

FALL 2018

Diversity & Inclusion in Corporate Social Engagement

A CECP ACCELERATE PROJECT

FUNDING PROVIDED BY



ABOUT CECP:

THE CEO FORCE FOR GOOD

CECP is a CEO-led coalition that believes that a company's social strategy — how it engages with key stakeholders including employees, communities, customers, and investors — determines company success. Founded in 1999 by actor and philanthropist Paul Newman and other business leaders to create a better world through business, CECP has grown to a movement of more than 200 of the world's largest companies that represent \$6.2 trillion in revenue, \$18.4 billion in societal investments, and 4 million hours of employee engagement. CECP helps companies transform their social strategy by providing customized connections and networking, counsel and support, benchmarking and trends, and awareness building and recognition.

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I. Context and Purpose

BUSINESS & SOCIETY: A TRANSFORMATION

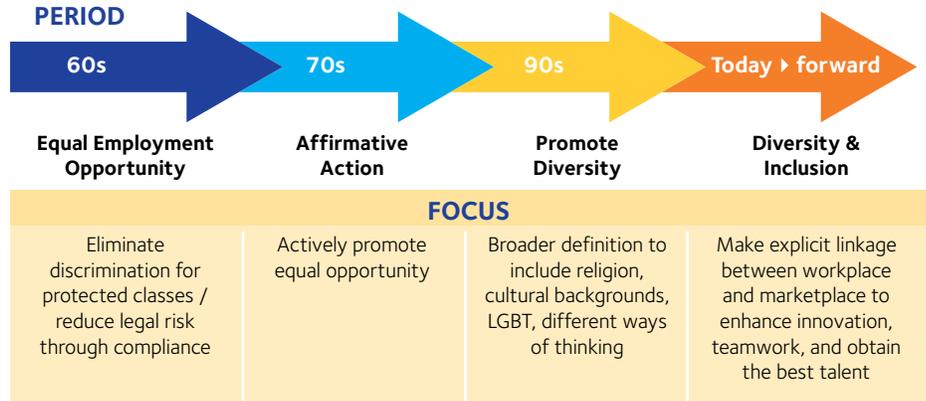
The relationship between business and society is undergoing profound transformation. Leaders in corporate, government, and civic society are increasingly calling for business to rethink its fundamental purpose, look beyond economic value, and make a more meaningful impact on social issues. Demographics are changing faster than ever: Whites are now the numerical minority in a half dozen states, and they will be the nation's numerical minority in a little more than 25 years.¹ From a business standpoint, inclusive companies enjoy 2.3 times the cash flow of other companies. They are also 1.7 times more likely to be innovation leaders and 70% more likely to capture new markets.² Citizens' voices are also strong and clear in demanding more from business, while the power and speed of social media is adding a unique sense of intensity and urgency to it all. CECP's monitoring has spanned a range of perspectives, including structure, accountability, and reporting.

In response, there are new and promising signs. Investors' increasing use of environmental, social, and governance (ESG) criteria to guide major financial decisions; the business community's rapid embrace of the UN Sustainable Development Goals (SDGs) as a strategic framework; and the mobilization of employees and resources to engage more young people in science, technology, engineering, and math (STEM) over the last decade are all evidence that business

¹ Frey, William H. (2014). "New Projections Point to a Majority Minority Nation in 2044." Brookings.

² Bersin by Deloitte (2015). "High-Impact Talent Management: The New Talent Management Maturity Model."

FIGURE 1 DIVERSITY & INCLUSION EVOLUTION IN THE U.S.



The Association for Talent Development (ATD)

has the potential to be an innovative collaborator in social value creation.

DIVERSITY & INCLUSION REPORT: SCOPE & OBJECTIVES

As business embraces this purpose-driven leadership more fully, CECP has been tracking a growing focus on diversity and inclusion (D&I) among corporate social engagement (CSE) executives. CECP's monitoring has spanned a range of perspectives, including structure, accountability, and reporting. While interest and activity in integrating D&I into CSE portfolios is building, a gap exists in formal in-sector collaboration around strategy, frameworks, and benchmarks.

In addition, while the perspective of business on D&I has evolved over the last decades (Figure 1), most recently, D&I issues such as race, gender, and immigration have erupted into deeply emotional, highly charged cultural flashpoints that are putting enormous stress on social and political norms. For business leaders seeking to advance D&I, the result is an especially challenging, high-risk, and complex operating environment.

With funding and support provided by the Walmart Foundation, CECP conducted formal research into the role CSE plays in advancing D&I in the U.S. to further assess the gap and its implications for the D&I and CSE fields. This report set out to understand specifically how companies are using their CSE efforts — philanthropy, in-kind giving, volunteerism, and community partnerships — to address issues related to D&I. The inquiry also sought to identify opportunities to deliver greater impact and effectiveness.

Over the course of the inquiry, CECP interviewed six subject matter experts and corporate practitioners from 14 companies and surveyed (online) 58 CSE professionals from 52 companies representing a wide range of industries. In addition, CECP conducted secondary research of current D&I literature from more than 50 sources representing corporate and foundation engagement in D&I, including analyzing CSR reports from Diversity Inc. Top 50 Companies and reviewing foundation publications and research. A detailed summary of the research methodology is provided in the appendix.

This white paper — the report’s culmination — identifies and shares actionable insights and best practices that:

- Equip CSE professionals with the latest knowledge and methods to advance their organization’s CSE efforts to address issues of D&I.
- Help accelerate D&I efforts via CSE strategy and the success of the field.
- Provide case studies that offer inspiration and valuable insights to practitioners embarking on this work.

In addition to the white paper, CECP launched an Accelerate Community focused on continuing to advance D&I through CSE. Participants in the Accelerate Community joined this corporate peer learning cohort to further explore the key issues uncovered in this report through collaboration, sharing best practices, and identifying strategies and programs that leverage CSE to progress D&I.

Since its founding, CECP and its member companies have been at the center of managing the relationship between business and society during challenging times and for challenging social issues. CSE professionals bring a unique mix of knowledge, skills, and relationships that are well-suited to develop new, more effective strategies, frameworks, and programs to address the particular challenges of D&I. CECP

hopes the combination of this inquiry and the Accelerate Community will be a valuable contribution to the CSE field.

DISTINCTIONS

D&I terminology often varies across and even within companies. To provide clarity and a shared understanding, the following distinctions are used in this paper. They represent widely accepted definitions from established, credible, leadership organizations working to advance D&I.

■ **Diversity:** The variety of similarities and differences among people, including but not limited to: gender, gender identity, ethnicity, race, native or indigenous origin, age, generation, sexual orientation, culture, religion, belief system, marital status, parental status, socio-economic difference, appearance, language and accent, disability, mental health, education, geography, nationality, work style, work experience, job role and function, thinking style, and personality type.³

■ **Inclusion:** A dynamic state of operating in which diversity is levered to create a fair, healthy, and high-performing organization or community. An inclusive environment ensures equitable access to resources and

opportunities for all. It also enables individuals and groups to feel safe, respected, engaged, motivated, and valued, for who they are and for their contributions toward organizational and societal goals.⁴

■ **Equity:** The just and fair inclusion into a society in which all can participate, prosper, and reach their full potential.⁵

In the context of D&I in companies specifically, the distinction between internal and external activities is an important one. CECP provides the following distinctions for use in this paper:

■ **Internal Diversity and Inclusion:** D&I-related efforts that are internal, company-facing and are typically tied to tangible, shorter-term business objectives, such as talent diversity.

■ **External Diversity and Inclusion:** D&I-related efforts that are external-facing and seek to engage and/or benefit individuals and communities outside a company. These efforts can be tied to longer-term business objectives and/or philanthropic objectives.

3 O’Mara, J., Richter, A., et al. (2014). “Global Diversity and Inclusion Benchmarks: Standards for Organizations Around the World.” The Diversity Collegium.

4 Ibid

5 PolicyLink (2015). “The Equity Manifesto.”

II. Research Findings

OVERVIEW

Findings from this report provide clear evidence that companies recognize the need and opportunity to address D&I through CSE efforts more effectively. The results of CECP's survey, SME interviews, practitioner interviews, research, and analysis consistently underline that recognition and especially the opportunity CSE offers to enhance strategy, strengthen programs, and ultimately, help drive the progress companies and society need.

The findings are organized as follows:

■ **Key Trends:** CECP identified six key trends that reflect companies' changing approach to addressing D&I through CSE today. Each trend is summarized in this section.

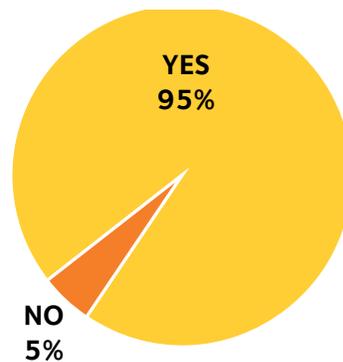
■ **In-Practice Guides:** While the research found that often, best practices for CSE in D&I are still developing, the findings do provide clear, productive guidance for CSE practitioners seeking opportunities to put the concept of advancing D&I through CSE into practice inside their companies. To inform this, each key trend is followed by an "In-Practice Guide" that includes case studies and key takeaways. These guides are not intended to be strict prescriptions for detailed action but rather, to offer overall direction to CSE professionals. There are five company case studies noted in this paper.

In total, the combination of the six key trends and In-Practice Guides provides a framework supported by concrete examples drawn from company examples, interviews, and the analysis and research of D&I in CSE by CECP.

TREND #1: Companies are increasingly addressing D&I through CSE and expect this trend to continue.

The movement toward connecting companies' D&I and CSE efforts more closely is well underway. The vast majority of companies are already making this connection, and most are achieving it through taking a comprehensive approach to CSE. The online survey CECP conducted for this research showed 95% of companies surveyed currently consider D&I within their CSE efforts (Figure 2).

FIGURE 2 DOES YOUR COMPANY CONSIDER DIVERSITY AND INCLUSION WITHIN ITS CORPORATE SOCIETAL ENGAGEMENT (CSE)? N=58



The survey also found companies are taking an inclusive approach that spans their CSE efforts, with almost 80% integrating a D&I lens across all issue areas of their philanthropic portfolio. Only 17% of companies surveyed are addressing D&I through CSE with a stand-alone effort focused specifically on diversity.

What's more, companies clearly expect this movement to continue. Almost 80%

of companies surveyed say they expect their commitment to D&I to increase over the next two to three years.

According to interviews with corporate practitioners, a key driver of this increased commitment is the charged political and social climate, which has intensified pressure from both internal and external stakeholders on companies to do more. Specifically, stakeholders are increasingly holding companies accountable for taking clear and meaningful actions on issues of D&I, and for providing more transparency and reporting on those actions and their impacts. Millennial stakeholders, both internal (recruitment and retention of talent) and external (civic organizations/activists and beneficiary audiences of company philanthropy), were frequently cited during corporate practitioner interviews as a primary source of this increased pressure.

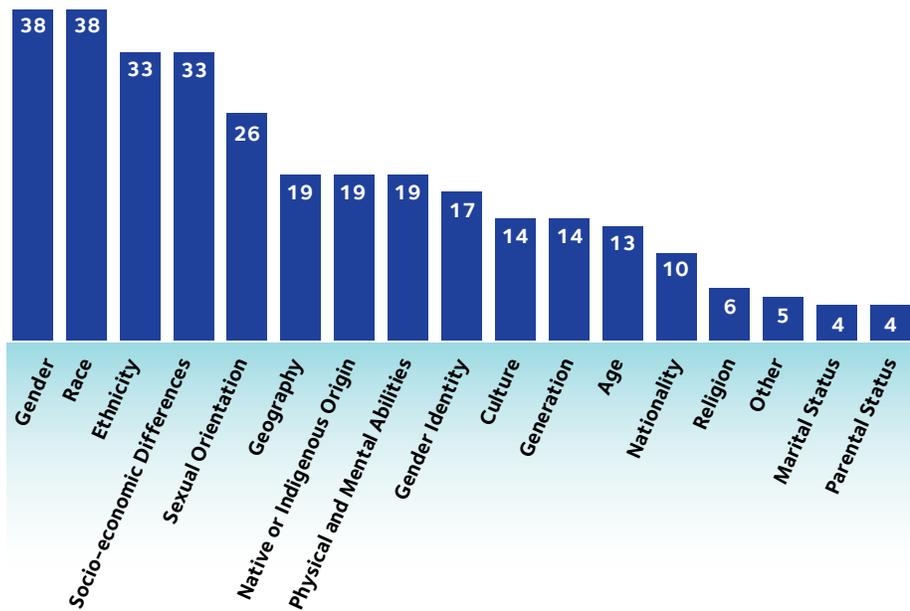
D&I covers a range of issues. Companies surveyed said they focus on issues of gender and race most frequently when integrating CSE efforts into D&I (Figure 3).

IN-PRACTICE GUIDE #1

PwC offers an example of a company's increasing commitment to D&I, engaging CSE more deeply in that effort, and responding to increased societal pressures. U.S. Chairman and senior partner Tim Ryan was inspired to address the issue of race within the firm. Initially, PwC created channels for employees to hold conversations about race in the workplace and the challenging and divisive events that were occurring in the U.S. As the success of these conversations grew, it led to Ryan's and PwC's launch of the CEO Action for Diversity and

FIGURE 3 WHICH OF THESE DIVERSITY STRANDS DOES YOUR COMPANY FOCUS ON WHEN INTEGRATING DIVERSITY AND INCLUSION INTO YOUR CSE EFFORTS? N=47

Options don't refer to internal initiatives that benefit your company's employees. You can select more than one option.



“...addressing diversity and inclusion is not a competitive issue, but a societal issue.”

— CEO Action for Diversity & Inclusion

Inclusion initiative. Today, through this, more than 450 CEOs of the world's leading companies and business organizations work to lever their individual and collective voices to advance D&I in the workplace. With the increasing societal unrest in mind, it is useful to note that CEO Action describes D&I as a social issue — not simply a business one — as stated on the company's website: “...driven by a realization that addressing diversity and inclusion is not a competitive issue, but a societal issue.”

KEY TAKEAWAYS

■ Considering D&I issues through the lens of CSE is now a well-established practice for companies.

■ Key stakeholder groups, primarily Millennials, continue to demand more from companies in addressing D&I issues. This pressure reflects current social changes and unrest.

■ Companies that are hesitant or lagging in addressing D&I through CSE face the increasing risk of negative impacts from these stakeholder groups.

■ When developing strategy, CSE professionals most often take a comprehensive strategic approach to D&I (across CSE investment strategies), rather than a singular approach (one CSE investment strategy).

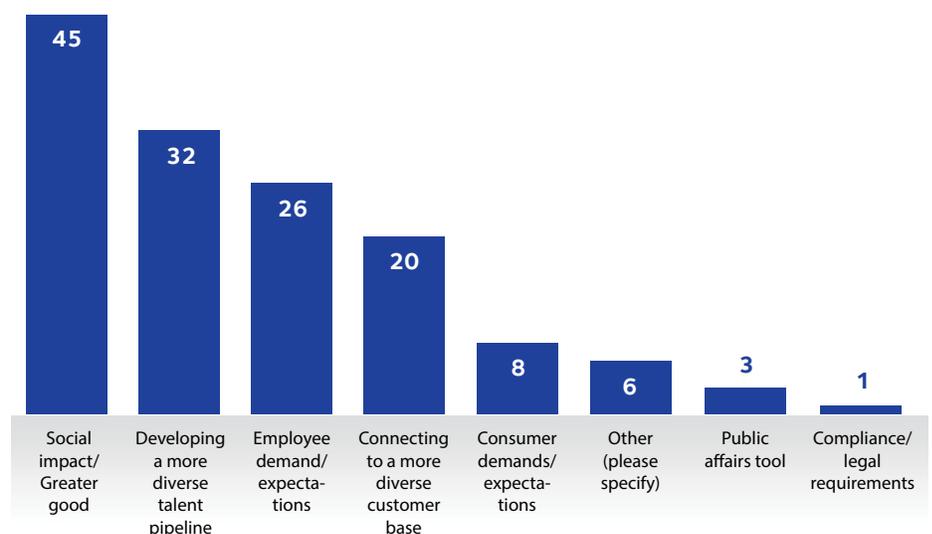
■ Companies are responding to increased stakeholder and societal pressures by acting on D&I issues in new, more visible ways.

TREND #2: Companies' primary motivations for advancing D&I through CSE are two-fold: to achieve social impact and to develop a more diverse talent pipeline.

As companies have begun to consider their D&I in CSE efforts, it's important to understand their primary motivations for this change. Knowing these motivations provides insight into companies' inclinations in strategy, partner selection, and program development.

Most companies surveyed cited their “desire to achieve social impact/greater good” as one of their top three motivations for addressing D&I through CSE. In fact, 100% of respondents cited it as one of their top three choices. The next most frequent response was “developing a more

FIGURE 4 FREQUENCY OF CHOICES WITHIN THE TOP THREE MOTIVATIONS TO INTEGRATE D&I IN CSE EFFORTS N=58



“We’ve placed more emphasis on doing it in a way that is sustainable — we want to do good and also want to ensure a future for Qualcomm.”

— Qualcomm

diverse talent pipeline,” with 77% of companies citing it as one of their top three motivations. Third was “employee demand/expectations” with 58% of respondents citing it as one of their top three motivations (Figure 4).

The close relationship between “social impact/greater good” and “developing a more diverse talent pipeline” — and high priority they share — was even more pronounced in the interview phase of the report. It’s clear that companies are highly motivated by these two factors and are seeking ways to effectively address both.

IN-PRACTICE GUIDE #2

One example of a company successfully addressing both “social impact/greater good” and “developing a more diverse talent pipeline” is Qualcomm. While supporting external inclusion and diversity issues has been part of Qualcomm’s culture from the outset (Qualcomm uses the term inclusion and diversity), the company has placed more emphasis on doing it in a way that is sustainable, by balancing a desire do good with ensuring a successful future for Qualcomm. This has resulted in a stronger focus on leveraging the company’s CSE efforts to support developing a more diverse talent pipeline, specifically integrating Qualcomm’s philanthropic efforts into STEM education.

For example, one of Qualcomm’s leading community partnerships is with *FIRST*, a national nonprofit that seeks to inspire young people to be science and technology leaders and innovators by engaging them in exciting mentor-based programs that build science, engineering, and technology skills. In addition to Qualcomm’s general support of *FIRST*,

the company directs a portion of its investments to support programming targeted at increasing the diversity in the nonprofit’s robotics teams.

KEY TAKEAWAYS

- Companies’ top motivators for leveraging CSE to advance D&I efforts are:
 - Achieving social impact/greater good.
 - Building a more diverse talent pipeline.
- The high prioritization of these two primary motivations and close relationship between them present key opportunities for CSE practitioners, including:
 - Leveraging these shared motivations inside a company to encourage collaboration across functions and avoid the traditional problem of individual, isolated efforts by different departments (e.g. HR efforts unrelated to CSE efforts).
 - Developing strategy that looks to address D&I alongside other CSE goals.

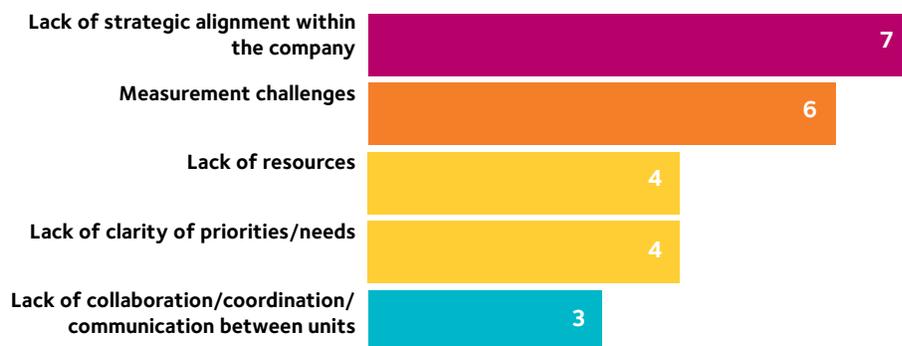
TREND #3: Developing a strategic, integrated approach to D&I is the biggest challenge — and opportunity.

CSE practitioners now recognize a critical need to achieve greater strategic alignment between internal and external D&I efforts. This lack of strategic alignment within companies was cited most often by survey respondents as the biggest challenge they face (Figure 5). Only 25% of companies surveyed said their internal and external D&I efforts were “very aligned.”

To achieve greater strategic alignment, companies are developing new and innovative approaches to organizational strategy — how companies choose to organize functions, reporting structures, and responsibilities — and employee engagement. Results of these new approaches offer encouraging signs to CSE practitioners.

For example, some companies have created new, blended senior-level roles with dual-responsibility for overseeing both corporate philanthropy and corporate D&I strategy. Examples of

FIGURE 5 WHAT ARE THE MAIN CHALLENGES YOUR COMPANY IS FACING IN TERMS OF INTEGRATING DIVERSITY AND INCLUSION INTO YOUR CSE EFFORTS? N=37



Full answer choices displayed in Figure 8

companies taking this approach and the specific roles established include the following (see table):

UPS	President of the UPS Foundation and Chief Diversity & Inclusion Officer.
Prudential Financial	Senior Vice President, Diversity, Inclusion & Impact and Chair; and President, The Prudential Foundation.
PSEG	Chief Diversity Officer; Foundation President; Senior Director, Corporate Citizenship and Culture.

Survey results show that this blended approach to organizational strategy, or dual responsibility for internal and external D&I efforts, appears to improve strategic alignment. The percentage of companies that had the same department overseeing both internal and external D&I efforts was higher among companies that defined themselves as “very aligned” in terms of the company’s resources, strategies, and goals dedicated to external and internal D&I efforts (Figure 6).

In addition to using organizational structure to achieve greater alignment, companies are developing new and innovative employee engagement efforts to achieve the same result.

Corporate practitioner interviews revealed that many companies have

pursued the coordination of D&I Councils or Steering Committees that include leadership from across

various functions including HR, CSR, and philanthropy, to support the coordination and execution of an integrated D&I strategy.

IN-PRACTICE GUIDE #3

■ EY offers an excellent example of a company that has developed a strategic, coordinated approach that addresses D&I both internally and externally. For example, the company has established a Global Steering Committee — a group of senior leaders across the company whose role is to champion, support, and integrate D&I globally, across the organization. EY also takes full advantage of the fact that the company has a wide range of internal employee network groups across diversity strands. CSE executives often engage employee networks in philanthropy strategy and grant-making to relevant, external D&I organizations.

KEY TAKEAWAYS

- Companies surveyed identified integrating internal and external D&I strategies as their principal challenge.
- Companies are finding traditional organizational structures lacking and are creating new roles to help drive an integrated D&I strategy. These new roles combine senior-level functions that have often been separate and distinct into one blended role.
- Employee networks offer significant potential to engage employees in developing and

implementing an integrated strategy for D&I in CSE. (More information on employee networks/Employee Resource Groups (ERGs) is provided in Trend #4).

TREND #4: Employees — at all levels — have a critical role in advancing D&I efforts.

The inquiry consistently found across company interviews, survey results, and secondary research that the role of employees in shaping and delivering effective D&I strategy and execution is critical. Whether senior executives in the C-suite, employees who take leadership roles in ERGs, or frontline employees, they all have vital roles in advancing D&I in their companies. CSE leaders at Prudential summarized this fundamental point well, describing the company’s philosophy and approach to D&I as “enterprise-wide with C-suite accountability.”

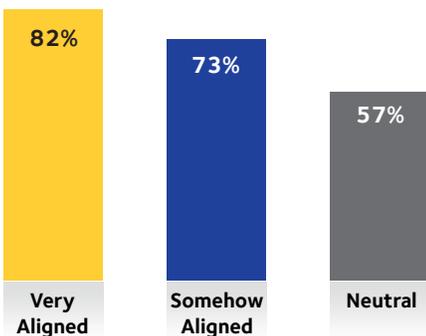
As expected, the role of C-suite executives is essential. Company leaders can establish D&I as an organizational priority, remove obstacles, support D&I initiatives, and serve as an example

“Neither a top down or a bottom up approach – alone – will work, D&I needs a mixed approach.”

— Katie Falk, Program Specialist, American Honda Motor Company, Inc.

of the company’s commitment to D&I. As mentioned earlier in the case study, PwC U.S. Chairman and senior partner Tim Ryan is a strong example. He took a clear, visible stand and made D&I a company priority by powerfully advocating for its importance to the company and society; creating and clearing an internal pathway for progress and supporting the employee

FIGURE 6 PERCENTAGE OF COMPANIES OVERSEEING BOTH INTERNAL AND EXTERNAL D&I EFFORTS BY THE SAME DEPARTMENT N=44



Alignment in terms of Company’s Resources, Strategies, and Goals towards Internal and External D&I Efforts

WORDS MATTER: USING THE LANGUAGE OF D&I

A range of terms and language is used in D&I. Many are familiar — and often misunderstood. Many elicit strong emotions — again, often based on misunderstanding. As a result, companies should consider their choice of D&I language carefully. To do otherwise can have unexpected and negative implications.

For example, some stakeholders may interpret “diversity” as excluding certain audiences or offering preferential treatment to others. Also, some stakeholders infer important principles from terminology. As an example, while this found most companies use the term “diversity and inclusion,” some advocate strongly for “inclusion and diversity” or “inclusive diversity” to emphasize the inclusive culture they believe is a key principle — essential to sustaining diversity.

Another consideration is that terminology often varies across departments within a company. HR teams frequently use terms like diversity, inclusion and representation, while CSR uses terminology that includes social justice and equity.

Companies should take the time to consider the range of perceptions and associations that can, often unintentionally, accompany D&I terms. The following steps can help companies choose the D&I language that best meets their needs and reduce the risk of unexpected, negative consequences:

- Ensure a clear understanding of the meaning of and distinctions between D&I terms across all management levels of the company — especially senior management.
- Review the definitions offered by credible organizations in the D&I field and develop a practical, working understanding. The organizations referenced in the Definition section and in the End Notes of this paper are useful resources.

“People who talk about equity are really focused on outcomes and impact.”

— Kelly Brown, Founder and CEO, Viewpoint Consulting; Director, D5 Coalition

“For us, it’s about diversity AND inclusion. It’s not enough to have diversity without inclusion.”

— Nicky Major,
Global Corporate Responsibility
Leader, EY

- Encourage open dialogue and discussion about the terms, their meaning, and distinctions amongst employees. ERGs can be an excellent partner in organizing, leading, and responding to these discussions.
- Consider how the terminology being considered aligns with the company culture and goals.
- Review terminology with key external stakeholders and encourage feedback.

efforts and resource commitments needed to move the company forward on that path.

While C-Suite support is essential, it is only one ingredient in advancing D&I inside companies. CSE executives from the American Honda Motor Company, Inc. made this point clearly during CECP’s interview process when they stressed the need for a mixed approach. “Neither a top-down approach or a bottom-up approach — alone — will work. D&I needs a mixed approach. Strong support from the top and throughout the organization.”

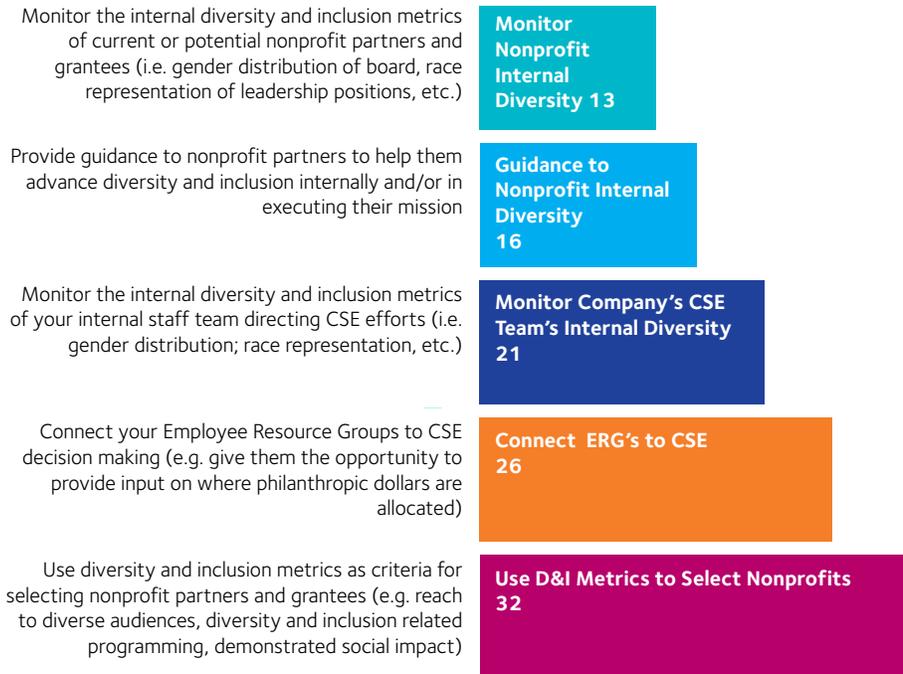
To build the “bottom-up” ingredient, one of the most widely used and effective tactics for CSE practitioners is to engage ERGs more closely. Survey results showed this was the second most frequently used tactic to support D&I, cited by more than half of respondents (Figure 7).

CECP’s interviews surfaced a number of opportunities for CSE practitioners to engage ERGs, including offering them access to philanthropy budgets, a voice in grant-making decisions — for example, the nomination process — and resources. ERGs can also help identify credible organizations in specific communities during times of crisis, such as the Puerto Rican hurricane response, surface local issues, and provide volunteer support.

While CSE executives acknowledged there can be challenges in closer collaboration with ERGs — “the lines can get blurry between ERGs, philanthropy, and CSR” — there was strong consensus that ERGs are a key vehicle for advancing CSE in D&I both internally and externally.

For frontline employees, the research identified that company-wide D&I training — unconscious bias training, and conversations on differences, for example — is an emerging trend. An increasing number of companies are considering and implementing

FIGURE 7 WHAT TACTICS DO YOU USE TO SUPPORT DIVERSITY AND INCLUSION WITHIN YOUR CSE EFFORTS? N=43



this type of training and are reaching out to specialized D&I training and D&I-focused nonprofit organizations to develop and deliver it across the organization.

IN-PRACTICE GUIDE #4

PSEG provides a strong example of how companies can engage ERGs more deeply and effectively. The company, a diversified energy firm and one of the ten largest electric companies in the U.S., has a number of Employee Business Resource Groups (EBRGs is the term used at PSEG) and CSE executives have expanded their collaboration with these groups to give them access to company foundation funds. EBRGs can use these funds to make contributions to the organizations of their choice. EBRGs are also encouraged to sponsor volunteer events that connect employees to diverse communities. PSEG believes that engaging EBRGs in community engagement efforts helps the company build a more

inclusive culture and connect in a credible, authentic way to diverse communities and customers. PSEG also uses a D&I council structure to advance D&I across the company more effectively.

KEY TAKEAWAYS

- Advancing D&I via CSE efforts requires both managing from the top-down and bottom-up.
- C-Suite executives are increasingly taking visible positions and strong actions on D&I issues. For CSE practitioners, the result is increased opportunities to integrate CSE in D&I — work which is growing in importance.
- ERGs represent a key resource for action, learning, and connection for CSE in D&I.
- Company-wide employee training in current D&I issues is being considered and implemented more frequently.

TREND #5: Developing a clear and strategic approach to addressing equity is challenging on multiple fronts.

Equity, as defined previously in this paper, is “the just and fair inclusion into a society in which all can participate, prosper, and reach their full potential.” Inequity exists and is perpetuated largely due to structural barriers in political, cultural, economic, and social institutions. Its impact on diverse populations is all-encompassing and severe — limiting a lifetime of possibilities in education, employment, housing, healthcare, civic engagement, and more.

Despite its importance to advancing D&I, the concept of equity is often misunderstood. For example, it is frequently confused with equality. In simple terms, “equity” is concerned with providing each person with fair

“You can’t get to equity without looking at the barriers and you can’t look at the barriers without looking at our history of systemic, structural issues.”

— Kelly Brown, Founder and CEO, Viewpoint Consulting; Director, D5 Coalition

and just access to what that person needs to grow and prosper. Equality, in simple terms, is concerned with providing each person the same thing, regardless of what that person might truly need to grow and prosper.

This report found evidence that the concept of equity among participating companies is unclear. While 80% of companies surveyed

“We shifted our focus to Health Equity – to concentrate on health outcome advances. Now, when certain groups are left out, we ask – “What are the barriers?””

— Mary Tullis Engvall,
Executive Director,
Cigna Foundation, Cigna

say they consider equity when addressing D&I in their CSE efforts, it was most often defined as something other than the accepted definition (usually in terms of equality rather than equity). What’s more, only 37% of companies reported they are tracking metrics related to changes in socio-economic indicators that can provide insight into impact on equity.

In addition to lack of clarity, another challenge with regard to equity was identified — that of strategy. Specifically, how to identify and develop a strategic approach to equity that integrates it within the business, addresses structural barriers, and manages the great level of risk associated with taking meaningful, visible actions on D&I issues in the current highly charged climate of social unrest. In fact, some companies cited a hesitation to address equity out of concern for being perceived as too “activist.”

The combination of these two challenges creates potential for disappointing results at most, and significant missteps at worst for companies that act with the best of intentions, but operate on a less than full understanding of what is truly required to impact equity.

At the same time, this intersection offers some guidance. It suggests there is potential to achieve meaningful impact, when companies ensure there is company-wide understanding of and commitment to the concept of equity and, based on that understanding, collaborate with partners to develop and deliver an informed, thoughtful strategy that is integrated into the business.

IN-PRACTICE GUIDE #5

Cigna’s CSE efforts provide a rare leadership example of addressing equity in CSE efforts. Cigna developed a new focus — addressing health equity — specifically targeting groups that experience a higher burden of disability or disease, yet have more limited access to healthcare services.

Cigna found that these health inequities are often driven by society’s structural barriers along racial, ethnic, age and socio-economic lines. In short, “health equity” is a clear example of the effects of “D&I equity,” as seen in the healthcare industry. Cigna saw this as an opportunity to target their community engagement efforts to improve health disparities among specific communities, using a D&I lens.

For example, Cigna set out to address breast health among African-American women. The company noted that African-American women in Tennessee had significantly lower breast screening rates and higher mortality rates from breast cancer. In response, Cigna invested in more targeted and relevant communications, identified trusted outreach channels, and brought more screening facilities into these communities. These efforts resulted in improved screening rates, and Cigna also saw a business benefit through providing more preventative care services.

To successfully address D&I through its CSE efforts, Cigna strives to work with organizations that understand the communities the company is trying to reach. This includes finding partners that are also sensitive to D&I efforts. As part of its grant applications, Cigna includes an entire section on diversity, asking applicants to share details about the audience they intend to serve and how they plan to do it in a culturally competent way.

KEY TAKEAWAYS

■ Ensuring there is company-wide understanding of the concept of equity as part of D&I efforts is critical.

FIGURE 8 WHAT ARE THE MAIN CHALLENGES YOUR COMPANY IS FACING IN TERMS OF INTEGRATING DIVERSITY AND INCLUSION IN YOUR CSE EFFORTS? N=37



- Developing and delivering meaningful strategies to address structural barriers to D&I takes a high level of commitment and readiness on behalf of a company.

- Collaborating with credible D&I organizations helps to ensure effectiveness and manage the risk of actions amidst the current social unrest and challenges.

- It's important to consider managing expectations for achieving results and impact over the long-term.

TREND #6: MEASUREMENT: GETTING TO IMPACT

Given CECP's earlier finding that there is a need to improve the strategic alignment of CSE in D&I, it's not surprising to find a similar need to improve the measurement of CSE in D&I. In fact, surveyed companies reported measurement was a close second to strategic alignment as their most frequently cited challenge when integrating D&I into CSE (Figure 8).

Demographic data on the beneficiaries of nonprofit partners/grantees is the most common metric tracked by companies surveyed, followed by grant dollars provided to D&I-related organizations (Figure 9).

“How do you measure the impact you’re having on addressing educational inequality?”

— Shannon Schuyler, Chief Purpose Officer and Corporate Responsibility Leader, PwC

In addition, some companies are shifting their focus from tracking past activities to a more forward-looking perspective and are establishing annual and long-term goals for D&I grant dollars and recipients/beneficiaries. As an example, UPS has evolved to a more intentional approach and is developing a five-year plan that includes goal-setting for employee representation. Most companies interviewed for this report are either in the early stages of implementing measurement processes for these core CSE activities or further ahead — specifically, reporting past grant activities and establishing future goals for D&I efforts.

The desire to report impact fundamentally relies on the measurement and understanding of

the inputs to produce it. Total Social Investment (TSI) is a metric developed by CECP⁶ to address this starting point that is foundational to ultimately reporting on outcomes. TSI refers to a companies' holistic efforts in the “S in ESG” which undoubtedly includes D&I in CSE.

While these are important steps toward comprehensive and rigorous measurement, CSE practitioners interviewed acknowledge that simply tracking past activities is insufficient.

The challenge of measuring outcomes and impact is a familiar one for the CSE field. Measuring concrete change in social issues remains a difficult issue overall, and D&I is, arguably, even more demanding. CECP's survey results show that more rigorous measurement is needed, given 80% of companies surveyed said they consider equity when addressing D&I in their CSE efforts, while just 37% said they are tracking metrics related to advancing equity.

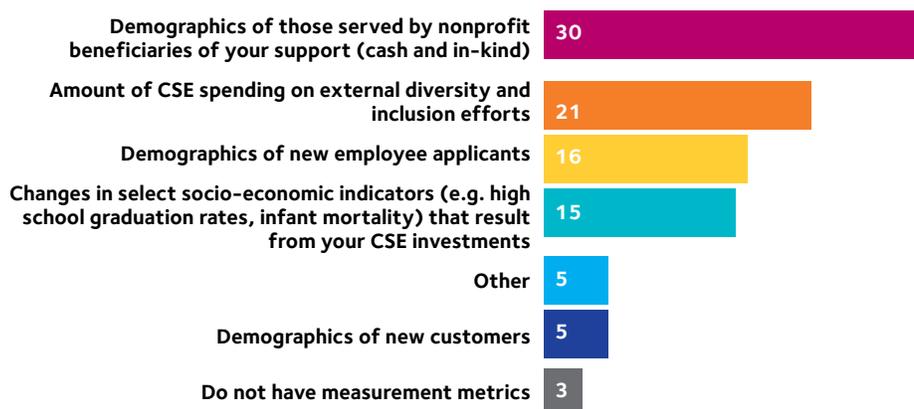
KEY TAKEAWAYS

- Many companies have implemented sound measurement practices for core CSE activities. These approaches provide helpful guidance for companies in the early stages of establishing a foundation for more comprehensive measurement.

- However, as a nascent focus of CSE, measuring the outcomes and/or impact of D&I is still considered an important yet challenging process for the field.

- As D&I issues continue to be a focus for CSE teams, practitioners can expect increasing pressure from internal and external stakeholders to develop more comprehensive processes for measuring their D&I-related efforts.

FIGURE 9 WHAT METRICS DO YOU CAPTURE TO MEASURE THE SUCCESS OF YOUR EXTERNAL DIVERSITY AND INCLUSION EFFORTS? N=41



⁶ CECP, with support from Cisco. (2018) “What Counts: the S in ESG, New Conclusions.”

III. Future Focus

GUIDELINES FOR CSE IN D&I

A strategic approach to integrating D&I into CSE takes change, investment and time to demonstrate results, regardless of whether an organization is just starting out on this journey or significantly advanced. Deciding what steps to take and when can be challenging.

The findings from this inquiry provide guidance for CSE practitioners. As with the In-Practice Guides, the intent is not strict adherence to each step in exact sequence, but rather to offer an overarching framework and broad direction.

PHASE 1: BUILD A STABLE FOUNDATION

1: Build D&I knowledge & understanding

- Build a company-wide understanding and appreciation for D&I, by defining, agreeing and communicating basic definitions, misconceptions, need/urgency, structural barriers, current impacts on business overall and industry, in particular.
- Ensure management and broad employee population have the level of understanding and sensibility needed to effectively assess D&I strategy, take appropriate actions and measure progress.

2: Link CSE & D&I

- Establish a closer coordination between CSE and D&I.
- Build shared understanding of and appreciation for the link between the company's internal and external D&I efforts and the benefits of CSE

decision-making that is more closely aligned with internal D&I efforts.

3: Link CSE, D&I & HR/Talent Management

- Establish deeper and more comprehensive engagement with HR team's efforts to manage talent and the implications for D&I strategy and practice.
- Focus on initial steps including an assessment of systemic barriers to D&I, finding common ground/benefits, establishing trusted working relationships, understanding and shared goals.

4: Link CSE, D&I & key internal stakeholders

- Identify and connect with other relevant functions or individuals in company that impact D&I efforts. (e.g. Government Relations or Public Affairs).

5: Engage with Employee Resource Groups (ERGs)

- Take stock of current situation and assess which groups already exist, how many, and their resources, actions to date, effectiveness and visibility.
- Conduct outreach/meet with existing ERGs to share information on company's prioritization of D&I, overall efforts, relationship to CSE, and the role of ERGs in increasing impact.
- Assess opportunities to provide ERGs with the ability to influence/direct grant-making. (Or refine/increase it if this practice is already in place).

6: Assess current grant-making practices

- Review company's grant-making policies and practices to assess current levels of integration of D&I factors.

(e.g. outreach parameters, decision criteria, internal grantee policies).

- Develop and implement new policy and practice procedures to ensure D&I factors are integrated into the complete grant-making process and cycle, as needed.
- Consider the ways these new policy and practice procedures map to and support goals and objectives of D&I and talent management business units.
- Audit all company funds (grants, sponsorships, etc.) to determine the scope of company's presence and actions.

PHASE 2: LISTEN, LEARN, ENGAGE, PLAN

1: Establish & build a cross-functional working group

- Identify likely members for participation, including CSE, HR, D&I and Government Relations.
- Establish whether key functional leaders exist — and should be included — for specific industry. (e.g. engineering, strategy, business units, business development).

2: Identify priority areas for focused development & progress

- Identify priority areas for investment, development, and measurement.
- Explore and develop internal and external pilot initiatives.
- Define metrics and processes for collecting data.
- Define reporting/communications strategy and plan (i.e. content for CR reporting, website, etc.).

3: Build working relationships with expert, external D&I stakeholder groups

- Identify relevant organizations that relate to company's industry and issues. Consider academic, nonprofit, and community-based organizations in this evaluation.

- Conduct outreach to establish working relationships (e.g. share long term goals/key issues, areas of concern, and explore areas for collaboration including feedback and input on strategy and approach, and guidance on partnership development and metrics).

LAUNCHING A NEW ACCELERATE COMMUNITY: D&I IN CSE

This research examined what companies are doing today, as well as future opportunities to advance D&I in CSE. As the next step, in late 2018 CECP launched a new Accelerate Community focused on D&I in CSE.

The overall objectives for this corporate peer learning cohort are to:

- Create a forum for committed companies to participate in open and candid dialogue about the opportunities and challenges related to addressing D&I in CSE, especially within the current political and social environment.

- Further explore the key opportunities surfaced in CECP's D&I in CSE report.

- Identify effective strategies and tactics for using CSE to achieve and advance D&I objectives.

- Act as a catalyst for companies looking to start or improve their D&I efforts through CSE.

The D&I in CSE Accelerate Community offers CECP-affiliated companies the opportunity to bring an existing or planned D&I in CSE effort, project, or challenge to the community for discussion, feedback, and input from community members and subject matter experts. Participating companies are not required to have a project for review.

To learn more about the D&I in CSE Accelerate Community or to join, please email CECP at insights@cecp.co with the subject line: "D&I Accelerate Community Research."

Appendix

METHODOLOGY

CECP conducted an online D&I research survey in 2017, which was circulated to its coalition of companies. It received 58 individual responses, with 52 companies represented. In addition, CECP's team undertook phone interviews with five D&I subject matter experts and 13 CSE practitioners.

CECP's extensive secondary research included an online review of more than 50 existing D&I-related knowledge sources, resources, and reports related to corporate and foundation engagement; analysis of CSR reports from Diversity Inc. Top 50 companies; and background research into D&I efforts at companies CECP identified for corporate practitioner interviews.

PARTICIPATING COMPANIES

3M
Adobe
American Honda Motor Company, Inc.
Ameriprise Financial, Inc.
Anthem, Inc.
Arconic
Best Buy
CA Technologies
Campbell Soup
Capital One Financial Corporation
CarMax
CenterPoint Energy, Inc.
Chevron
Cigna
Cisco
Citizens Bank
Coach
Constellation Brands
Credit Suisse
Dell
eBay
Edelman
Genworth
Herman Miller
Honeywell

HSBC Bank North America
Holdings, Inc.
Intel
Mitsubishi Corporation (Americas)
Moody's
New York Life Insurance
Northwestern Mutual
Novo Nordisk Inc.
Pearson
PNC
Prudential
PSEG
PWC US
RBC Capital Markets
RHR International LLP
Roshan Telecom Development
Company of Afghanistan Corp.
Salesforce
Sanofi
Symantec
Target
Tata Consultancy Services
Travelers
UPS
Vectren
Voya Financial
Wal-Mart Stores, Inc.
Xerox

ENDNOTES & SOURCES

D&I-Related Knowledge Sources

Knowledge Sources:

Annie E. Casey Foundation: Race Equity and Inclusion Action Guide
The Business Case for Racial Equity — Altarum Institute and W.K. Kellogg Foundation
Catalyst's CEO Champions for Change
The Centre for Global Inclusion
CEO Action for Diversity & Inclusion
Council on Foundations' Diversity Equity and Inclusion Knowledge Center

D5 Coalition
Diversity Inc.
Diversity Inc. Top 50
Equitable Evaluation
Ford Foundation
FSG
Human Rights Campaign Corporate Equality Index
Kellogg Foundation: Racial Equity Resource Guide
McKinsey
National Urban League
Opportunity Nation
Policy Link
ProInspire
Race and Equity in Philanthropy Group (REPG)
Racial Equity Tools
The Society for Human Resource Management (SHRM)- D&I Resource center for HR professionals; <https://www.shrm.org/resourcesandtools/hr-topics/pages/diversity-and-inclusion.aspx>
SSIR
SSIR Equity and Collective Impact Series https://ssir.org/equity_and_collective_impact
TCC Group
Various organizations representing under-represented groups (Catalyst, The Executive Leadership Council, HARC, LEAP)

Reports and Articles:

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Report Interviews

All titles reflect the positions the individuals held at the time of the CECP interview

D&I SUBJECT MATTER EXPERT PHONE INTERVIEWS:

Kelly Brown, Founder and CEO, Viewpoint Consulting; Director, D5 Coalition, a five-year coalition to advance philanthropy's commitment to diversity, equity, and inclusion

Jara Dean-Coffey, Founder and Principal, Luminare Group, part of the Equitable Evaluation Project team looking at how to design and implement evaluations within the philanthropic sector that actively contribute to equity

Luz E Benitez Delgado, Deputy Director, W. K. Kellogg Foundation

Floyd Mills, Vice President of Diversity, Equity, and Inclusion, Council on Foundations

Julie O'Mara, President and Board Chair, The Centre for Global Inclusion; President, O'Mara and Associates, co-author of the *Global Diversity & Inclusion Benchmarks: Standards for Organizations Around the World*

Laura S. L. Herman, Managing Director, FSG

CORPORATE SOCIAL ENGAGEMENT PRACTITIONER PHONE INTERVIEWS

Mary Tullis Engvall, Director of Cigna Foundation, Civic Affairs & Corporate Responsibility, Cigna

Katie Falk, Corporate Social Responsibility Program Specialist, American Honda Motor Company, Inc.

Erica Fessia, Director, Community Engagement and Executive Director, Qualcomm Foundation, Qualcomm

David Figliuzzi, Chief Diversity Officer, Cigna

Howie Hodges, Vice President of External Affairs, Charter Communications

Cecily Joseph, Vice President, Corporate Responsibility, Symantec Corporation

Nicky Major, Global Corporate Responsibility Leader, EY

Ali Marano, Executive Director, Technology for Social Good, Diversity & Inclusion, J.P. Morgan Chase

Alise Marshall, Senior Manager, Opportunity, Walmart Foundation, Walmart

Ed Martinez, President, UPS Foundation; Chief Diversity & Inclusion Officer, UPS

Lata Reddy, Senior Vice President, Diversity, Inclusion & Impact, Prudential Financial, Inc.; Chair and President, The Prudential Foundation

Melissa Reynolds, Manager of Diversity & Inclusion, PSEG

Shannon Schuyler, Principal, Chief Purpose Officer & Corporate Responsibility Leader; President, PwC Charitable Foundation

Barb Short, Chief Diversity Officer, President, PSEG Foundation; Senior Director, PSEG Corporate Citizenship and Culture, PSEG

Julie Vennewitz-Pierce, Social Innovation and Employee Engagement, PayPal

Alexandra Warnier, Manager, American Honda Foundation, American Honda Motor Company, Inc.

Pia D Wilson-Body, Executive Director, Intel Foundation & Director of Greater Americas, Corporate Affairs, Intel Corporation

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