

E-BOOK

Building your ESG profile through your CSR program

How CSR efforts bring ESG goals within reach

Your CSR program is the key to an authentic sustainable ESG approach

There was a time when people assumed that doing good in the world and doing well in business were mutually exclusive goals. But now, with greater evidence of the interdependence of purpose and profits, this mindset is quickly evaporating. Today, in the boardroom and across business, it's universally agreed (and empirically proven) that companies that successfully merge business goals with responsible Environmental, Social and Governance (ESG) practices are the most profitable, sustainable and resilient companies.

The opposite is also true. According to a recent study by Bank of America Merrill Lynch, companies with low ESG scores tend to be more volatile and are more likely to go bankrupt. In fact, 15 of the 17 S&P 500 that went bankrupt between 2005 and 2015 scored poorly on ESG five years earlier. And they have higher borrowing costs, which means they are less profitable, and therefore less attractive, especially to investors. It's no wonder then that assets chosen according to ESG criteria are growing at a rapid rate.

ESG is fast becoming the lens through which investors, consumers, employees and other stakeholders assess the identity and efficacy of a company, and business leaders know that better ESG and bottom lines go hand in hand. Private equity firms and investment bankers of all shapes and sizes are leveraging ESG as a criteria for investment and are using checklists as part of their due diligence. As of 2018, ESG investing was estimated at over \$20 trillion in AUM (assets under management), which amounts to about a quarter of all professionally managed assets in the world.

Several of the largest firms in the world are speaking passionately and articulately about ESG and how important it is for their firms to do more in this area. Increasingly, ESG is also on the minds of employees (and potential employees) and customers. It matters to them where they spend their time and money, and as they seek to align themselves with companies that promote their values and demonstrate a tangible commitment to social and environmental change, ESG is a way for them to assess which companies are truly doing good. All of this interest and evidence is prompting business leaders to ask themselves and their executive teams how they can be increasing their commitment and investments in activities related to ESG, rather than debating the value of it.

So, what's the best way to build your ESG profile and achieve this win-win outcome for all of your stakeholders? Many leading companies are quickly discovering that their Corporate Social Responsibility (CSR) and social impact programs play an instrumental role in driving ESG outcomes, especially in the areas related to the "E" and the "S." This newfound interest in leveraging a company's existing CSR investments is bringing leaders, metrics, stories and data from these areas into board-level and investor-facing conversations.

Data and metrics are critical components of an ESG orientation, but like CSR, ESG success goes deeper than checklists. Employees and customers expect transparency and accountability, and companies are recognizing the need to make their initiatives authentic and part of the fabric of the company's culture. An ESG strategy that is rooted in a culture of purpose with a commitment to real-world results and a robust CSR program is the most likely to succeed – by all of these standards.

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An ESG explainer

Acronyms aside, what exactly are we talking about when we talk about ESG?

The term was first coined back in 2005 in a landmark report called “Who Cares Wins,” which was a collaboration between capital markets, the United Nations and the International Finance Corporation (IFC). The report made the case that embedding quantitative Environmental, Social and Governance factors in capital markets helps companies, societies and businesses thrive.

When we talk about ESG, we’re talking about factors that weren’t traditionally included in financial analysis, but which are now understood as critical to the long-term health of a company.

These factors include (among several others):

- ✔ Positive community impact
- ✔ Resilience in the face of climate change
- ✔ Efficiency with resources
- ✔ Policies that support a safe, healthy workforce
- ✔ Enthusiasm about innovation
- ✔ A diverse, inclusive culture based on shared goals and values
- ✔ Transparent and ethical leadership practices

It’s likely you’re already working toward one or more of the above factors through your CSR program. It’s true that many CSR objectives, from diversity and inclusion to community impact and more, mirror ESG objectives, and represent a powerful lever for raising your ESG profile in an organic, authentic way. CSR programs also represent an invaluable opportunity for companies to operationalize ESG and transform lofty goals into processes and actions.

From GRI and SDGs to SASB

Measuring ESG

Despite the complexity of ESG, companies and investors need ways to assess how well a given company is doing in this area. Measurement frameworks have been developed to help companies track and report on these factors, but there is no single, universal set of standards.

GRI Standards, or Global Reporting Standards, are a set of best practices for reporting on a range of economic, environmental and social impact issues. They were launched in 2016 by the Global Reporting Initiative. GRI Standards are arguably the most widely respected and applied. Today, they’re used by about 80% of the world’s largest corporations.

However, GRI Standards are just one reporting tool. The Sustainability Accounting Standards Board (SASB) is a nonprofit organization established in 2011 to develop voluntary sustainability accounting standards for companies. In 2018, the SASB published 77 industry-specific standards that help to measure sustainability factors that affect the financial health of a company.

The United Nations Global Compact (UNGC), a group of companies led by former United Nations Secretary General Kofi Annan, launched 17 Sustainable Development Goals (SDGs) in 2015. These high-level goals include ending world hunger and poverty, which are broken into 223 metrics related to issues including sustainability, anti-corruption and equality.

With so many different sets of standards in play, it’s no surprise that 2018 saw the launch of the Corporate Reporting Dialogue, a voluntary collective of different ESG reporting groups including GRI and SASB. The platform seeks alignment between the different frameworks and finds ways to improve coherence, consistency and comparability.



The power of purpose

Companies are better able to hit their revenue targets when every employee works toward a shared goal, and ESG targets are no different. Purpose is the engine that drives success and builds a culture of shared values and positive actions. At Benevity, we've seen that companies with an authentic commitment to individual and corporate purpose see thriving CSR programs with high engagement from employees and customers, which is in turn more likely to contribute to a strong ESG profile. When it comes to achieving and measuring corporate sustainability, a purpose-driven culture is the not-so-secret ingredient.

- **Benevity's Engagement Study** showed that companies whose people are deeply connected to their CSR efforts tend to have better employee retention than those who don't.
- According to the **Harvard Business Review**, companies that embed environmentally responsible practices into their core business strategies tend to increase their efficiency and resilience while reducing risk.
- **The World Health Organization** says companies that focus on the safety, health and wellness of their people reduce their insurance costs while raising employee morale.
- **The World Economic Forum** cites research that workplace diversity and inclusion is linked to increased profitability, greater innovation, stronger governance and better problem-solving abilities.

So, how do you build a purpose-driven culture? More specifically, how can you leverage your CSR programs to set the foundation for financial sustainability? How can you operationalize your ESG targets and involve all your people in raising your profile?

Many of Benevity's clients are finding purpose-driven paths to ESG success. For example, one Fortune 1000 manufacturing company stopped approaching ESG as a top-down challenge and started creating social impact from the ground up. With Benevity, they engage their people in their CSR programs by empowering them to do good in ways that are meaningful to them. And they've also united their employees around three company-led projects, in support of community health and wellness, inclusion and sustainability – all of which are connected to the company's ESG goals.

A strong CSR program is closely connected to a company's ability to attract and retain talent – a key factor in ESG scoring and indicator of a company's long-term financial health. The Benevity Engagement Study, which looked at more than 2 million users worldwide across 118 enterprise companies, found that turnover was reduced by 57% (and in some cases higher) for employees who were actively engaged in their company's corporate purpose initiatives.



Did you know?

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More ESG inspiration

More and more Benevity clients are finding ways to leverage their CSR programs and technology to inspire company-wide behavioral change in a way that moves the needle on their ESG pillars (and makes the world a little bit better).

CASE STUDY 1

Non-binary inclusion

A leading American manufacturing company believed it was important to create a culture of inclusivity for non-binary people as part of their ongoing commitment to diversity and inclusion. Not only was this an issue that was meaningful for their people, it was also a strategic business decision: as a company that builds products for many different users, they benefited from the creativity and innovation a diverse team could bring to the table.

To start moving toward this goal, the company created a CSR initiative focused on non-binary awareness and education. Using Benevity's Missions module, they took steps to educate their team on transgender and gender non-conforming people. Their program taught employees some key definitions and offered active ways to demonstrate inclusion and support for trans and non-binary colleagues, friends and family members through suggested learning and actions.

With an initiative devoted to diversity and inclusion, the company created a more informed and welcoming space not just for their employees, but for all stakeholders, clients and customers. It's the kind of positive difference (and smart business practice) that contributes to long-term financial sustainability.

CASE STUDY 2

Healthy people, healthy company

A healthy workforce builds a more productive company and more stable families and communities. That's not just common sense – the workplace has been established as one of the priority settings for health promotion by the World Health Organization.

Recognizing the importance of this issue, many companies use Benevity's Spark platform to promote health-related issues including individual wellness and cancer awareness, as well as sustainability and environmental stewardship. By offering their people a range of ways to engage, from financial contributions to volunteering and Missions activities, these companies are building safer, happier workplaces. Just as significantly, they're successfully reducing costly issues like absenteeism, employee turnover and even low morale – all vital factors in the ongoing health of any company.



Turning ESG ideals into everyday actions

Gaining momentum and scale on ESG outcomes requires operationalization. That means finding a way to promote your initiative, drive engagement and track your efforts. It also means aggregating your activities so that they can be applied to specific ESG goals.

That's where technology comes in. At Benevity, we help companies create, manage and promote corporate purpose initiatives in a day-to-day, person-to-person way through our suite of holistic software that includes community investment, employee engagement and customer engagement solutions.

No matter what type of company you are in, you can increase your impact in this way. Our clients use Benevity's technology to devise and execute their programs, aggregate their activities, measure their impact, and promote and communicate engagement. The technology can also be used to track and report on your company's impact, helping to tell the story of how you're achieving ESG objectives. In short, they're cultural strategy tools, and they'll help you move the mark on ESG in a holistic, authentic way.

No matter where you are in your ESG journey, Benevity provides the platform that streamlines your next steps and supports the key factors that contribute to your ESG efforts.



Accessibility

All your people can participate in a way that is meaningful to them.



Management

You can track participation and outcomes, which can be connected to larger ESG reporting activities.



Communication

Participants can track their efforts, encourage others and share milestones and ideas.

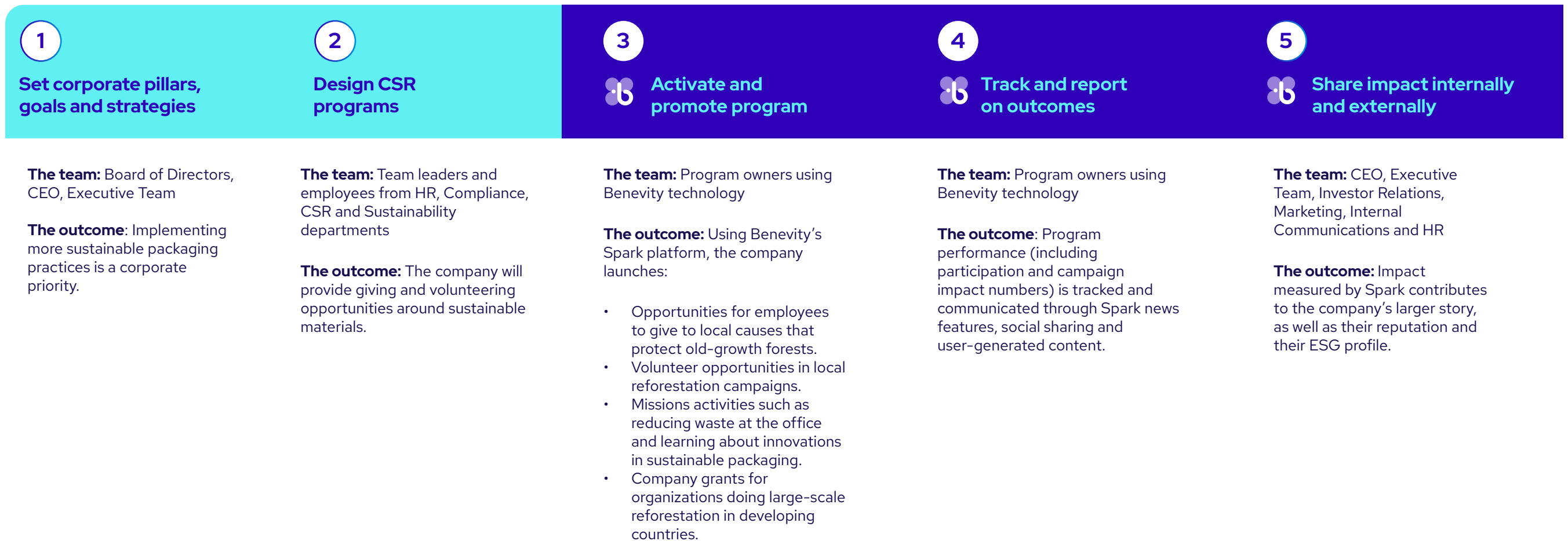


Transparency

Everyone inside and outside the company knows what you stand for and how you're taking action.

How goals become actions

An online retail company has listened to the priorities of their employees, customers, suppliers and stakeholders, who are concerned about the impact of packaging on the environment – a factor that is measured and reported on publicly. They want to improve this area of their business and to communicate their efforts far and wide.



With Missions, personal changes add up to ESG impact

When small, individual actions add up, they can help to bring even the highest-level ESG objectives within reach. Many of our clients are using Benevity's Missions module to drive the kind of daily, prosocial behavior that leads to major cultural shifts. Missions invites all employees to commit to small, positive actions. Your people can choose from a range of prosocial activities aligned with the UN's SDGs, from riding a bike to the office and using fewer plastic cups to learning how to be more inclusive or how to become more civically engaged. Collectively, these actions add up.

PayPal, a global online payment system provider, discovered just how much impact was possible through small, positive actions. When an

employee survey showed that the majority of their employees were passionate about sustainability, they decided to take action.

In 2018, PayPal promoted Missions for a sustainability-focused initiative, which allowed their people to choose from several different environmentally impactful actions. The module helped to demonstrate the impact their daily actions were having, which inspired them to do even more. At the end of three weeks, the results were incredible:

- Missions engaged 29 PayPal employees in the U.S. as well as across Europe, Asia, Australia, the Middle East and South America.

- Most popular activities included adopting food habits that lower emissions (59%), reducing paper use (48%) and switching off and unplugging to save power (48%).

- During that three-week period, the team collectively saved 29,503 kWh of energy, 22,205 lb of carbon dioxide in emissions, 998 lb of waste and 10,683 gallons of water.

Missions can also serve to amplify other positive behaviours, moving that mark even farther. In some campaigns, we saw a 64% increase in employee donations when Missions was paired with employee giving and matching opportunities.

PayPal used Missions over a three-week period to engage employees in sustainability initiatives



Participants from International Offices

Missions engaged PayPal employees across Europe, Asia, Australia, the Middle East and South America. 64% of participants were from outside of their California headquarters.

PayPal piloted Missions, a new module for Benevity's corporate social responsibility and employee software, from April 3 - 24, 2018, with their GIVE Team leaders around the world who help foster strong relationships between PayPal offices and their local communities.

PayPal employee engagement - The most engaging activities include



Adopt food habits that lower emissions



Reduce paper use and save trees



Switch off and unplug for power savings

Small action add up - In just 3 weeks, PayPal employees saved



Enough to power an average American home for nearly 3 years



Equal to the emissions of an average American car over 2 years



Equal to 25 heavy duty bags of trash



Enough to fill a regular backyard swimming pool

Empowering ERGs to drive grassroots social impact

Employee resource groups (ERGs) are a powerful, and often overlooked, vehicle to engage employees on the issues that matter most to them and effect real social change – from the inside out.

Many of our clients saw a marked increase in the number of employee-led groups that formed organically in their companies in 2021, as employees began convening and sharing personal stories, advice, lessons and information with others. CSR leaders began joining forces with HR and DEI teams to formalize their association with those groups, and now ERGs have become a core contributor to their corporate cultures – especially when it comes to imperatives related to inclusion and impact.

Part of the power of ERGs isn't just to bring people who share an affinity together, it's also their ability to propagate relevant information and awareness to people who don't necessarily appreciate the issues yet and could become allies, or even advocates. Our clients are using Benevity Affinity Groups – our new and powerful ERG software – to bring their people together around shared passions and goals, giving them a platform through which to make a tangible impact.

This internal, private-label social network makes it easier for employees to discover, join, create, manage and participate in employee-led groups. And through robust reporting, our clients are able to gain the insights they need to build inclusive programming that truly resonates – that boosts employee engagement, drives measurable social impact and makes meaningful progress toward their ESG goals.

The case for ERGs

They're gaining momentum.

From educating on racial equity to creating a sense of belonging for LGBTQ+ colleagues, ERGs create a better company culture for everyone. And that impact reverberates throughout your organization and out in the world.

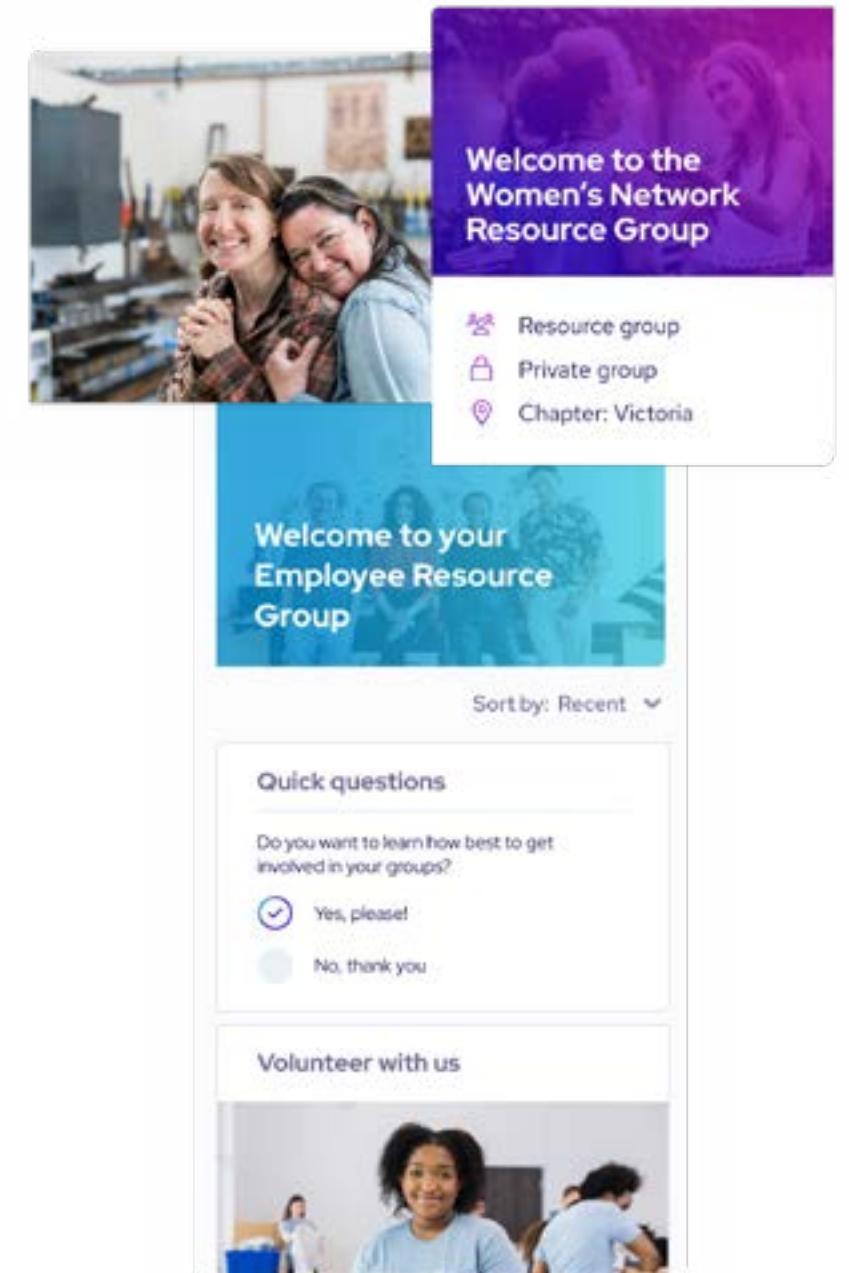
Did you know?

About

35%

of companies have added or expanded their support for ERGs since the start of 2020.

Source: Leanin.org and McKinsey & Company



They give employees a louder voice

ERGs give every participant a voice in shaping company culture, programming and policies. And when employers listen and take action, their people feel seen, heard and engaged.

They foster internal social change

The presence (and support) of ERGs demonstrates an employer's commitment to creating and sustaining a culture that's focused on diversity, equity, inclusion and belonging.

They facilitate environmental and social leadership

ERGs can identify – and be the most influential advocates for – the most pressing environmental and social issues, both locally and globally.

With Affinity Groups, ERGs are transforming workplaces from companies to communities. And those communities have the potential to authentically advance DEI and ESG strategies and build purpose-driven brands from the bottom up and the inside out.

Organizations with above-average gender diversity and levels of employee engagement financially outperform companies with below-average diversity and engagement by

46% to 58%

Source: Fast Company

 Did you know?

88%

of consumers will be more loyal to a company who supports social or environmental issues.

Source: Cone Communications

 Did you know?

90%

of workers said that they are more likely to stay at a company that takes and acts on feedback.

Source: Achievers



Hit your targets

At Benevity, we've always believed that purpose paves the way to profits. We also believe that ESG success goes hand-in-hand with corporate purpose efforts – and we see the results every day. Many of our clients are amplifying their impact and raising their ESG profile through their CSR programs, working with Benevity to structure, manage and communicate their holistic efforts. That adds up to better culture, social and business outcomes, and a better world for all of us.

Ready to take your ESG goals to the next level? Having the right technology partner will help you get there. Learn how Benevity can help you build a purpose-driven culture that will bring your goals within reach.

[Request a demo](#)

ABOUT BENEVITY

Benevity is the global social impact software with an all-in-one platform for corporate grantmaking, volunteering, giving, micro-actions and employee resource groups. A certified B Corporation and recognized in Fortune's Impact 20, we empower iconic brands to attract, retain, and engage diverse workforces, embed social action in customer experiences, support communities and understand their impact in the world. Since our inception, Benevity has helped businesses around the world donate over \$14 billion, track 72 million volunteer hours and support communities with over \$19 billion in grants.

