What Counts: The **S** in ESG

The **S**ocial in Environmental, Social, and Governance

"Good Beyond Giving" Pilot Study

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CECP

THE CEO FORCE
FOR GOOD

What Counts: The **S** in ESG

Contents

The Pilot Study

CECP carried out a pilot study throughout 2016 that sought to collect and categorize socially-driven activities at large companies that are not yet collectively defined, tracked, categorized, and reported to key stakeholders.

The Viewpoint

This working paper is targeted to corporate executives in corporate social responsibility, community engagement and related roles. As their role and function rises in the firm, they require resources on more deeply integrated socially-driven action. Further, the findings add to the body of the work showing the corporate sector's evolution of value creation for community stakeholders.

The Takeaway

The **Social** in Environmental, Social, and Governance (**S** in ESG) work at corporations includes much more than traditional types of corporate contributions: cash giving, product donations, and pro bono service. Multi-Departmental, Socially-Driven Efforts demonstrate important strategy growth for the field. New uses and types of contributions, and staff providing social service, demonstrate the evolution of corporate philanthropy to new recipients, methods, and corporate assets.

I. Situation

From its founding, CECP has been a thought leader in Corporate Responsibility, with the core belief that business can and should be a force for good within society. We work with over 200 leading global companies and offer consultative and advisory work, networking events, and exclusive data and media support. The revenues of engaged companies total over US$7 trillion annually, and had an aggregated societal investment of US$18.6 billion in 2015. In addition, CECP has over 15 years of proprietary data on corporate philanthropic giving and employee engagement, which is distilled and published annually as the *Giving in Numbers* report, allowing us to gain real time insights into what is driving corporate good. Company reports of expanded methods of pursuing social impact have been gaining momentum through the *Giving in Numbers* research process. Traditional boundaries of corporate good are evolving to include a more strategic and holistic view of corporate activities, expanding the definition of, and what counts as, corporate social efforts.

Historically, the social (**S** in ESG) component of ESG has centered around internal-facing policy, such as focusing resources on improving employee wellness and satisfaction, developing policies on diversity and inclusion, and taking a stand on human rights and resource procurement. Although this has been the way organizations traditionally measured their social good, we now know that the private sector is innovating and using additional approaches to create greater social impact. The "S" is now at the forefront of company policies, taking on a more external lens. Corporate social activities addressing challenges in external

Traditional boundaries of corporate good are evolving to include a more strategic and holistic view of corporate activities, expanding the definition of, and what counts as, corporate social efforts.

communities have evolved beyond donations of funds from the company or its foundation to include: product donation, service donation, involvement of employees, and leveraging company influence to raise funds from others.

This trend in which companies are focusing greater resources towards societal impact has been tangibly noted by CECP with increasing company requests to measure corporate activities that fall outside of the current definition of total giving, which includes cash funds, foundation funds, and non-cash donations, such as product or pro bono service. Companies are feeling pressures to engage responsibly with society. For example, in 2016:

■ The Edelman Trust Barometer stated that roughly 80% of consumers believe companies can increase profit while acting responsibly,

■ According to the Public Affairs Council, 60% of surveyed participants have felt increased pressure to engage on social issues, and an additional 74% believe that this pressure will continue to grow[1] in the coming years.

With these outside pressures to perform well in terms of growth and social responsibility, companies are creating shared value and aligning core business purpose with opportunities to generate societal good. Seeing

the success social investments and responsible business practices can create, companies have begun to leverage existing assets to further their performance. CECP data on ESG supports this cause, as *Giving in Numbers* revealed that CECP-affiliated organizations outperformed all other companies in the Fortune 500 in multiple financial and ESG metrics. And further supporting this case, Raj Sisodia's published research, *Firms of Endearment*, show that companies with an affinity towards social responsibility and sound practices yielded higher cumulative returns than both Good to Great companies and those on the S&P 500.

With this study, CECP aims to address these new pressures and to summarize new approaches at a macro-level for the field, in order to inspire action and advance the dialogue on the corporate sector's role in addressing social challenges. Environmental and Governance factors also represent crucial aspects in corporations' endeavors to improve their societal, sustainability, and ethical impacts. These factors are out of the scope of this study, however.

This pilot study seeks to aggregate and unify examples of socially-driven activities that go beyond CECP's current definition of Total Giving (Explore cases beginning on). Whereas

1 *Public Affairs Council: Taking a Stand: How Corporations Speak out on Public Issues*

corporate cash giving, foundation grants, and non-cash such as pro bono services and product donation are included in Total Giving, *Giving in Numbers: 2016 Edition* defines "Good Beyond Giving" as *"socially driven activities of companies that are additive to their contribution programs. Good beyond giving seeks to maximize the "Social" within the Environmental, Social, and Governance (ESG) work of companies."* CECP, with support from USAA, a financial services company dedicated to serving the military, explored methods to systematically report on the "Good Beyond Giving" efforts of the corporate sector. Ultimately, reporting at the field-wide level informs how companies determine what to count, to track, to benchmark, how to report themselves, and ultimately to compare within these new areas of work. While the study began under the banner of "Good Beyond Giving," early insights shifted the focus to situate these activities within context of the **S** in ESG.

The motivation for CECP to embark on the initial "Good Beyond Giving" pilot study was a direct result of multiple interactions with the world's leading companies:

■ Notably, at CECP's most recent marquee event[2] with over 250

representatives from these companies, over 90% of polled attendees indicated that executives in societal and community functions see many or some examples of "good beyond giving" in the field at an overwhelming caliber. Further, they said it was important that CECP acknowledge and represent the work in its measurement and reporting tools.

■ Coupling this with a noted increase in questions from companies where their programs did not meet the eligibility criteria for total giving, CECP began the initial ask to consider capturing these programs pursuing social impact alongside traditional contributions.

■ Executives in societal and community functions at companies told CECP in multiple forums that although total giving is strong and stable, when they seek to do more it is either by realigning and re-strategizing with their current budget or updating how they measure that work. This signals that the quest for continuous improvement and greater outcomes from total giving and employee engagement is ongoing and that new, potentially exponential, value can be pursued in other areas—in some cases by amplifying the reach and impact of existing philanthropic programs.

Four CECP reports were all informative inputs to the "Good Beyond Giving" pilot study.

■ ***Giving in Numbers*** (2012-2016, in association with The Conference Board)

■ ***The Global Guide to What Counts*** (2012)

■ ***Business at its Best*** (2011, co-authored with Accenture), and

■ ***Investing with Purpose*** (2016, supported by Prudential)

Giving in Numbers is produced through the corporate use of its related survey and definitions (***Valuation Guide***). Pressure to include additional corporate activities in CECP's valuation guidance for *Giving in Numbers* was noted above. *The Global Guide* to *What Counts* was an update to CECP's definition and criteria to consider a broader range of eligible end-recipients of charitable donations, to enhance guidance with a more multinational approach. *Business at its Best* documented methods and cases to shift overall business strategy to produce greater value for business and society through social and environmental efforts. The most recently published paper, *Investing with Purpose*, provided corporate examples of impact investing, and showed that just over one third of surveyed companies reported this type of positive social impact.

2 CECP Summit, 200+ corporate attendees, audience polling proctored by Ubiquis

II. Objectives

In addition to summarizing insights at a macro-level, CECP initiated this pilot study to inform new definitions and valuation guidance for reporting. Conversations with companies made it clear that "good beyond giving" as a stand-alone term leaves much room for interpretation. Thus, the specific goals of the pilot study were articulated as:

■ Share information on our findings to help determine what efforts are already occurring, and how to categorize or organize these efforts.

■ Pursue definitions and data collection to expand field-wide knowledge on more **S** in ESG efforts—in addition to requesting insights into existing tracking and reporting efforts.

■ Draw conclusions on the findings related to strategy: how companies can elevate integration opportunities in addition to pillars or focus areas.

These three goals are all important inputs into future definitions.

The definitions will be the foundation for CECP's role of reporting on trends for the field. In pursuit of these objectives, CECP also recognized that the name "S in ESG" was a better representation of the work, linking these activities within a company's broader profile for sustainability and impact.

Greater understanding of and collective reporting on the **S** in ESG activities seek to advance the movement of corporations as a force for good. It produces a public point of view on the innovative work companies are doing to contribute to societal engagement. It also supports CECP's mandate to support the strategy, development, and execution of these efforts among those in our coalition, through sharing a deeper understanding of leading (but not isolated) practices. This will help companies that have not yet incorporated expanded socially-driven work to design a more integrated approach that works for their firm.
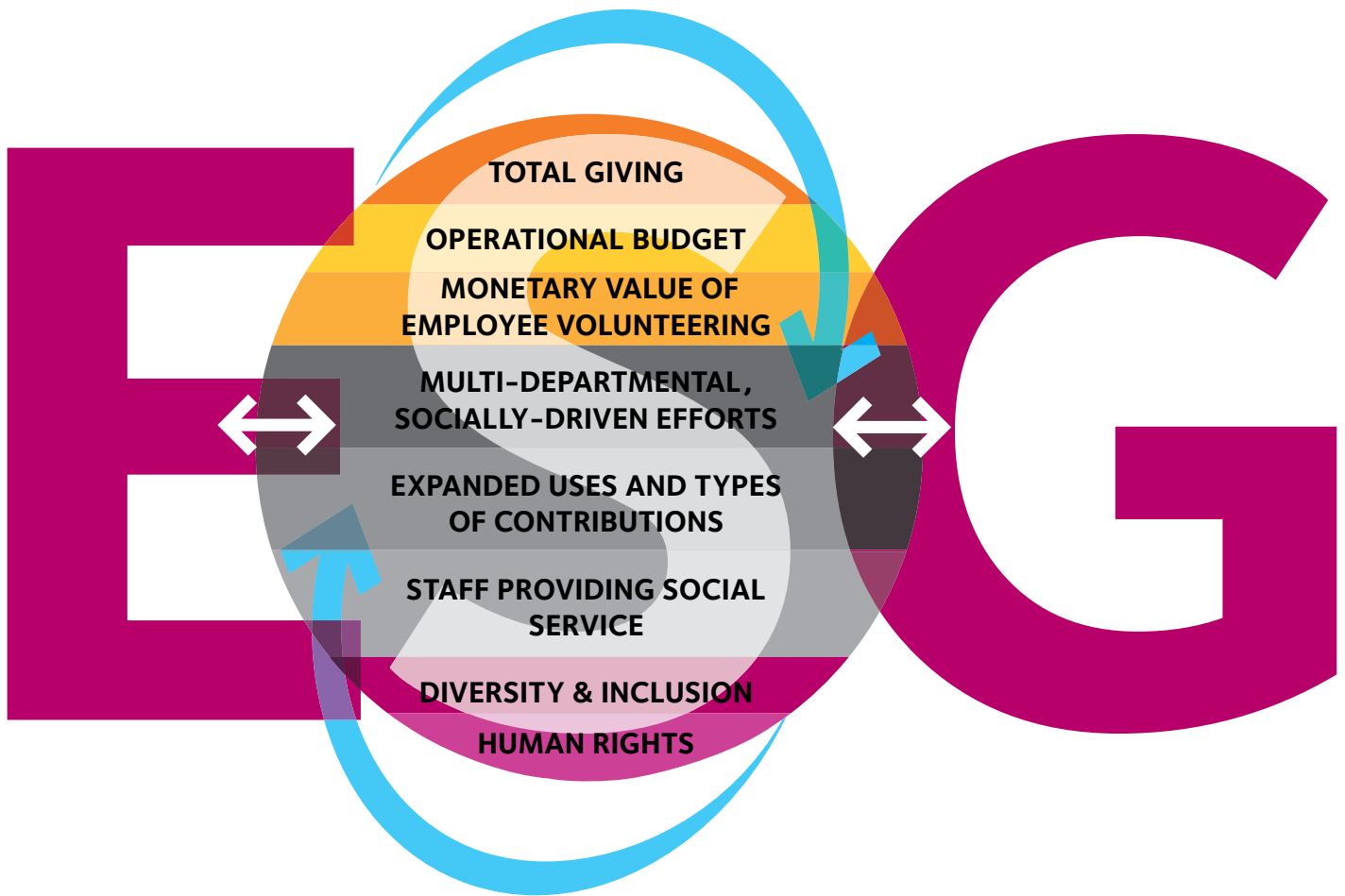
Greater understanding of and collective reporting on the **S** in ESG activities seek to advance the movement of corporations as a force for good.

III. Scope

The company cases found in the pilot study quickly illuminated that comprehensive representation of the **S** in ESG is a long-term goal, and that this study would be a helpful complement to other areas of measurement to provide a full picture of "social" activities. Below is a helpful visual to express this scope:

Socially-driven resource allocations in the orange and yellow portions of the "S" represent areas where CECP already has definitions and conducts research. The three gray areas represent what's newly captured in the "Good Beyond Giving" pilot study. The magenta section represents additional social spending where other organizations (e.g. Catalyst) have strong expertise or is outside the scope of this pilot study.

TOTAL GIVING

OPERATIONAL BUDGET

MONETARY VALUE OF EMPLOYEE VOLUNTEERING

MULTI-DEPARTMENTAL, SOCIALLY-DRIVEN EFFORTS

EXPANDED USES AND TYPES OF CONTRIBUTIONS

STAFF PROVIDING SOCIAL SERVICE

DIVERSITY & INCLUSION

HUMAN RIGHTS

IV. Categories and Cases

The "Good Beyond Giving" pilot study's methodology was driven by real corporate examples, not theory. The early evidence showed that the set of corporate efforts to align with and leverage business resources was not homogenous. There would not be one "good beyond giving" definition, but instead definitions for various categories to fill the gap in tracking and reporting on socially-driven efforts. Throughout the pilot study, CECP tested many categorizations of corporate cases. The insights presented in this working paper are organized into the following three **S** in ESG categories:

MULTI-DEPARTMENTAL, SOCIALLY-DRIVEN EFFORTS

EXPANDED USES AND TYPES OF CONTRIBUTIONS

STAFF PROVIDING SOCIAL SERVICE

We encourage you to refer to **Trends in Action (Section VIII)** for cases in each category, which show how the efforts are carried out at companies and provide inspiration through examples.

MULTI-DEPARTMENTAL, SOCIALLY-DRIVEN EFFORTS

Multi-Departmental, Socially-Driven Efforts is the category that includes the work that is most deeply integrated within the business. The category is distinct because it requires the involvement of more than one department in the company. In other words, the community, corporate social responsibility (CSR), or related department is not acting independently. The socially-driven effort within the company was likely influenced or led

Responding to community needs or solving social issues begins by identifying alignment with departments most ready, willing, and motivated to act.

by the community, CSR, or related department, but not necessarily implemented or executed by them. The efforts connect to overall corporate strategy and thus involve other departments.

When reading the examples below, it is clear that these initiatives signal deeper social efforts within the companies. Responding to community needs or solving social issues begins by identifying alignment with departments most ready, willing, and motivated to act. In the same way that companies' focus areas (e.g. STEM education, financial literacy, etc.) identify highest issues of alignment, integration identifies the highest opportunity for results at larger scale and the highest opportunity for social benefits combined with business benefits. See **Recommendation (Section VII)** to explore the promise of a path to deeper integration in greater detail.

There are three sub-groups in the multi-departmental, socially-driven efforts category:

SOCIALLY-DRIVEN CHANGES TO OPERATIONS, SUPPLY CHAIN, ADMINISTRATION

This refers to organizations making changes to their main mode of operation in order to integrate social responsibility at some level in their operations management, supply chain practices, or adjusting administrative practices to improve efficiencies and security of current

internal workers. Understanding that unethical and unsustainable operations and management can be damaging to a business in many ways (financial, reputational, wasteful), these organizations have developed a social program directly related to their avenue of business. This can include actions such as allocating more funds to Research and Development to spur social innovation and job creation, eliminating a main product line due to social injustice or health repercussions, ensuring more ethical and sustainable sources of supplies and raw materials, or developing programs to ensure the health, safety and wellbeing of needed suppliers. Efforts of this kind are an opportunity to alter actions that directly affect day to day processes in order to achieve greater social impact, and possibly, a greater long-term return.

SOCIALLY-DRIVEN CHANGES TO PRODUCTS AND SERVICES

Ensuring success as an organization means constantly looking to innovate and develop products to better fit with society. An opportunity for this comes from spotting a need, and filling that void. Organizations in this category uncovered a social issue and utilized their reputation, employee skills set, resources, and more importantly innovative applications of current products or services to provide an answer. Not only is this work seen as creating social good, but because these products are also connected to the core business, it is an added

value. Companies may enter markets and regions in which they had no prior operations, and have the opportunity to innovate and change current products and services to better align processes with social and environmental best practices. They can also use their influence, reach, and current model to uplift and elevate a community resulting in greater visibility and employee engagement.

SOCIALLY-DRIVEN CHANGES TO WORKFORCE

Programs aimed at workforce readiness and employee wellbeing and inclusion often have a significant gain to both society and the company. Numerous sources, such as Imperative's Workforce Purpose Index, cite the vast benefits that investing in employees can bring. These include greater retention rate, reducing turnover and the resources needed to hire new employees, and creating more efficient, loyal workers taking on leadership positions and promoting the organization as a whole. This common socially-driven program involves investing in the community to help individuals develop the workforce skills needed to excel at an organization. Additionally, some companies design social programs that include a component of employing the program participants at the company. Through promoting workforce readiness, companies are not only uplifting entire communities and providing opportunities otherwise unattainable,

but are also developing their next generation of employees with a key skill set and awareness of company culture.

EXPANDED USES AND TYPES OF CONTRIBUTIONS

This category focuses on how companies innovate with uses and types of corporate contributions, as well as their use of funding and assets. As noted in **Situation (Section I)**, CECP has heard from companies that building the case for increasing a budget is often balanced or justified by increasing the impact of that current budget through a tighter strategy: fewer, deeper partnerships or by exploring new types of recipients.

When companies focus first on the outcome or goal they seek to achieve for their firm and its stakeholders, they may realize the most effective partner may come from a sector that deviates from their history of nonprofit partnerships.

In the *Giving in Numbers* survey and report in this category's name, "Uses of corporate contributions" refers to use of grant or charitable funding from corporate or foundation budgets to new groups (governments, individuals, for-profit businesses). These are distinct because of the type of end-recipients that are typically included in total corporate giving **(see page 14 for total giving definition)**. "Use of corporate contributions"

also refers to the use of corporate or foundation funds, or other corporate assets, where there are socially-driven goals tied to the investment as well as the financial return of repayment and interest.

"Types of corporate contributions" refers to new areas of non-monetary contribution, such as data donation. Both uses and types of corporate contributions result in five sub-groups:

■ Grant funding to government (besides schools)

■ Grant funding to for-profits (e.g. social enterprises)

■ Grant funding to individuals (education scholarships or employee relief)

■ Investing with socially-driven goals

■ Donating company data

GRANT FUNDING TO GOVERNMENT (BESIDES SCHOOLS)

Global research connected to the publication of *Giving Around the Globe* brought to light the social-strategy partnerships that companies in many regions employ with government agencies and departments. Further inquiry showed the practice occurred with some U.S. companies on a domestic level as well. Thus, while separate from the defined Total Giving, CECP began collecting data on companies including government

Summary Table	Expected to repay or return?	Recipient/Partner follows *Global Guide to What Counts* Criteria	Type
Government	No	Never Global Guide criteria	Monetary value
For-Profits	No	Never Global Guide criteria	Monetary value
Individuals	No	Never Global Guide criteria	Monetary value
Investments	Yes	Sometimes Global Guide criteria	Monetary value
Data Donation	No	Always Global Guide criteria	Value of digital data

partnerships in their socially-driven giving. As part of previous years' *Giving in Numbers* surveys, **42 companies** have affirmatively reported funding going to government bodies.

Examples:

■ Police or fire department at a local-level, both cash and in-kind

■ Disaster/crisis response including hurricanes, tsunamis, and or health crises like Ebola

■ Government departments serving veterans and/or their families

GRANT FUNDING TO FOR-PROFITS (e.g. SOCIAL ENTERPRISES)

CECP's global research also brought to light that companies abroad required partnerships with for-profit businesses in their strategies in order to create social good. Companies were taking a holistic approach to either an issue of concern or a major issue in a specific locality. Thus, to ensure the project was effective, they were required to include services only available (or considered most effective) when provided by for-profit entities—often times as part of a larger strategy which also included partners from the non-profit sector. For example, the grant may be supporting construction of a new school near one of their facilities. The construction elements of the project lend themselves more readily to local businesses rather than non-profits. This is particularly common for corporations headquartered in emerging markets or developing communities. As part of previous years' *Giving in Numbers* surveys, **22 companies** have affirmatively reported funding going to for-profit (e.g. social enterprise) entities.

GRANT FUNDING TO INDIVIDUALS (EDUCATION SCHOLARSHIPS OR EMPLOYEE RELIEF)

Many companies have run highly structured scholarship programs for many years and often have a non-profit partner involved for administration. In the cases of partnering with an external organization, the scholarship program is likely already reflected in their total giving reporting because funds are going to an eligible/qualified end-recipient **(see page 14 for definition of eligible/qualified end recipient according to CECP's Valuation Guide)**.

Even with structures in place, CECP hears from companies regarding scholarship programs which go directly to individuals, as well as from companies about ad-hoc programs that provide individual employees direct relief following a disaster. In both cases, it is important to utilize a conservative approach with this category.

These internal programs do not lend themselves to sharing cases publicly. However, through CECP's daily company interactions, we have heard of many examples of these programs occurring outside of traditional total giving.

INVESTING WITH SOCIALLY-DRIVEN GOALS

Integrating socially-driven strategy can also influence how the company invests its assets. The Financial industry is the lead implementer of impact investing among large companies. Certain industries are following suit and even more individual companies are looking for their on-ramp to take action. CECP, supported by Prudential Financial Inc., produced a pilot study entitled ***Investing with Purpose*** to explore these activities in more detail to understand the depth and methods used to undertake impact investing in large companies.

The *Investing with Purpose* pilot study provides a snapshot of the current state of affairs of large companies' activity both in re-thinking their investment portfolio, as well as in CSR teams thinking of social investments as an additional method to produce outcomes. The six methods covered in the *Investing with Purpose* paper include direct investments, self-managed funds, third-party funds, strategic alliances, incubators and accelerators, and corporate foundations. The working paper features cases of 3M, AT&T, Campbell Soup, Cisco, Coca-Cola, Intel, General Mills, JPMorgan Chase, and Unilever.

DONATING COMPANY DATA

Companies have included product and service donation within their strategies for many years. Donating data is new territory for most, unless the company sells data already. Most large companies collect and use immense quantities of data. This category refers to building a practice around providing that data to partners to inform and improve their work and/or research. It assumes the company is partnering with a recipient that meets the **Global Guide** criteria. Data donation is the newest example of companies identifying an internal resource or asset that they could use for the social good. In the same way that employee engagement has shifted from "hands-on" to "skilled-based" opportunities, there is an opportunity to expand and enhance traditional non-cash giving to look at the company's data as a resource that can actually be re-used over and over for socially-driven purposes.

To build the new practice, standard governance rules are needed. There is widespread agreement around the responsibilities of companies to anonymize the data before donation. There is an important distinction between data donation and data sharing. Both can have positive implications for socially driven purposes and partnerships.

Lucy Bernholz, Ph.D. and senior scholar at the Center on Philanthropy and Civil Society at Stanford University, is the author of the *Blueprint* annual report. In

the 2015 and 2016 edition, she writes about data donation and presented on the subject at the May 2016 CECP Summit. When she asked the audience how many companies in the room were already donating data, approximately 10 of the 200+ corporate executives in the room raised their hands.

Though uncommon, there are a small number of cases of corporate employees providing social services directly. This differs from funding social services provided by social sector non-profits. An Operating Foundation is a particular structure or entity type which is created specifically for this purpose. They

focus on delivery of service as opposed to grant-making to organizations that provide service **(see page 29 for Operating Foundations definition in CECP's Valuation Guide)**.

The unique characteristic of an Operating Foundation is that the service is provided directly by the foundation's staff or their unique products and services offered outside the parent company's products. Outside of the foundation structure, a similar practice of staff providing social service could occur in other departments. There are a limited set of examples where corporations hire staff members to enact socially-driven programs which may or may not produce self-sustaining revenue.

V. Definitions

Companies can use the draft definitions and categorizations to answer questions on what to count and report on both internally and externally. The areas to consider are those which are socially-driven **S** in ESG efforts. These definitions build on CECP's history of standard setting and definitions, most notably in CECP's **Valuation Guide** that supports the *Giving in Numbers* Survey and report.

All categories of socially-driven efforts will

■ Require a documented socially-driven purpose within their mission and/or goals. Socially-driven purposes are clarified using the Global Guide Criterion #2 which recognizes nine charitable categories:

Culture and Recreation;
Education and Research;
Health;
Social Services;
Environment;
Development and Housing;
Law and Advocacy;
Philanthropic Intermediaries and Volunteerism Promotion; and,
International.

MULTI-DEPARTMENTAL, SOCIALLY-DRIVEN EFFORTS

■ Socially-driven changes to operations, supply chain, administration

■ Socially-driven changes to products and services

■ Socially-driven changes to workforce

Multi-Departmental, Socially-Driven Efforts will:

■ Involve one or more major department, group, or unit outside the community, CSR, or related department to execute the business strategy

■ Benefit a community stakeholder of the company (with 'community' here referring to stakeholders that do not have a direct vested interest in the company)

■ This includes individuals who may become employees because of the effort

■ This includes families and others in the communities affected by socially-driven programs for employees

■ Not be disqualified because of the production of profit or some other direct business benefit

■ Be a material change for the company, (if they involve a product of service line shift, or new product development)

■ Have externally shared the effort's social purpose, (if they involve the workforce)

EXPANDED USES AND TYPES OF CONTRIBUTIONS

■ Grant funding to government (besides schools) and to for-profits (e.g. social enterprises)

■ Grant funding to individuals (education scholarships or employee relief)

■ Investing with socially-driven goals

■ Donating company data

Grant funding to government (besides schools) or for-profits (e.g. social enterprises) will:

■ Be allocated with no expectation of repayment or services rendered for the direct profit-creating purposes of the firm

■ Not be disqualified because of an indirect connection to creating business value and/or profit

Grant Funding to individuals (education scholarships or employee relief) will:

■ Be funds given with no expectation of repayment

■ Be funds sourced from a budget where grant funding for Global Guide criteria recipients is also sourced

■ Education scholarships have the intention for use at a tertiary education institution without significant financial (shareholder) or management (Board of Directors) ties to the company

■ Education scholarships will not be tied to employment requirements between the recipient and the company (e.g. covering an employee's professional development costs for a course at a University)

■ Employee relief for disasters must be for an event registered as an official state of disaster by a Federal or global authority (e.g. Center for Research on the Epidemiology of Disasters)

Investing with socially-driven goals will:

■ Have an expectation of repayment and in some cases the expectation of an incremental, at or below-market financial return on the funding, alongside socially-driven returns

- CECP references the many definitions of impact investing from that field, including the Case Foundation and Global Impact Investing Network (GIIN)

Donating company data will:

- Be original to the company such that it is collected by the company through its operations or processes

- Be anonymized and provided within adequate governance standards

- Be provided to a recipient that meets the three Global Guide criteria

Special note on data donation: After a company has determined a data donation is qualified, the next step is to determine an amount of value to report. A guide to value data donation is not yet available, although would fall under CECP's current Valuation Guide's overarching recommendation to value contributions at fair market value. That value may or may not exist internally at the company. One next step to this pilot study is to create a guide to define this value. Similar to its guidance on defining and valuing pro bono service together with Taproot, CECP will seek to collaborate with an issue-expert partner to recommend a valuation method.

Will:

- Employ full time staff members with responsibilities of delivering social services

VALUATION GUIDE DEFINITIONS

ELIGIBLE/QUALIFIED END-RECIPIENT

Eligible/qualified end-recipients are those organizations that meet all three of the following ***Global Guide*** criteria:

1. They are formally organized; and

2. They have a charitable purpose; and

3. They never distribute profits.

OPERATING FOUNDATION

An operating foundation is any private foundation that spends at least 85% of its adjusted net income or its minimum investment return, whichever is less, directly for the active conduct of its exempt activities. To qualify as a private operating foundation, the foundation must devote 65% or more of its assets to its exempt activity. Pharmaceutical companies sometimes create operating foundations for their Patient Assistance Programs, which service individuals directly.

TOTAL GIVING

The *Giving in Numbers* Survey defines total giving as the sum of three types of giving:

- **Direct Cash:** Corporate giving from either headquarters or regional offices.

- **Foundation Cash:** Corporate foundation giving.

- **Non-Cash:** Product or Pro Bono Services assessed at Fair Market Value.

Total giving does not include management and program costs or the value of volunteer hours.

Download a free *Giving in Numbers Valuation Guide* at: **cecp.co/surveyguide.**

VI. Application

The pilot study sought to uncover unreported efforts that were occurring at large companies. This working paper seeks to share exploratory findings and produce a first round of definitions to support tracking and reporting these activities in the future.

INTERNAL AND EXTERNAL USE

As such, the **S** in ESG category definitions herein are both a result of and movement towards first-round tracking and reporting to key stakeholders. Categorized definitions for efforts can be used both internally and externally. Internally, this research can inform colleagues questioning what to count or not count in order to determine a company's total social good. Externally, companies could use the definitions to inform public reporting, whether within their annual CSR, Sustainability Report, or through other channels. Also, corporate social responsibility teams can use the insights and categories while developing annual strategy. In some cases, they may determine there is a new opportunity for achieving the company's socially-driven goals through other methods. Each company should consider new efforts with a strategic, stakeholder-driven approach. With that in mind, it is unlike that enacting all the **S** in ESG categories and sub-groups is the right

choice. Instead, a company should focus on identifying only those which can deliver new or enhanced value to specific stakeholders.

As a next step, CECP will test these definitions as part of building out its annual cycle of collecting data from its coalition of companies prior to beginning to capture multi-company data or reports related to added **S** in ESG efforts. CECP will also use these definitions to advise companies on their internal tracking and reporting, as exhibited by CECP's upcoming "Guide to Social Scorecards." The Scorecard summarizes recommendations for companies' internal reporting on their total "Social" spending and the value it produces for the firm.

MOVING FROM DRAFT DEFINITIONS TO UNIFIED METRICS

Companies have expressed a desire to move towards a unified approach not just to define but also to report on socially-driven efforts. In the pilot study phase, most company examples focused on program description as opposed to internal metrics or financial tracking. Thus, the next step for CECP's data collection efforts is to survey companies to understand the prevalence of the activities covered in this working paper as well as to test
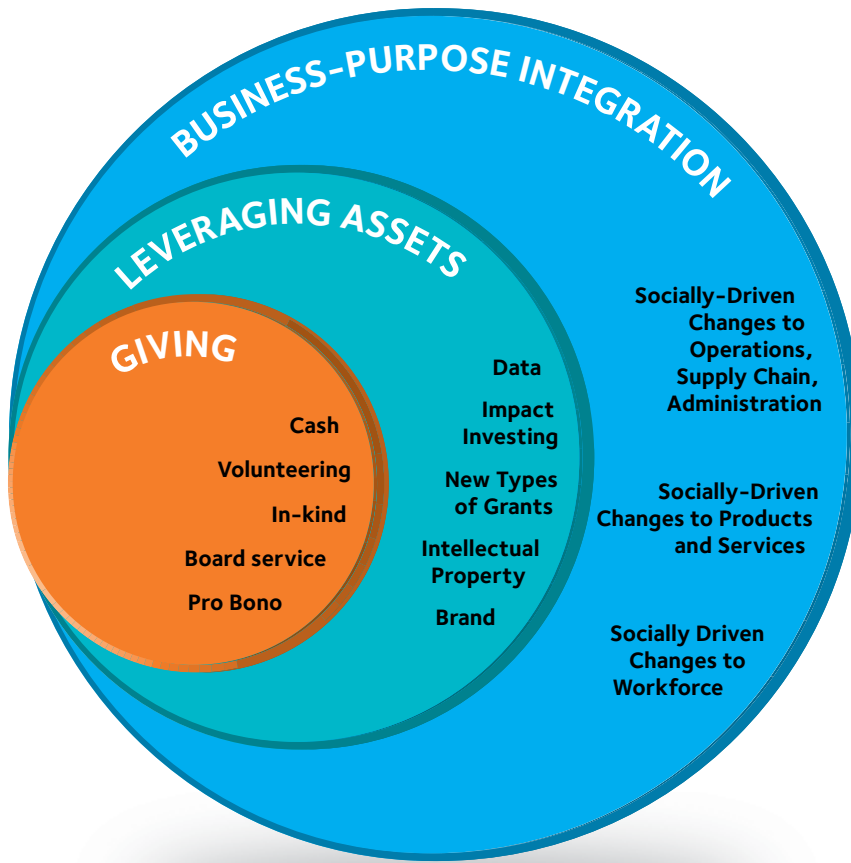
the definitions. Based on this input, CECP will explore methods to meet company demand to systematically report on the **S** in ESG at the industry-wide level. CECP's objectives are to ensure any future **collective** reporting and benchmarking are relevant and reasonable to what companies are already reporting and tracking on an **individual** level.

This pilot study has been company-led from the beginning to the release of this report. Forward progress on definition testing and collective reporting will continue with a similar approach. Feedback throughout ensures the effort is practitioner-led and therefore of highest possible quality for the reporting and amplification of **S** in ESG activities for large companies. We invite corporate organizations to provide CECP with any feedback to this report, as well as to continue to work towards best practices in measuring the **S** in ESG and sharing any progress made.

CECP seeks a small group of companies to pilot the application of these draft definitions and the calculation of **S** in ESG at their organization. If you are interested, please email **info@cecp.co**, subject line "S in ESG."

VII. Recommendation

BUSINESS-PURPOSE INTEGRATION

LEVERAGING ASSETS

GIVING

Cash

Volunteering

In-kind

Board service

Pro Bono

Data

Impact Investing

New Types of Grants

Intellectual Property

Brand

Socially-Driven Changes to Operations, Supply Chain, Administration

Socially-Driven Changes to Products and Services

Socially Driven Changes to Workforce

CECP sees that CSR alignment with the business has gone deeper and become integrated with operations, assets, process, and functions in the firm.

Strategy and Pillars: Integration of core business and social strategy

Companies spend significant resources to define an overall corporate social responsibility or sustainability strategy. The trend towards developing signature causes, focus areas, or pillars, has evolved over the past decade—transitioning from thinly spread giving areas to a strategic approach of aligning corporate responsibility programs to core business values and services. This strategic approach allows for innovative leveraging of business assets.

However, strategy is no longer limited to external causes or pillars, but also includes internal business changes. CSR leaders have an opportunity for integration through identifying an improvement for any internal process, unit, or product/service, which can then become an additional pillar in their strategy. The new pillar is not undefined "integration." Instead, each company would articulate their specific integrated effort as their version of this additional pillar. In this way, CSR leaders are building a bridge of understanding for internal colleagues to adopt expanded and added approaches. Thus, the **S** in ESG integration recommendation is growth of current efforts, not a separate effort. This approach could be particularly useful for companies that have not yet led socially-driven integration efforts. Some companies are already quite advanced at this and may already have key colleagues on board.

The "Good Beyond Giving" pilot study, in particular through the multi-departmental, socially-driven efforts category, has illustrated deeper integration of socially-driven efforts. CECP sees that CSR alignment with the business is more strongly integrated with operations, assets, process, and functions in the firm. The companies who have done this at scale have achieved significant positive value by innovating existing business streams. Ultimately, through this pilot study, CECP aims to exemplify a holistic approach to modern corporate socially-driven efforts, employing each aspect of the business to work towards improved performance. The visual on the opposite page helps outline this view.

Seeds of this recommendation

CECP's report ***Business at its Best (2011)*** is the precursor to this recommendation. The report presented cases and examples of sustainable value creation and the five actions CEOs must take in order to achieve it. This was written as a recalibration of business strategy, backed with the use of pilot studies to test the idea, and a collection of cases to exhibit a new concept. At the time of *Business at its Best*'s production, more than half of companies were addressing environmental concerns through "operations, internal policies, and processes," and less than a third were addressing societal concerns in the same way. This "Good Beyond Giving" pilot study illuminates increasing frequency of examples of companies stepping up in their integration of social efforts with business strategy, the **S** in ESG.

VIII. Trends in Action: Company Case Studies

Cases for each category show how **S** in ESG efforts are carried out at companies.

MULTI-DEPARTMENTAL, SOCIALLY–DRIVEN EFFORTS

■ Socially-Driven Changes to Operations, Supply Chain, Administration

AETNA INC.
In terms of socially-driven changes to operations, Aetna's value-based payment model aims to pay for value delivered, where doctors and hospitals are compensated for helping keep people healthy. Traditionally, healthcare providers use a payment model called "fee-for-service" model. The "fee-for-service" model can lead to unnecessary services and excessive health care spending. Aetna has entered into value-based payment contracts with health care providers and mainly uses the following five methods to reimburse them for their services: joint ventures, accountable care organizations, patient-centered medical homes, pay-for-performance arrangements, and bundled payments. In terms of socially-driven changes to administration, Aetna announced a wage increase and enhanced medical benefits program in January 2015 to improve financial security for thousands of employees. Aetna also rolled out a student loan repayment program in January 2017 to help address another significant financial issue – the cost of higher education.

CISCO SYSTEMS
Cisco's Country Digitization Acceleration Strategy is a long-term partnership with national leadership, industry and academia. By accelerating the national digitization agenda, the country will grow GDP, create new jobs and provide innovation and education across public and private sectors.

CVS HEALTH*
In October of 2014, at the same time as their rebranding and name change from CVS Caremark, CVS Health decided to halt the sale of tobacco products in their stores. CVS Health decided that the sale of tobacco went directly against their mandate and was inconsistent with their purpose of "helping people on their path to better health." Although the sales of cigarettes brought in nearly US$2 billion in sales for the company, and this decision resulted in a drop in sales, CVS Health improved their food and beauty sections to make up for the loss, and purchased 1,700 of Target's pharmacies.

GAP INC.
Gap Inc.'s P.A.C.E. (Personal Advancement & Career Enhancement) program launched in 2007 to provide life skills education to female garment workers within Gap Inc.'s supply chain through a collaborative effort of the company, vendors, development partners, and women themselves. With proven results, in 2013 P.A.C.E. expanded beyond the factory setting and into communities. More than 45,000 women have participated in P.A.C.E. so far and the number is growing every day. Many women say P.A.C.E. has been life changing, teaching them tangible skills while shifting their perception of themselves and their abilities. They describe becoming better at communicating, managing their finances, taking care of their health and planning for the future. In 2013, the International Center for Research on Women (ICRW) published a **report** that includes findings from a 2009 – 2013 study on the results of the P.A.C.E. program.

GENERAL MILLS, INC.
As a part of the company's commitment to sustainably source 100% of its top ten ingredients by the year 2020, General Mills is working with NGOs and local community partners in Madagascar to help 600 vanilla growers improve their farm practices, livelihoods and overall well-being. The smallholder farmers in the Sava region of Madagascar grow a high-quality vanilla that is a key ingredient for General Mills' Häagen-Daz super-premium ice cream.

Building on learning from past years of community partnerships in the region and elsewhere around the globe, General Mills is now embarking on a new multi-year program in Madagascar with the French NGO, Positive Planet, to work closely with smallholder vanilla farmers through programs that span business training, agricultural practices, economic empowerment of women, community development, household food security and the development of farmer co-operatives. The overall objective is to ensure that these smallholder farmers and their families can flourish for generations to come, by helping the farmers produce a more sustainable and higher quality vanilla crop, thereby nourishing lives (improved livelihoods, more resilient

from publicly available information

community) and planet (conserving natural resources, protecting ecosystems).

This new phase of vanilla community investment is made possible through a new 3-year US$765,000.00 corporate contribution from General Mills, Inc. to Positive Planet, focused on the Sava region communities. The sustainable vanilla program investments are a part of a global sustainable sourcing model that General Mills developed after conducting a 2011 comprehensive assessment of the ingredients and materials it sources worldwide. Vanilla is one of ten ingredients General Mills has prioritized to 100% sustainably source by 2020.

GSK

The traditional commercial practices of the pharmaceutical industry were developed decades ago and have given rise to conflict of interest concerns (e.g. paying sales representatives based on the number of prescriptions written without necessarily regarding what's best for the patients and paying doctors to speak on behalf of the very same products the industry wants them to prescribe). These practices have contributed to the widespread perception that the industry values profits over patients.

GSK has made industry-leading changes to these commercial practices:

- Nowhere in the world is a GSK sales representative compensated based on individual sales targets, but rather incentivized on their scientific knowledge of the products, customer service, and broader business success;

- Nowhere in the world is an external doctor paid to speak about GSK pharmaceuticals or vaccines. GSK's modern commercial practices are streamlined, more patient-centered, and better aligned

with their purpose and society's expectations — and it's working: GSK executed the most successful HIV medicine launch ever (growth in excess of 50%), and US healthcare providers ranked GSK #1 in both trust and customer value three years in a row.

THE HERSHEY COMPANY*

The Hershey Company has committed to source 100% certified cocoa for its global chocolate product lines by 2020 and accelerate its programs to help eliminate child labor in the cocoa regions of West Africa. Currently, certified cocoa accounts for less than five percent of the world's cocoa supply. As the largest chocolate manufacturer in North America, Hershey believes its 2020 purchasing commitment should significantly expand the global supply of certified cocoa, particularly from West Africa, which produces about 70% of the world's cocoa.

HUMANA INC.

Humana's *Bold Goal* seeks to achieve health outcomes among their insured as well as bottom line benefits. Humana's *Bold Goal* is that Humana can play a part in improving the health of the communities they serve, in terms of the number of "healthy days" they live, by 20 percent by 2020. It requires a focused, integrated, long-term health strategy that includes excellent clinical capabilities, partnerships between community, clinical and government leaders, and encouragement for people.

INTEL CORPORATION

Intel achieved 100% conflict mineral-free processors in 2013, a goal they set in 2009. Conflict minerals are defined as those originating from the Democratic Republic of the Congo and adjoining countries which are sometimes mined and sold, under the control of farmed groups, to finance conflict and violence. Some of these

conflict minerals can make their way into the supply chains of both industrial and consumer products, including those in the electronics industry. Intel was one of the first companies to address the issue of conflict minerals in its supply chain, and it has worked diligently to put the systems and processes in place to reasonably conclude that the tantalum, tin, tungsten and gold in Intel's products do not finance or benefit armed groups in the region while continuing to support legitimate mineral sourcing.

UNILEVER

The *Unilever Sustainable Living Plan* is a wide-reaching business strategy affecting products, supply chain, and more. It is a blueprint for achieving its vision to grow business, whilst decoupling its environmental footprint from its growth and increasing positive social impact. The Plan sets stretching targets, including how Unilever sources raw materials and how consumers use Unilever's brands. The scale of Unilever's ambition means that it is finding new ways to partner with others in business, government and society. Faced with the challenge of climate change and the need for human development, Unilever wants to move towards a world where everyone can live well and within the natural limits of the planet. That's why Unilever's purpose is *"to make sustainable living commonplace"*. The *Unilever Sustainable Living Plan* aims not only to reduce Unilever's environmental footprint and increase its "*positive social impact*," but also to grow sales and increase long-term profitability. Unilever's CEO Paul Polman believes that Milton Friedman's view that business should focus on maximizing shareholder value has been "*interpreted way too narrowly*". Under his leadership, Unilever has again become the exemplar of the "*good company.*"

WAL-MART STORES, INC.*

Walmart announced pay increases in January 2016 for more than 1.2 million workers as part of a larger plan to invest in workers to increase education, training, and wages under the second phase of the company's two-year, US$2.7 billion investment in workers. The pay raise will be one of the largest single-day, private-sector pay increases ever. As an industry leader for competitive pay and benefits, Walmart is also implementing new short-term disability and simplified paid time off (PTO) programs. The combined changes will expand support for associates dealing with extended health issues and provide associates greater control over their paid time away from work.

■ **Socially-Driven Changes to Products and Services**

CENTERPOINT ENERGY, INC.*

CenterPoint Energy's Schools Conserving Resources (SCORE) program provides technical assistance to schools to help reduce their energy use and thus their budget – a challenge for so many educational institutions. This initiative is part of the Market Transformation Program (MTP). An MTP is a strategic effort to make lasting changes in the market that result in increased adoption of energy efficiency technologies, services, and practices. MTPs are designed to overcome specific market barriers that prevent energy efficient technologies from being accepted. The SCORE Program is a pilot program offered by CenterPoint Energy to select school districts. This program helps the district by facilitating a focused approach to using energy more efficiently. In order to earn SCORE incentives from CenterPoint, the program involved administrators at all levels in the decision making process, from energy management and maintenance up to finance and the superintendent's office.

FACEBOOK*

Facebook developed a new feature which describes content to blind and visually impaired users. With more than 39 million people who are blind, and over 246 million who have a severe visual impairment globally, many people may feel excluded from the conversation around photos on Facebook. Facebook wanted to build technology that helps the blind community experience Facebook the same way others enjoy it. That's why it has introduced automatic alternative text. Automatic alternative text, or automatic alt text, is a new development that generates a description of a photo using advancements in object recognition technology. People using screen readers on iOS devices will hear a list of items a photo may contain as they swipe past photos on Facebook.

Before today, people using screen readers would only hear the name of the person who shared the photo, followed by the term "photo" when they came upon an image in their News Feed. Now Facebook can offer a richer description of what's in a photo thanks to automatic alt text. For instance, someone could now hear, "Image may contain three people, smiling, outdoors." Facebook is launching automatic alt text first on iOS screen readers set to English, but the company plans to add this functionality for other languages and platforms soon. While this technology is still nascent, tapping its current capabilities to describe photos is an important step toward providing the visually impaired community the same benefits and enjoyment that everyone else gets from photos.

IBM

IBM created *World Community Grid* in 2004 to enable anyone to power cutting-edge health and sustainability research through their computers and Android devices. With

the support of 720,000 volunteers around the world, *World Community Grid* has enabled significant scientific breakthroughs, including identifying new potential treatments for childhood cancer, discovering more efficient solar cells, and helping to uncover how nanotechnology can filter water more efficiently.

IBM's *World Community Grid* enables anyone to donate the spare computing power of their devices to help researchers find the next breakthrough. This IBM philanthropic initiative, winner of a 2016 People's Voice Webby Award, is a safe, free and easy way to put an unused resource to work for good, without having any impact on users' devices. *World Community Grid* is the world's largest volunteer computing initiative dedicated to tackling humanitarian challenges such as finding treatments for HIV/AIDS, cancer and Zika, sustainable energy, clean water and ecosystem preservation. *World Community Grid* essentially turns each connected device into one part of a massive virtual supercomputer. It breaks down complex research experiments into millions of smaller units and sends them to individual devices, including desktops, laptops, tablets and smartphones to work on when they are idle. The results are then collected and delivered to researchers. By harnessing the unused computing power from more than 3 million devices connected to *World Community Grid*, researchers are able to access dedicated computing time worth hundreds of millions of dollars and conduct research that could have taken years, in just weeks or months.

MICROSOFT CORPORATION

Microsoft's Digital Crimes Unit (DCU) is dedicated to helping fight the online exploitation of children. One persistent, horrendous crime is the distribution of child sex abuse imagery on the Internet. The children victimized in this material

are first harmed when their abuse is perpetrated and recorded. They are further victimized each time that record is distributed. In 2015, thanks to PhotoDNA, the technology industry was able to disrupt the distribution of over 4 million images, a 4-fold increase over 2014. In 2009, Microsoft partnered with Dartmouth college to develop the hash matching technology that develops a "PhotoDNA signature" for online photos that have been deemed the "worst of the worst" by the National Center for Missing and Exploited Children (NCMEC).

This signature, or digital fingerprint, is created by converting the image into a grayscale format, creating a grid and assigning a number to each tiny square. Those numbers represent the "hash" of the image and create its "PhotoDNA signature." This robust hash can then be used to find that photo wherever it has been distributed on the Internet, even if the photo has been altered. This process of identifying the image is fully automated. The program looks for the signature's numerical match. Images are instantly converted to secure hashes and the hashes are not reversible so the signature can't be used to replicate a photo. This allows companies all around the world to quickly compare millions of photos against a hash of known illegal content, while also respecting customer privacy. Microsoft's DCU helps meet this promise by fighting global malware, reducing digital risk and protecting vulnerable populations. The DCU combines big data analytics, cutting-edge forensics and novel legal strategies to protect users' data, keep users in control of personal information, and help keep seniors and children safe online. The DCU is an international team of attorneys, investigators, data scientists, engineers, analysts and business professionals based in 30 countries, all working together to transform the ongoing fight against digital crime.

NOVO NORDISK INC.*

Novo Nordisk coupled diabetes products with training to reach China's 90+ million diabetics to meet a health need while also establishing market share which endures today. Since 1994, Novo Nordisk, guided by its *Triple Bottom Line* principle, has pursued a long-term business strategy in China. The company has made major investments in strengthening the healthcare system, establishing local presence across the value chain and building strong relations with local stakeholders. Today, Novo Nordisk is the leading player in the insulin market in terms of market share and reputation. The decision to focus on changing diabetes in China and to continue to build support of the market during turbulent times was about balancing short-term risks to the business with its long-term commitment to changing diabetes. Novo Nordisk pursued a holistic strategy that went beyond business as usual – to provide new innovative treatments and services – by also focusing on physician training, patient education, strengthening the healthcare system, public awareness, local production, and Research & Development.

PHILIPS

Throughout the world more than 1.6 billion people have no access to electricity. And for people who live near the equator, it goes dark after 6:30 PM all year long. This presents a challenge for the social and economic strength of these communities – roads are dangerous places, security is an issue, health care becomes problematic, shops close early, productivity in business is lower and fewer jobs are created. To address this, Phillips has built over 100 solar-powered LED "Community Light Centers." The Centers can now light an area anywhere between 1,000 and 7,000 square meters without electricity costs, enabling social and economic development. By effectively extending the day, a community light center helps improve the delivery of health services, commerce and the quality of life in these communities.

QUALCOMM INCORPORATED

Qualcomm Incorporated, through its Qualcomm® Wireless Reach™ initiative, is using advanced wireless technology to provide pre-natal care to expectant mothers in rural areas. In support of the United Nation's Sustainable Development Goals, and specifically, the policy goals of the Moroccan Ministry of Health, the *Mobile Ultrasound Patrol Project* was created, financed and powered by a collaboration between Qualcomm® Wireless Reach™, Trice Imaging Inc., SonoSite, and Sony. To test the technical capabilities of technological options for rural Morocco, these groups provided advanced wireless communication and collaboration technology supporting connected portable ultrasound devices and subsequent remote access to state-of-the-art imaging diagnostics in three small rural villages in Morocco via the 3G network. Three main results of this program were: 1) Decreased the time for diagnostic review or second opinion time from two weeks to fewer than 24 hours 2) Reduced the cost of a medical diagnosis from $80 to $2 per patient; 3) Cut the time for transportation of the medical data for review from four days to two seconds.

PEPSICO

Through *Performance with Purpose*, the global food and beverage company PepsiCo is working to transform the way it does business to deliver strong, long-term financial returns in a way that is sensitive to the needs of the world. As part of PepsiCo's 2025 Agenda, it is redoubling its commitment to *Performance with Purpose* and renewing the company's goals in its focus areas of Products, Planet and People. Through its Product goals,

PepsiCo plans to continue to refine its food and beverage choices to meet changing consumer needs by reducing added sugars, saturated fat and salt, and by developing a broader portfolio of product choices, reaching more underserved communities and consumers with nutritious foods and beverages. Through its Planet goals, PepsiCo aims to reduce its environmental impact while growing its businesses and help to meet the food, beverage and natural resource needs of a changing world. Through its new People goals, PepsiCo will work to advance respect for human rights, promote diversity and engagement, and spur prosperity and economic development in communities around the world near where it works.

SALESFORCE

Salesforce.org, the philanthropic arm of Salesforce, has a unique three-pronged business model that leverages technology, community engagement and strategic grants to give back to communities around the world. Through its Power of Us program, nonprofits and education institutions have access to powerful technology solutions for free or at discounted rates—more than 30,000 nonprofits and education institutions are using Salesforce technology, including tailored solutions from Salesforce.org like the Nonprofit Success Pack and Higher Education Data Architecture. Salesforce.org also inspires employee giving through matching grants and community engagement, which has resulted in more than 1.8 million volunteer hours logged by Salesforce employees in communities around the world. Salesforce.org generously re-invests any revenue generated from technology sales back into the community through strategic grants focused on education and workforce development. In fact, more than $137 million in grants have been donated.

TARGET

In 2014, Target introduced Made to Matter, a unique partnership and collection from leading purpose-driven brands in the wellness space – making natural, organic, and sustainable products more accessible for its guests. In 2015, the brands included in the program nearly doubled in size to 31 and saw an approximately a 30 percent sales growth at Target, which is 1.5 times faster than anywhere else. In 2016, inclusion in the Made to Matter program required each brand to meet one or more of five criteria: reduce waste and packaging, closed loop systems, clean product labels, dietary and allergen restrictions and reduced sugar. Twenty brands rose to the challenge, with the assortment including 100 new and innovative products that spanned food, baby, beauty and household supplies.

Target also partnered with the U.S. Fund for UNICEF in support of UNICEF Kid Power, featuring a child-sized fitness tracker called the Kid Power Band. As the program's exclusive retailer, Target is helping launch the Kid Power Band to guests and Target team members nationwide in store and online. Kid Power sends kids on fun "missions" to learn about new cultures and earn points. Points unlock funding from partners, parents and fans, and funds are used by UNICEF to deliver lifesaving packets of therapeutic food to severely malnourished children around the world. The more kids move, the more points they earn, the more lives they save. In total, Target committed $2.5 million to support Kid Power and help the Kid Power school program reach up to 100,000 students in high-need communities across the country.

USAA

For more than 93 years, USAA has been serving military personnel and their families and offers beneficial product

adjustments for deployed citizens and extended war-death benefits. From special savings and product features designed for military lifestyles to extra conveniences and extensive tools and advice resources, USAA offers more benefits for military members prior to and during deployment than any other major financial service provider, including: military payday a day early with direct deposit; fees waived for balance transfers and convenience checks during Permanent Change of Station (PCS) or deployment, expedited life insurance application processing before deployment, supplemental Servicemember's Group Life Insurance (SGLI) coverage that locks in future insurability, up to 15% auto insurance discount when military personnel garage their car on base, homeowners and renters war zone coverage for personal possessions brought downrange, deployment checklist, and deployment pay calculator, among others.

WAL-MART STORES, INC.*

Walmart launched the *Sustainability Leaders Shop* and *Women-Owned* labels to help customers identify these products on their shelves. This logo represents the company's long standing dedication to empowering women and helping women-owned businesses success and grow. Walmart has a commitment to source more products and resources from female owned organizations, utilizing their influence to increase women's economic mobility. With women making roughly 80% of consumer decisions globally, placing these logos on such products help educate consumers and drives sales growth.

THE WESTERN UNION COMPANY

Western Union developed the WU® NGO GlobalPay platform in 2012, and expanded the platform to WU® GlobalPay for Students and WU® GlobalPay for Education platforms

which serve underserved markets while producing revenue. NGO GlobalPay provides speed and flexibility with bank payments in 130 currencies; expands cash disbursement to over 190 countries and territories and to Mobile Wallets in 5 countries.

The NGO GlobalPay platform is designed to help NGOs overcome the "last mile challenge" and enable NGOs to reach more people in need of funds quickly and reliably, especially in times of disaster. Since its launch, Western Union partners have used the service to provide emergency relief in some of the poorest and most conflict-ridden regions of the globe.

Through GlobalPay for Education, Western Union Business Solutions (WUBS) enables global universities to receive local currency payments from students around the globe and streamline their financial operations. This service comes at a time when the number of students studying abroad is expected to grow 75 percent by 2025 to more than 7 million (source: International Institute for Educational Planning, UNESCO). In many regions where nonprofit, non-governmental organizations like Save the Children, Amnesty International or International Medical Corps work, bank access is limited. This makes funding projects and providing emergency relief a challenge. Western Union recognized an opportunity to help NGOs manage their finances and help them get money where it's needed most, even in remote locations with limited or no banking systems.

■ **Socially-driven Changes to the Workforce**

CENTERPOINT ENERGY, INC.*
Centerpoint Energy partners with Genesys Works to provide underserved and economically disadvantaged high school students employment in the areas of engineering and operations.

Genesys Works enables economically-disadvantaged high school students to enter and thrive in the economic mainstream by providing them the knowledge and work experience required to succeed as professionals. In 2015, CenterPoint Energy directly impacted the lives of 796 students in Houston. This includes 210 young men and women from the class of 2015 employed in internships, 309 students from the class of 2016 trained during the summer for current-year internships, and the 277 Alumni CenterPoint continues to support through college. In 2015, 100% of Genesys Works interns graduated from high school, with 92% immediately enrolling in college in pursuit of their new career goals.

DTE ENERGY COMPANY*
DTE Energy hires interns through Project SEARCH Collaborative which is a collaborative effort with Detroit Public Schools and provides a transition year for high school students with disabilities. DTE Energy's outreach to young people with disabilities is one of the reasons DTE Energy has been honored with the Apex Outstanding Employer Award. The award recognizes the company's deep commitment to inclusion and diversity in hiring, training and talent development. The award also honors DTE Energy for creating a culture rich with diverse perspectives, backgrounds, skills and abilities.

GAP INC.
Gap Inc.'s *This Way Ahead* (TWA) program offers youth from underserved communities support services and their first job, which they were likely to have difficulty accessing otherwise. It takes an integrated approach including Gap employees as volunteers. TWA was created as an internship program to help teens and young adults from low-income communities land their first job. TWA lets Gap share what it knows firsthand from its own employees'

experiences – what it takes for a young person to succeed at work. Launched in 2007, TWA leverages the powerful connections between GAP's employee volunteers, the young people it serves and the training ground that its stores provide. More than 2,600 teens and young adults of ages 16-to-24 years old have already participated in TWA, and that is just the beginning. The company is making sure TWA will help transform many more lives in the future. By 2020, Gap expects that 10,000 young people will participate in TWA, which puts it on a path towards hiring 5% of its entry-level store employees from *This Way Ahead* by 2025.

SOUTHWIRE COMPANY
Founded in 2007 as a partnership between Southwire and Carroll County Schools, 12 for Life® encourages at–risk students to complete high school by providing jobs with competitive wages, which combine with education in the classroom, mentoring and instruction in life skills that many students would not receive otherwise. To date, nearly 1,600 students have graduated from the program, which has expanded from its original location in Carrollton to now also include a Southwire facility in Florence, Alabama. 12 for Life has also inspired similar programs like Great Promise Partnership through the Georgia Department of Community Affairs and Textron/EZ–Go's RPM (Reaching Potential through Manufacturing).

Through 12 for Life, Southwire's goal is to help students graduate and become successful, productive members of the workforce and their communities. In addition, 12 for Life develops a new source of skilled talent for Southwire and other employers and institutions. Of those who graduate, 44 percent enroll in post-secondary education, 30 percent enter the workforce, 18%

sign up for military service and 8% find part-time employment. At the program's inception date in January of 2007, the graduation rate in Carroll County, Georgia was 65%. Now nearing the 10th anniversary of 12 for Life, the graduation rate in the area has risen to 82%.

12 for Life has been recognized and featured by *Forbes*, *The Wall Street Journal*, *60 Minutes* and *Harvard Business Review*, as well as many other economic, educational, civic and business groups for its model and its impact on the lives of at-risk high school students.

STARBUCKS COFFEE COMPANY

Starbucks partners with YouthBuild and the Schultz Foundation to train disadvantaged students on their barista practices to build career skills in retail and customer service. Starbucks, the Schultz Family Foundation, and YouthBuild USA have launched the *Customer Service Excellence Training Program*. This national program gives students an opportunity to learn customer service skills, based on the same training Starbucks store partners (employees) receive, through classroom and on-the-job experience in retail or café settings. In addition to Seattle, it is available in Gulfport, Mississippi and Harlem, New York, Philadelphia, Pennsylvania, Portland, Oregon at YouthBuild sites in those communities. Around 170 students are set to graduate this year. The *Customer Service Excellence Training Program* is one example of public-private partnerships Starbucks is fostering to create pathways to opportunity for young people, both within the company and in local communities. The Starbucks *College Achievement Plan* also helps thousands of partners finish their college degrees through Arizona State University.

THE TRAVELERS COMPANIES, INC.

Travelers' signature education program, Travelers EDGE® (Empowering Dreams for Graduation and Employment) provides a comprehensive approach to academic and career success through partnerships with colleges, universities, public schools, and community-based programs to increase the pipeline of underrepresented students who complete bachelor's degrees and are prepared for a career at Travelers or within the Insurance and Financial Services (IFS) industry. The program has three major goals: 1) Increase the number of underrepresented students attending college; 2) Help underrepresented students graduate from college through scholarship support and academic advising; and 3) Build awareness of and preparation for careers in IFS by providing a combination of professional development, internship and mentorship opportunities.

EXPANDED USES AND TYPES OF CONTRIBUTIONS

■ **Grant Funding to For-Profits (Social Enterprises)**

CISCO SYSTEMS

The Cisco Innovation and Security Grand Challenge is a global competition that recognizes technologies, products or business models that best leverage the Internet of Things (IoT) to transform industries and governments and change the world.

DANONE*

Danone created the Danone Ecosystem Fund to provide support in four areas to farmers, suppliers, and sub-contractors within their supply chain.

GENERAL ELECTRIC COMPANY*

General Electric's partnership with project ECHO is grant funding but provided to health clinics of all types

with goals around improving access to health care in rural areas, including those which are government-run.

■ **Grant Funding to Individuals (Education Scholarships or Employee Relief)**

HOME DEPOT

One sourced example of grant funding to individuals is the Home Depot's Homer Fund. This nonprofit charity works to ensure the success of their employees by providing the necessary support after a life changing event. With eight full time employees, the fund awards more than US$1 million to employees on a monthly basis, with a cumulated US$113 million to over 90,000 associates since 1999 through utilizing its Direct and Matching Gifts programs. Home Depot's Orange Scholars Scholarship program (developed by the Homer Fund) provides scholarship funds to associates' children based on financial need, academic performance and community involvement.

■ **Donating Company Data**

MASTERCARD

The *Mastercard Center for Inclusive Growth* has collaborated with Harvard University's Center for International Development (CID) by donating Mastercard's anonymized and aggregated transaction data. Harvard researchers are using the data to explore new frontiers of inclusive growth – from the impact of tourism on the growth of emerging economies to the role of knowledge exchange between countries.

UBER

In Boston, Uber provided anonymized trip data by zip code, thus allowing city officials to see the date and time of the trip, its duration, and distance traveled. The company releases this data on a quarterly basis and

Boston's Transportation Department, Department of Neighborhood Development, and the Redevelopment Authority have access to the data, with the goal of equipping them with a new tool for effective policymaking. Uber has indicated that it has an internal team working on ways to better interact with cities.

CISCO SYSTEMS
Cisco's Tactical Operations (TacOps) is a team of Cisco staff members dedicated to provide and secure IT communications during emergencies. While not employees of a foundation, it is an example of company employees carrying out a social service directly to the community, as opposed to providing corporate resources for the services provided by an external entity (e.g., grant making).

MCKESSON*
The McKesson Foundation's Giving Comfort Kits initiative helps provide basic comfort to those battling cancer. Through grants and employee volunteerism, McKesson is able to deliver kits of high-quality blankets, socks, sleeping caps, moisturizer, lip balm, and other essentials directly to those in need.

USAA
The USAA Educational Foundation (USAAEF) is a nonprofit, tax-exempt 501(c) (3) organization whose purpose is to lead and inspire actions that improve financial readiness for members of the military and local community. The Foundation provides tools, tips, and tactics to help military service members develop sound financial habits and take control of their personal finances, so they can be better informed and prepared to make the best financial choices through every stage of life. The USAAEF utilizes three delivery channels to reach their target market. The first is the Micro Learning Center, which utilizes a Learning Management System to deliver a series of short videos to the target audience. The second channel is accomplished through live seminars on military bases, which reached over 50,000 military personnel through 900 seminars in 2016. The last channel is delivered through higher education that began with a partnership with Texas A&M Corps of Cadets. The partnership has yielded an accredited three hour personal finance course that is tailored for preparing future military officers to lead and influence troops under their command. The course was created to be scaled and support other commissioning programs across the nation.

IX. Appendix

Early definitions

"Good Beyond Giving" categories and their definitions as proposed at the outset of the pilot study:

CROSS-DEPARTMENTAL INTEGRATION EFFORTS

Companies may use staff in their citizenship (or related) departments to facilitate and implement the integration of corporate purpose or socially-driven business decision making across teams. For example, Chief Citizenship officer at Company XYZ might have a team member dedicated to a series of town halls on active listening to community partners. Or, Head of Community Relations at Company QRS might have been a lead champion to making a business decision related to updating product line or compensation structure.

DEVELOPMENT OF SOCIALLY–DRIVEN PRODUCTS AND SERVICES

Companies may use their research and development or business strategy work to create new lines of product or service with objectives of meeting both business and social goals. For example, Company XYZ might develop a low-cost cell phone specifically for the low-income elderly who are hard of hearing.

SOCIALLY DRIVEN INTERNSHIPS OR TRAINING

Companies may create an internship or training program designed to achieve societal goals alongside business goals. For example, Company XYZ may have built on a high school education-focused program by creating internships within stores for students with high achievement in the program. Because of the risk of over-counting all intern programs at the company, CECP strongly recommends conservatism and ensure only internship programs with explicit and documented social goals are included.

GOVERNMENT INSTITUTIONS (BESIDES SCHOOLS)

Companies may fund (give or grant money) to government-affiliated organization (e.g., hospitals or other elements of a public health system). The focus may be on long-term improvements (ability to respond to chronic illness) or short-term needs (like disaster response).

GOVERNMENT DEPARTMENTS

Companies may fund (give or grant money) to subordinate bodies or divisions of the state government structure to achieve impact on their cause areas. This may be educational bodies besides schools, bodies supporting natural resources (e.g. Dept. of Natural Resources), bodies focused on public infrastructure (Dept. of Buildings), and many others.

SOCIAL ENTERPRISES, GIVEN WITH NO REPAYMENT EXPECTED

Companies may fund (give or grant money) to an organization structured as a for-profit business that also has a social mission in order to achieve impact in their cause areas. Money given to this type of group may fund a specific project or support the social side of their mission. For example, Company XYZ gives money to a co-op farmers business to renovate their storefront in support of micro-entrepreneurship.

SOCIAL ENTERPRISES, FUNDED WITH REPAYMENT EXPECTED

Companies may have selected an organization structured as a for-profit business that also has a social mission in order to achieve impact on their cause areas. The company may establish a financial relationship as an investor with the expectation they have the ability to divest and/or expect a financial return. For example, Company XYZ might lend capital to a housing development corporation working in a community with chronic unemployment issues with re-payment expected but delayed for a couple years.

DIVERSITY MANAGEMENT

Diversity management includes diversity-specific talent recruitment, talent development, and supplier diversity.

"INTERNAL SOCIAL ENTERPRISE": A BUSINESS UNIT OR COST CENTER THAT HAS A SOCIAL MISSION

Companies may designate or design a certain portion of a business unit or cost center to achieve operational goals alongside societal goals. For example, Company XYZ might select one process in its Milwaukee, WI facility to employ high school students at risk of drop-out or adults trying to build an independent lifestyle after domestic violence.

OPERATING FOUNDATION

An operating foundation does not make grants to nonprofit grantees but instead functions as a service-delivery organization in its own right. An operating foundation is any private foundation that spends at least 85% of its adjusted net income or its minimum investment return, whichever is less, directly for the active conduct of its exempt activities. To qualify as a private operating foundation, the foundation must devote 65% or more of its assets to its exempt activity.

X. Methodology

CECP conducted an online questionnaire circulated by individual invitation to its coalition of companies. In addition, CECP staff conducted one-on-one interviews with companies to discuss both the high-level concepts of the study as well as that company's examples of "Good Beyond Giving" activity. CECP also conducted extensive secondary research. The sources we consulted include: the websites of reputable organizations, externally published pieces by companies, and media outlets. While over 100 "Good Beyond Giving" examples were collected, 35 were considered the most illustrative and thus were included in the pilot study. While not exclusively, CECP did focus its secondary research on the companies within its coalition.

For the categories of Expanded Uses and Types of Contributions, CECP drew upon the *Giving in Numbers* dataset. The 2015 and 2014 surveys collected data on contributions to government and for-profit entities. For the category of Grant Funding to Individuals (Education Scholarships or Employee Relief), CECP drew upon its internal database of questions received from executives in its network.

Citation: *CECP, What Counts: The **S** in ESG*

CECP is a CEO-led coalition that believes that a company's social strategy — how it engages with stakeholders including employees, communities, and customers — determines company success. Founded in 1999, CECP has grown to a movement of more than 150 CEOs of the world's largest companies across all industries. Revenues of engaged companies sum to US$7 trillion annually. A non-profit organization, CECP offers participating companies one-on-one consultation, networking events, exclusive data, media support, and case studies on corporate engagement. For more information, please visit **cecp.co**.

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