>
<td>32.6</td>
<td>14</td>
<td>Public Interest</td>
<td>contrib, EEO, sustain development</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>American Express</td>
<td>25.9</td>
<td>12</td>
<td>Public Responsibility</td>
<td>charity, compliance, impact, PACs</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Bell South</td>
<td>22.6</td>
<td>10</td>
<td>Public Policy</td>
<td>trends, compliance, EEO, charity</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Alcoa</td>
<td>21.7</td>
<td>10</td>
<td>Public Issues</td>
<td>charity, trend affect, share, image</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Eli Lilly</td>
<td>12.6</td>
<td>12</td>
<td>Public Policy/Compliance</td>
<td>social, legal trends, comp, image</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Nike</td>
<td>10.7</td>
<td>10</td>
<td>Corporate Responsibility</td>
<td>CSR, charity, EEO, envir, image</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>General Mills</td>
<td>10.5</td>
<td>13</td>
<td>Public Responsibility</td>
<td>image, strategy, trends, ethics</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Texas Instruments</td>
<td>9.8</td>
<td>12</td>
<td>Stockholder Relations/Public Policy</td>
<td>attitudes, legislative, social</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

**SOURCES:**

Top Tier (4 or 5 on 1 to 5 scale): 1=Compliance only; 2=CSR related to line of business; 3=CSR + Charitable efforts; 4=CSR+ compliance + trend monitoring; 5=CSR + compliance + image + trend monitoring + operational/risk oversight, affects/impacts
### Appendix III: Membership of Tier I Committees (Fall 2004)

#### Membership: Top Tier Board-Chartered Public Responsibility Committees

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Committee Name</th>
<th>Committee Chair Name</th>
<th>Committee Members</th>
<th>Full Board Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>ChevronTexaco</td>
<td>Public Policy</td>
<td>J. Bennett Johnston</td>
<td>Robert J. Eaton, Sam Nunn, Carl Ware, Patricia E. Yarrington</td>
<td>David J. O'Reilly, Peter J. Robertson, Samuel H. Armacost, Robert E. Denham, Robert J. Eaton, Sam Ginn, Carla Anderson Hills, Franklyn G. Jenifer, J. Bennett Johnston, Sam Nunn, Charles R. Shoeomate, Carl Ware</td>
</tr>
<tr>
<td>Company</td>
<td>Role</td>
<td>Name</td>
<td>Responsibilities</td>
<td></td>
</tr>
<tr>
<td>-------------------------</td>
<td>-----------------------------</td>
<td>-------------------------------</td>
<td>---------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>American Express</td>
<td>Public Responsibility</td>
<td>William G. Bowen</td>
<td>Daniel F. Akerson, Charlene Barshefsky, William G. Bowen, Ursula M. Burns, ...</td>
<td></td>
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<td>Judith M. Gueron</td>
<td>Alain J.P. Belda, Kathryn S. Fuller, Carlos Ghosn, Joseph T. Gorman, Sir Ronald Hampel, Klaus Kleinfeld, Henry B. Schacht, Franklin A. Thomas, Ernesto Zedillo</td>
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BIBLIOGRAPHY


ENDNOTES

1 Khurana and Lorsch, 1.
2 In Survey II, Level I questions focused on director characteristics only, Level II questions concerned corporate approaches to public responsibility, and Level III questions queried the relative role of the board and the CEO in monitoring stakeholders. See Appendix 1.b.
3 Spokespersons for several non-participants did receive the questions in advance. I am unsure how this may have influenced participation, but submitting the questions in advance did get me past the initial round of gatekeepers.
5 I earlier had compiled a list of all board chartered committees for a subset of Fortune 200 companies as a research associate for an ongoing project at the John F. Kennedy School of Government’s Corporate Social Responsibility Initiative (CSRI), The sample frame used in this paper was informed by that exercise.
6 None of these referrals originated within CSRI.
7 See Carter and Lorsch, Back to the Drawing Board, Chapter Six, “Building and Sustaining the Right Team” for an excellent contextual presentation of the importance of director characteristics.
8 For ease of exposition, I use a bar chart format similar to that in the “Appendix” to Back to the Drawing Board.
9 Zadeck, 132. As Boyd et al. state, “Social auditing is a process that enables an organisation to assess and demonstrate its social, economic, and environmental benefits and limitations. It is a way of measuring the extent to which an organisation lives up to the shared values and objectives it has committed itself to.”
10 Zadeck, 128.
11 Khurana and Lorsch, 5.
12 Carter and Lorsch, 201.