



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 had 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-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

Due to 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, and 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've engaged 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.

More ESG Inspiration

More and more Benevity clients are finding ways to leverage their CSR programs and technology to inspire companywide 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.

DID YOU KNOW?

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.

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, this technology provides cultural strategy tools that will 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.

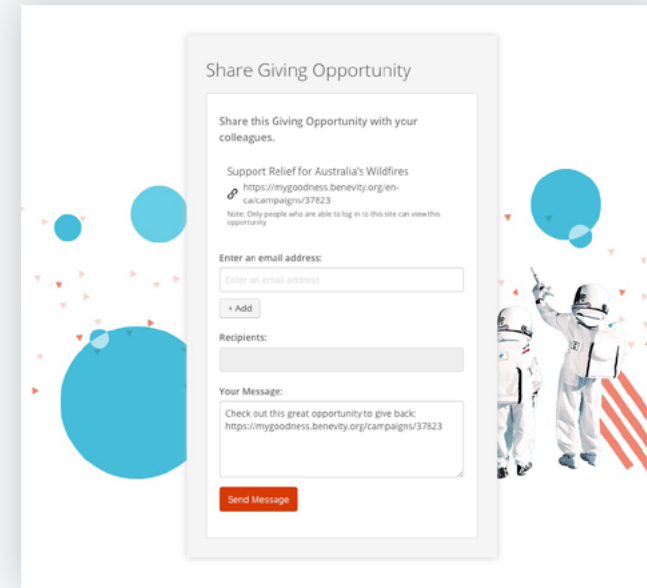
Accessibility

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



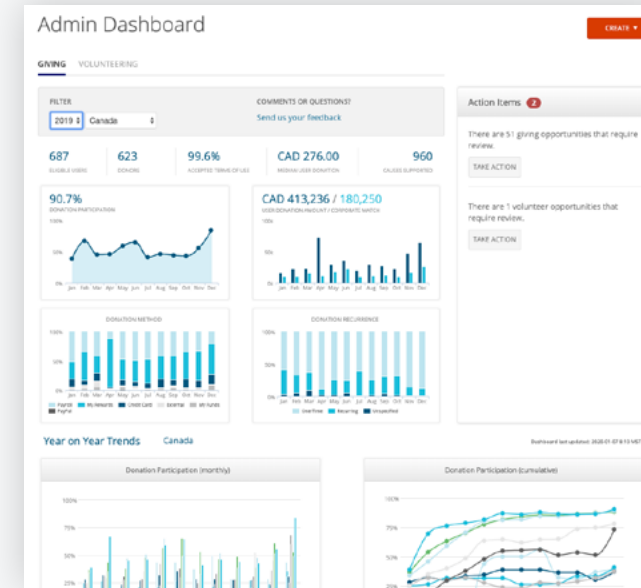
Communication

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



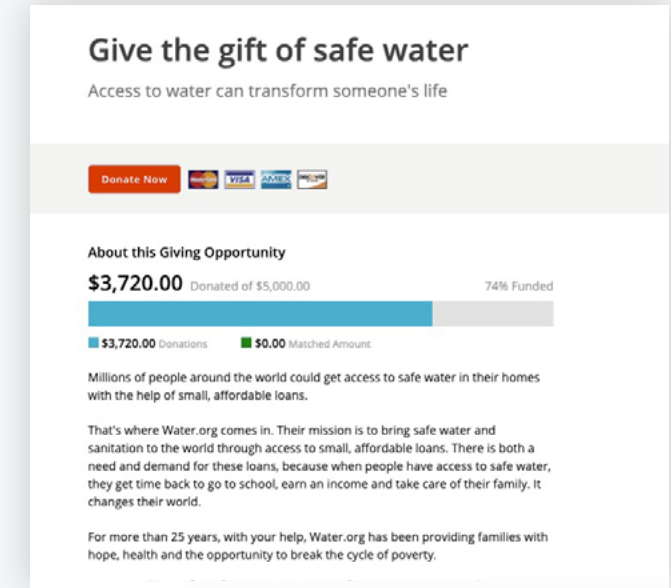
Management

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



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 communicate their efforts far and wide.

1

Set corporate pillars, goals and strategies

The Team: Board of Directors, CEO, Executive Team

The Outcome: Implementing more sustainable packaging practices is a corporate priority.

2

Design CSR programs

The Team: Team leaders and employees from HR, Compliance, CSR and Sustainability departments

The Outcome: The company will provide giving and volunteering opportunities around sustainable materials.

3

Activate and promote program

The Team: Program owners using Benevity technology

The Outcome: Using Benevity's Spark platform, the company launches:

- Opportunities for employees to give to local causes that protect old-growth forests.
- Volunteer opportunities in local reforestation campaigns.
- Missions activities such as reducing waste at the office and learning about innovations in sustainable packaging.
- Company grants for organizations doing large-scale reforestation in developing countries.

4

Track and report on outcomes

The Team: Program owners using Benevity technology

The Outcome: Program performance (including participation and campaign impact numbers) is tracked and communicated through Spark news features, social sharing and user-generated content.

5

Share impact internally and externally

The Team: CEO, Executive Team, Investor Relations, Marketing, Internal Communications and HR

The Outcome: Impact measured by Spark contributes to the company's larger story, as well as their reputation and their ESG profile.



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 behaviors, moving that mark even further. 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

64%

Participants From International Offices

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



PayPal Employee Engagement

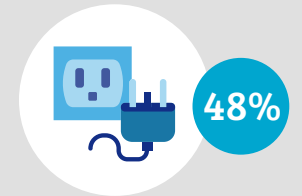
The most engaging activities include:



Adopt Food Habits that Lower Emissions



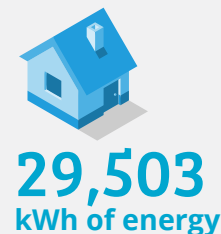
Reduce Paper Use and Save Trees



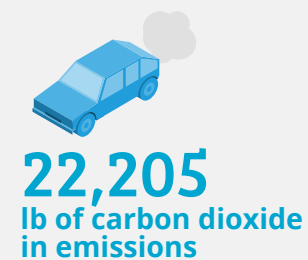
Switch Off and Unplug for Power Savings

Small Actions Add Up

In just three weeks, PayPal employees saved:



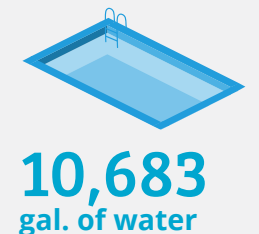
enough to power an average American home for nearly 3 years



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

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



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, Inc., a certified B Corporation, is the global leader in corporate social responsibility and employee engagement software, including online giving, matching, volunteering, community investment and purpose-driven actions. Many of the world's most iconic brands rely on Benevity's award-winning cloud solutions to power corporate "Goodness" programs that attract, retain and engage today's diverse workforce by connecting people to the causes that matter to them. With software that is available in 17 languages, to an employee base of 12 million users around the world, Benevity has processed almost 4 billion dollars in donations and 23 million hours of volunteering time this year to over 230,000 charities worldwide.

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