Global Impact at Scale: The S in ESG

2023 BRIEF

CECP

25 YEARS

Collaborative Research with CECP's Global Exchange Partners

About CECP

Chief Executives for Corporate Purpose® (CECP) is a trusted advisor to companies on their corporate purpose journeys to build long-term sustainable value. Working with CEOs and leaders in corporate responsibility, sustainability, foundations, investor relations, finance, legal, and communications, CECP shares actionable insights with its CEO-led coalition to address stakeholder needs.

Founded in 1999 by actor and philanthropist Paul Newman and other business leaders, CECP is a movement of more than 200 of the world's largest companies that represent US$8.7 trillion in revenue, US$47 billion in total community investments, 15.1 million employees, 16 million hours of employee engagement, and US$34.1 trillion in assets under management. CECP helps companies transform their strategy by providing benchmarking and analysis, convenings, and strategy and communications in the areas of societal/community investment, employee engagement, environmental social governance/sustainable business, diversity equity inclusion, and telling the story.

Preface

Global Impact at Scale: The S in ESG explores the nuances of the global "S" in Environmental, Social, and Governance (ESG) against a complex backdrop of war, social and political unrest, economic uncertainty, and the enduring global health and climate crises. Despite these challenges, we are reminded of the crucial role the corporate sector continues to play in driving innovation, mobilizing resources, exerting influence, and tackling systemic issues.

Stakeholders including employees, investors, and consumers have high expectations that companies demonstrate their corporate purpose through authentic commitments and transparent progress. The business community is embracing its role in addressing issues that are critical not only to corporate sustainability but also to the health and vitality of local and global communities.

As we enter a new year, the call to action remains consistent: corporate leaders are urged to stay the course in demonstrating their corporate purpose authentically through social impact and employee engagement initiatives. Focusing on the future and investing in long-term commitments are essential for confronting our myriad challenges with determination, resilience, and success.

Deep thanks to the members of the CECP Global Exchange (GX) for their partnership and contributions to this unique compilation of data-driven insights and thought leadership.

CECP's GX Partners unite mission-driven corporate societal engagement organizations to advance the corporate sector as a force for good around the world. With partners in 14 countries and regions, the GX serves companies by building knowledge on locally relevant corporate citizenship best practices through information sharing and collaborative research, such as this *Global Impact at Scale* report. The GX acts as a catalyst to enhance and advance corporate social investment strategies. The CECP GX Partners include: Business in the Community in the U.K., Comunitas in Brazil, The Conference Board of Canada in Canada, CSRone in Chinese Taipei, Corporate Responsibility Türkiye in Türkiye, Dynamo Academy in Italy, Fundación SERES in Spain, Korea Productivity Center in the Republic of Korea, Maala in Israel, Samhita in India, SynTao in Mainland China and Hong Kong, Trialogue in South Africa, and Wider Sense in Germany.

CECP believes in the power and potential of the corporate sector to serve as a force for good in society. We eagerly look ahead toward new opportunities for advancing CECP's mission to create a better world through business.

Sincerely,

Dawn Lim
Manager, Corporate Insights
CECP

Introduction

Global Impact at Scale: The S in ESG explores the global "S" in Environmental, Social, and Governance (ESG). The current state of the world is marked by a nuanced and complex network of diverse challenges. It is marked by the profound consequences of the global pandemic, which exposed vulnerabilities in health care systems and exacerbated social inequalities and economic uncertainties. Simultaneously, climate change poses a threat to the environmental balance and demands concerted efforts by governments and corporations to mitigate its impacts. Additionally, geopolitical tensions compound complexity by introducing yet more unpredictability on the global stage.

Against this backdrop, the "S" in ESG emerges as a critical factor, underscoring the imperative of addressing pressing social issues, such as Diversity, Equity, and Inclusion (DEI), Human Rights, employee wellbeing, and community engagement. CECP has produced several publications on the S in ESG over the years: *What Counts: The S in ESG*,[i] *The "S" in ESG: New Conclusions*,[ii] and *Giving in Numbers*[iii]. However, the intertwining challenges of the pandemic, social inequalities, economic uncertainties, and environmental threats place the importance on understanding how the "S" has evolved in the last five years. Furthermore, the public's increasing expectations and demands for corporate responsibility have brought about a paradigm shift, compelling organizations to integrate strategies focused on business value and incentivizing employees and society to build a more sustainable and equitable future.

CECP's Global Exchange (GX) Partners have expressed the importance of exploring this topic, as it represents the social dimension: a critical pillar that underscores a company's responsibility toward its employees, communities, and society at large. For many companies, the "S" in ESG also represents unchartered opportunities and challenges that they struggle to grasp globally. This brief aims to understand how the "S" takes shape in each country and region.

To explore this "S" in ESG research, the CECP GX Partners focused on high-priority topics of most concern to their respective member companies globally. They are:

- **Employee Engagement:** Employee Turnover, Wellness and Mental Wellbeing, and Future of Work
- **Diversity, Equity, and Inclusion (DEI):** Female Leadership, Pay Equity, and Inclusivity across Age, Abilities, and Other Dimensions
- **Customers:** Cybersecurity and Product/ Data Security

These high-priority social metrics align with highly disclosed social metrics in the Bloomberg database, providing valuable insights into the social landscape. CECP analyzed 11 data points, with up to 98% of the S&P Global 1200 reporting against them

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to some degree. Specific data points and details of the S&P Global 1200 are provided on the methodology page at the end of this brief. It's important to note that the data shared serve as a high-level overview and may not provide a conclusive picture due to five variations in reporting methodologies, regional contexts, and industry-specific factors. These findings are intended to initiate a broader conversation and highlight general trends rather than offer definitive conclusions.

The opportunities concern various key elements of an organization including authentic communication, intersecting employee engagement and DEI, and further leveraging technology. For example:

- **Companies possess a voice; communicate authentically.** Companies that effectively communicate their positions, engage in open dialogue, and authentically align their stances with core values are more likely to build trust and resonate positively with employees and a consumer base who share similar values.
- **Prioritize building a healthy workforce.** Consider focusing on these six primary drivers: Fulfillment, Leadership, People-Centricity, Skills, Tools, and Workspace.[iv]
- **Elevate employee engagement and DEI as keys to transformation, fostering trust, and profitability.** Several countries and regions are committing to increasing female representation in leadership roles. Research conducted in the

UK demonstrates that companies with 33% female executives achieve a net profit margin 10 times greater.[v] There is room for individual expression and implementation of DEI efforts across cultures, but what is accepted, valued, and prioritized certainly varies based on the culture's values along each spectrum.

- **Embrace technology's advancements but be hyper-vigilant in cybersecurity, given the rising threats.** The average cost of a corporate data breach is US$4.45 million, with a global average increase of 15% over three years.[vi]
- **Declining birth rates and aging populations challenge countries globally, impacting the market. Technological innovations, particularly in AI, are crucial for addressing the complex challenges posed by population aging.**

In the ever-evolving global landscape, companies must unwaveringly commit to their communities, as employees and other stakeholders increasingly put their faith in them and hold them accountable. This shift presents opportunities for companies to take hold of this responsibility and act in a meaningful way benefiting internal and external stakeholders and society.

Employee Engagement

In the contemporary work landscape, employee engagement has evolved beyond conventional considerations of salary and benefits. Now more than ever, the workforce seeks meaning, purpose, and alignment of values in their professional endeavors. Companies are tasked with attracting top-tier talent and fostering environments that champion and provide a sense of purpose. The dynamics of employee-employer relations have been accelerated by the global impact of the COVID-19 pandemic. Concepts such as The Great Resignation, The Big Stay, and The Great Retirement have reshaped recruitment strategies, emphasizing the need for organizations to recognize, engage, and reskill existing talent. Additionally, the focus on employee wellness and mental wellbeing and the evolving nature of work have become critical considerations in optimizing workforce satisfaction and productivity.

We will explore key facets of these organizational dynamics, focusing on critical employee engagement elements and the future of the workplace. Our analysis will be informed by valuable insights derived from the Bloomberg ESG database, CECP research, and Global Exchange Partner input. Through this exploration, we aim to provide a nuanced understanding of contemporary workforce trends and their implications for organizational strategies and practices.

Employee Turnover

CECP's *Making Work More Meaningful* report[vii] examined the changing dynamics of employee/employer relationships. The Great Resignation refers to a surge in voluntary resignations globally that reshaped recruitment strategies and transferred power from the employer to the employee. CECP analyzed a collection of data sources to determine turnover rates based on the Bloomberg ESG database on the S&P Global 1200 Index. Ninety-one percent of 449 companies indicated a low voluntary turnover rate of 0-20%, while 7% saw a range of 21-40% voluntary turnover. However, as employee engagement is currently at the lowest levels globally,[viii] employees are tired, burned out, and staying in their jobs due to economic necessity and uncertainty. The Big Stay has emerged as a counter-narrative, emphasizing the need for improved employee engagement efforts: recognizing existing talent, creating a sense of belonging through strong inclusion initiatives, and meeting employees where they are with the goal of driving productivity and improving the bottom line. In the U.S., The Great Retirement emerged as a parallel trend, where many experienced professionals opted for retirement after delaying their departure from the workforce during the pandemic, creating a gap in the workforce.

PERCENTAGE RANGE OF TURNOVER	PERCENTAGE OF COMPANIES EXPERIENCING VOLUNTARY TURNOVER N=449
0-20%	91%
21-40%	7%
41-60%	1%
61-80%	1%
81-100%	0%

Source: Bloomberg ESG database, S&P Global 1200, 2022 data, CECP analysis.

In SOUTH AFRICA, employee turnover increased by 16% across all sectors in 2021, with skilled workers driven to seek greater independence, move to countries experiencing skills shortages, or become digital nomads. This has led to a skills exodus that could have worrying consequences for the economy. Frontline (or blue-collar) workers had fewer opportunities to resign during the pandemic, especially as unemployment reached 35% toward the end of 2021, further highlighting inequality in the labor market.[ix]

In SPAIN, more than 70,000 workers quit their jobs in 2022, reaching an all-time high since records have been kept (2001). However, instead of seeing this change as part of a "Great Resignation," some organizations are characterizing it as a "Great Reorganization" inspired by changes in worker expectations regarding a better work-life balance, recognition of their contributions, and a clear support structure. At the same time, the country faces a talent shortage for specific positions while having three million unemployed people (one of the highest rates in the E.U., at 13.65%).[x]

Wellness and Mental Wellbeing

COVID-19 thrust mental health into the spotlight as an urgent workplace concern, prompting companies to innovate and adapt to meet the evolving needs of their employees. In the **UNITED STATES**, CECP conducted a Pulse Survey[xi] on mental health program offerings for employees in 2021 and again in 2023. Respondents stating, "Yes, we currently have a mental health program" increased from 62% to 98%, a marked jump in program offerings, highlighting their importance and need in the workplace.

HP's first Work Relationship Index[xii] shows that most people worldwide have an unhealthy relationship with work. The study surveyed more than 15,600 respondents across various industries in 12 countries, analyzing 50+ aspects of their relationships with work, including the role of work in their lives; their skills, abilities, tools, and workspaces; and leadership expectations.

- Only 27% of knowledge workers say they have a healthy relationship with work, with India being the healthiest and Japan being the least healthy.
- 83% of knowledge workers today are willing to earn less to be happier at work.
- Leaders acknowledge emotional intelligence is vital, while employees say they don't see it enough.

Six primary drivers of a healthy relationship with work were identified in HP's research along with recommendations for business leaders and employees to consider:

Fulfillment: Purpose, meaning, and empowerment at work.

Leadership: Empathy and emotional connection from those in charge.

People-centricity: Decision making with people at the heart.

Skills: Confidence building by tapping into the enthusiasm employees have for learning new skills.

Tools: The right technology to drive employee engagement.

Workspace: Flexibility and trust in where employees work, enabled by seamless transitions.

Future of Work[xiii]

Contrary to initial concerns, the significant shift toward remote and hybrid working during the pandemic yielded surprising and positive outcomes for employee wellbeing. This led to better work-life balance, rendering employees happier, healthier, and wealthier while fostering stronger familial ties.

According to Cisco's Global Hybrid Work Report[xiv], 77.9% of respondents believe that remote and hybrid working have significantly improved their overall wellbeing, debunking early fears. This positive sentiment varies across generations, with 82.7% of Millennials expressing improved wellbeing, compared to 66.3% of Baby Boomers.

The ability to work from anywhere emerged as a powerful driver of employee contentment, revealing the profound influence of autonomy and flexibility on the workforce. However, 52% of companies require their employees to return to the office four days a week, marking a 32% increase since 2022.[xv] This could be why overall employee engagement is at 32% (down 2pp from 2022) and global engagement levels hover around 23% (up 2pp from 2022).[xvi]

As organizations navigate the evolution of workplace structures, these insights underscore the importance of embracing flexibility and autonomy in fostering a happier and less stressed workforce. The symbiotic relationship between the ability to work from anywhere (on the one hand) and happiness and stress reduction (on the other) becomes a compelling narrative for organizations seeking to optimize employee wellbeing in the hybrid era.

In JAPAN, more than half of workers (62.2%) enter the office five or more days a week. However, remote work remains widespread in specific industries, including Information Technology and Consulting, for which only 33.9% of workers have returned to the office five or more days a week.[xvii]

Diversity, Equity, and Inclusion (DEI)

Diversity, Equity, and Inclusion (DEI) have evolved into critical elements of contemporary business strategies, emphasizing that a commitment to fostering an inclusive workplace is vital to the businesses' success. Supported by McKinsey[xviii], the argument favoring DEI in business has become more compelling, with diverse companies exhibiting a higher likelihood of outperforming competitors in terms of profitability. Beyond financial gains, diverse, equitable, and inclusive companies demonstrate heightened adaptability to address challenges, attract top talent, and cater to the needs of multiple customer bases. This acknowledges the importance of diversity in its various dimensions, including but not limited to race, gender, ethnicity, age, sexual orientation, and abilities.

However, the implementation of DEI efforts varies significantly across countries and regions due to disparities in cultural and religious norms, legal systems, historical contexts, and social structures. Cultural attitudes towards DEI can shape the approach and effectiveness of DEI initiatives. There is room for individual expression across cultures, but what is accepted, valued, and prioritized certainly varies based on the culture's values along each spectrum.

In the midst of the War in Gaza, workplaces in ISRAEL are facing a crucial DEI challenge, particularly concerning Israeli Arab-Jewish relations. Despite the tense external landscape, businesses have exhibited resilience and commitment to fostering a safe and inclusive work environment. **Business leaders, both Arab and Jewish, have recently convened with the President of the State of Israel, affirming their dedication to a shared vision of coexistence.** CECP GX Partner Maala, in collaboration with organizations specializing in Israeli Arab inclusion, is actively supporting corporate initiatives amidst day-to-day challenges.[xix]

In TÜRKIYE, the Global Compact Türkiye emphasizes the heightened impact of natural disasters on existing inequalities, particularly affecting disadvantaged groups, with a focus on women in the aftermath of recent earthquakes in 11 Turkish provinces. Global Compact Türkiye underscores the imperative of gender equality in disaster response and recovery. Women, often caretakers for children and the elderly, face prolonged struggles post-disaster, encompassing challenges in health, economic hardships, and security concerns. Global Compact Türkiye calls for integration of gender equality into disaster preparation, management, and recovery policies, urging collaboration among the public, private sector, and civil society. The private sector can play a critical role in overcoming crises through financial resources, human capital, and extensive networks. Companies are urged to ensure inclusive crisis responses, considering the diverse needs of different segments, with policies evaluated through a gender equality lens.[xx]

In the **UNITED STATES**, the focus has been on racial equity for the past several years. Racial equity remains a high priority for employees, despite an uncertain economic outlook. According to a survey conducted by Benevity[xxi] to examine employee sentiment toward DEI initiatives, **90% of respondents say they have personally benefited from DEI initiatives at work. Sixty-two percent of employees believe employers should dedicate more effort to DEI, given the current period of economic uncertainty.** DEI policies are also critical in attracting and retaining talent and building trust in employers. Ninety-five percent of employees weigh a prospective employer's DEI policies when choosing between job offers. Eighty-seven percent of employees would feel more loyal to a company with a track record of prioritizing DEI. According to employees, the top three initiatives for advancing DEI are: (1) unbiased hiring practices, (2) salary transparency, and (3) flexible schedules.

Corporate leaders should think twice before curtailing resources for DEI initiatives this year. Despite vocal corporate commitments to DEI programs following the murder of George Floyd, some major tech companies are scaling back on these initiatives. CNBC reports significant cuts, such as laying off DEI staff, downsizing programs, and reducing budgets for external DEI organizations. Notable examples include discontinuing some DEI-related programs and cutting personnel responsible for recruiting underrepresented individuals. The reductions directly affect external organizations, impacting smaller firms that depend on big tech clients for work. Employees value these initiatives highly and want employers to engage more with DEI efforts moving forward, regardless of the broader economic picture.

In CECP's ESG Insights Brief *Elevating ESG Performance through Employee Engagement and DEI*[xxii], CECP conducted a Factor Analysis revealing that DEI and employee engagement significantly influence a company's ESG performance. The analysis underscores the impact of representation—percentage of minority employees, percentage of women in management, and board diversity score—influencing social and governance performance. The analysis shows a strong correlation between higher percentages of women on boards and strong governance performance within the Fortune 500®. This correlation emphasizes the importance of demographic diversity in fostering

PERCENTAGE RANGE OF MINORITY EMPLOYEES	PERCENTAGE OF COMPANIES WITH MINORITY EMPLOYEES N=346	PERCENTAGE OF COMPANIES WITH MINORITIES IN MANAGEMENT N=174
0-20%	26%	35%
21-40%	43%	54%
41-60%	27%	10%
61-80%	3%	1%
81-100%	1%	0%
Median	33%	23%

Source: Bloomberg ESG database, S&P Global 1200, 2022 data, CECP analysis.

cognitive diversity, mitigating groupthink, and enhancing effective decision making, while also ensuring a more comprehensive representation of key stakeholder groups on corporate boards.

CECP analyzed diversity representation in companies and found that though 27% of responding companies have 41-60% minority employees, the percentage of minorities in management is not quite as high, with 54% of responding companies having only 21-40% minorities in management.

In **SOUTH AFRICA**, the Broad-Based Black Economic Empowerment (B-BBEE) regulation was introduced in 2003 to address racial and gender inequality. The regulations require companies to disclose and meet targets for racial and gender ratios at employee, management, board, and ownership levels. Companies are awarded points and need to reach certain levels to do business with the state. This local regulation is supplemented by global standards, with many large South African companies being signatories to the UN Global Compact (UNGC) and the UN Women's Empowerment Principles (UNWEP).[xxiii]

Female Leadership

Globally, women remain notably underrepresented in CEO roles; however, there has been a slight increase in their representation, reaching 5.4% in 2022 compared to 5% in the previous year. The real estate and health care sectors continue to lead with larger percentages of women CEOs.[xxiv]

Organizations with greater gender diversity among senior leadership have increased profitability.[xxv]

- Executive teams with more than 30% women are more likely to outperform those with fewer or no women.[xxvi]
- Research conducted in the United Kingdom provided evidence that companies with 33% female executives exhibit a net profit margin more than 10 times greater than companies lacking women at this leadership level.[xxvii]

In JAPAN, the current rate of female executives is approximately 12%. **Two hundred and twenty-five members of Keidanren, the Japanese Federation of Economic Organizations, declared a commitment to achieving 30% female executives by 2030.**[xxviii]

In BRAZIL, the Elas Lideram 2030 Movement, initiated by the Global Compact of UN Brazil and UN Women in partnership with other partner institutions, aims to have 1,500 companies committed to gender parity in senior leadership by 2030. The movement seeks company commitments of 30% of women in senior leadership positions by 2025 and 50% of women in senior leadership positions by 2030.[xxix]

PERCENTAGE RANGE OF FEMALE EXECUTIVES IN COMPANIES	PERCENTAGE OF COMPANIES WITH FEMALE EXECUTIVES N=951
0-20%	44%
21-40%	44%
41-60%	11%
61-80%	1%
81-100%	0%
Median of Female Executives in Companies	20%

Source: Bloomberg ESG database, S&P Global 1200, 2022 data, CECP analysis.

The data reflect a distribution wherein 88% of companies have a representation of female executives in the 0-40% range based on a sample size of 951 companies. However, there's a notable drop in companies with the percentage of female executives,

Percentage Range Tier of Women Employees

Source: Bloomberg ESG database, S&P Global 1200, 2022 data, CECP analysis.

particularly in the 41-100% bracket. The findings reveal a significant opportunity for many companies to pursue more ambitious initiatives in promoting gender diversity within executive teams.

Women in the Workforce and Management Roles

Across all surveyed companies (n=1,077), women comprised various proportions of the total workforce, with 44% of companies having workforces that are 21-40% women. Sixty-five percent of companies (n=641) had women in management at 21-40% rates. The 21-40% range had the highest representation of women in the overall workforce and management roles. This could suggest a positive trend in advancing women to mid-level management positions. In the 41-60% range, a significant drop, to 15%, of women in management roles indicates a potential gap in promoting women to management levels.

In the **EUROPEAN UNION (EU)**, gender inequalities in the workforce prevail and gender segregation remains a significant feature of the labor market. **Women continue to occupy jobs in sectors with lower remuneration levels, fewer career prospects, and fewer options for upskilling.**[xxx]

Pay Equity

In the UNITED STATES, starting in 2018, publicly traded companies have been required to disclose the ratio of their CEO compensation to the median pay of their employees, a response to criticism over excessive CEO pay. However, research indicates this disclosure mandate has had no impact on the total earnings of CEOs. It revealed that companies simply modified the composition of CEO compensation by restricting elements such as stock awards and non-cash perks that might generate negative publicity. Another study suggests that pay-ratio reform weakened the connection between firm performance and executive pay. The unintended consequence of the disclosure mandate resulted in a reduced sensitivity of CEO wealth to equity price changes.[xxxi]

The Equal Pay International Coalition (EPIC) highlights the significance of the Equal Remuneration Convention, 1951, as the first global framework addressing pay equity. The Convention was adopted after World War II, marked by a surge of women entering the labor force and actively contributing to frontline production in many countries. Pay disparity between men and women was a blatant and measurable form of workplace discrimination. So, the push for equal pay was a pivotal step toward broader gender equality in both the labor market and society. While forward-thinking at the time, the Convention and its continued relevance underscores the ongoing struggle to achieve full pay equity between women and men. The legacy of this international effort remains vital in today's pursuit of fair and equal compensation for all genders.[xxxii]

PERCENTAGE RANGE OF GENDER PAY GAP	PERCENTAGE OF COMPANIES REPORTING ON EMPLOYEE GENDER PAY GAP INCLUDING MANAGEMENT N=152
0-20%	62%
21-40%	27%
41-60%	3%
61-80%	1%
81-100%	7%

Source: Bloomberg ESG database, S&P Global 1200, 2022 data, CECP analysis.

In GERMANY, a gender-based pay gap persists, with women earning, on average, 18% less per hour than their male counterparts as of 2021. This gap is exacerbated by a higher percentage of men in full-time employment. The discrepancies are notably higher in West Germany compared to East Germany. Efforts to address this gender pay disparity include a 2016 law mandating that large German companies allocate at least 30% of nonexecutive-board seats to women, affecting a limited number of companies. Another law, effective from August 2021, stipulates that executive boards of publicly listed companies must include at least one woman. Moreover, at companies in which the federal government holds a majority stake, 30% of board seats are required to be reserved for women.[xxxiii]

In the EU, the earnings gap between women and men remains largest among highly educated, older, working-age people, and couples with children. The biggest gender gap in gross earnings is noted among women and men with equally high educational qualifications: women's gross earnings are only 68% of men's. The second largest gender gap is noted among women and men living in couples with children, followed by a similar gender gap among women and men aged 50-64 years. These three largest gender gaps persist and have worsened since 2014. This might signal a worrisome phenomenon of increasing earnings "penalties" for women, for example due to unpaid care duties.[xxxiv]

In SOUTH AFRICA, the Companies Amendment Bill, currently under consideration, would require companies to disclose the details of the highest- and lowest-paid employee, average remuneration, the median remuneration, and the gap between the top 5% of highest-paid employees and the bottom 5% of lowest-paid employees in their remuneration reports.

Inclusivity across Age, Abilities, and Other Dimensions

In **SPAIN**, the aging population is becoming increasingly important in social and economic life. According to National Statistics Institute[xxxv] forecasts, **in 2030, 25% of Spaniards will be**

over 65 years old; in 2050, this percentage will reach 35%. Spain will then be the second most aged country in the world, behind Japan. This represents a social and economic challenge of the first magnitude, with implications ranging from potential changes in consumption, savings, and investment patterns to effects on productivity and labor supply (e.g., employment rate, hours worked per employee). This demographic transformation has significant implications for companies' talent management, product adaptation, and business models.

In ASIA, the effect of an aging population on the available workforce exceeds that of any other continent. In Japan, where a third of the population is over 65, strict laws and stringent parameters of immigration have faced scrutiny and revision. Japan is subsidizing assisted reproductive technology with hopes of increasing birth rates.[xxxvi] In 2021, South Korea's birthrate dropped to 0.81%. Of the total population, 16.7% is over 65, showing a sharp increase from 6.9% in 2000. The elderly population is expected to reach 20% by 2025.[xxxvii] To address declining birth rates, in 2024 the South Korean government plans to enhance childbirth incentives, paternity leave benefits, and housing welfare programs. The initiatives include monthly payments of 1 million won (US$770) for households with infants under a year old and 500,000 won for those with babies aged 1 and under 2, representing a 33% increase from the previous year.[xxxviii]

People with Disabilities in the Workforce

The employment landscape for individuals with disabilities is a crucial aspect of workforce diversity and inclusion.

PERCENTAGE RANGE OF PEOPLE WITH DISABILITIES IN COMPANIES	PERCENTAGE OF COMPANIES EMPLOYING PEOPLE WITH DISABILITIES N=277
0-20%	98%
21-40%	1%
41-60%	1%
61-80%	0%
81-100%	0%
Median of Companies Employing People with Disabilities	2%

Source: Bloomberg ESG database, S&P Global 1200, 2022 data, CECP analysis.

In the figure above, a significant majority (98%) of 277 companies reported having a workforce where 0-20% of employees identified as having a disability. This disparity in labor force participation rates highlights the challenges faced by individuals with disabilities in securing employment opportunities. In contrast, recent statistics from the U.S. Department of Labor's Bureau of Labor Statistics show a modest increase in the employment rate for persons with disabilities, rising from 19.1% in 2021 to 21.3% in 2022.[xxxix] The juxtaposition of these figures underscores the importance of addressing and improving disability inclusion efforts in the workplace.

In **ITALY**, employment rates for persons with disabilities vary significantly based on functional limitations. While 55.1% of the general population aged 15 to 64 is employed, only 44% of individuals with disabilities fall into this category. The employment rate drops to 19.7% for those with severe functional limitations compared to 46.9% for those with low functional limitations. Legislation mandates that companies with 15-35 employees must hire one person with a disability, increasing with the size of the company. Employers can receive incentives, such as tax subsidies, wage contributions, and reimbursement for workplace adaptations for hiring individuals with disabilities. The "Stanca Act," enacted in 2004, focuses on accessibility in information technologies and applies to public sector entities, municipal companies, and ICT service contractors for public agencies.[xl]

Customers

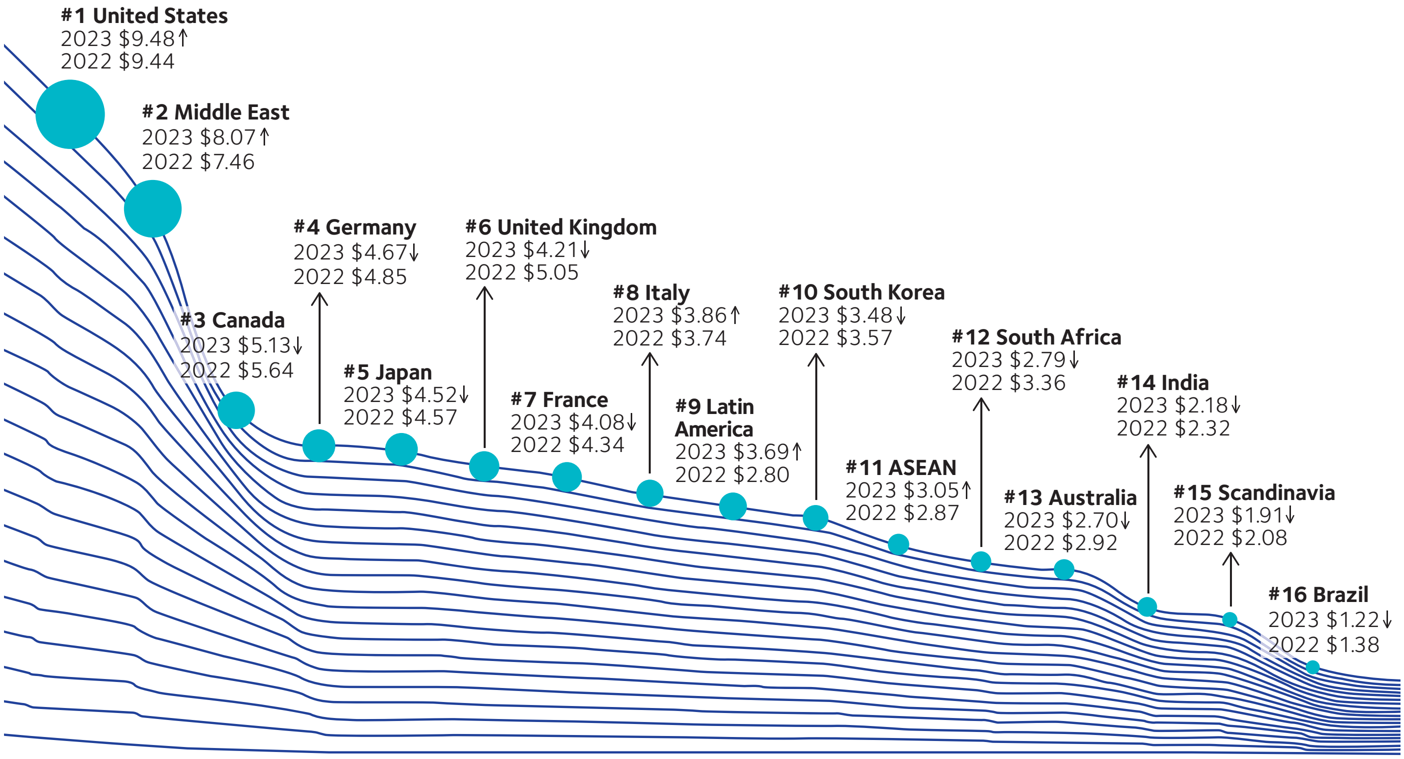
Investors and customers alike are becoming more discerning in leveraging their influence to advocate for ethical and sustainable business practices. As awareness and understanding of ESG grows, businesses are under more scrutiny to align their operations with their values. Consumers' attention to companies' ethical decisions and investments are compelling businesses to review and adopt practices that extend beyond their profit margins; it puts their integrity to the test as stakeholders observe how far businesses are willing to go in adopting practices that resonate with the values of their consumer base.

According to the *Corporate Social Responsibility in the Light of Examples from Turkey and Europe* report,[xli] 76% of enterprises in **SPAIN** believe that CSR increases their proceeds by reducing costs and boosting revenues. Motivation and efficiency of human capital as well as efficiency in consumption of resources contribute to reduction of costs, and all these are main value sources of enterprises. Furthermore, engaging in CSR activities is seen as a catalyst for heightened customer loyalty, opening access to niche markets, and positively impacting income generation. Additionally, 57% of the companies involved in the research believe that CSR activities lead to reduction in financing costs thanks to lower risk premiums and greater access to capital.

Cybersecurity and Product/Data Security

In 2022, the global cybersecurity market size was estimated at US$202.72 billion and was projected to grow at a compound annual growth rate (CAGR) of 12.3% from 2023 to 2030, according to Grand View Research.[xlii] The market's expansion is driven by the rise in cyberattacks, attributed to the widespread adoption of e-commerce platforms, the emergence of smart devices, and the implementation of cloud technology.

COST OF A DATA BREACH BY COUNTRY OR REGION MEASURED IN US$ MILLIONS



Adapted from IBM: *Cost of a Data Breach Report 2023*, Cost of a Data Breach by Country or Region

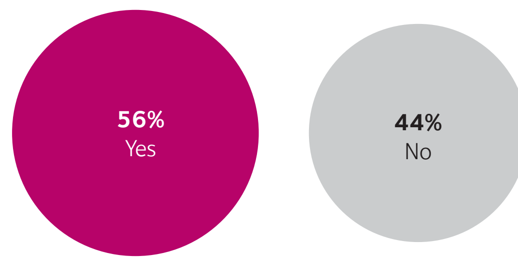
According to IBM's *Cost of a Data Breach Report 2023*[xliii], the average cost of a corporate data breach is US$4.45 million, with a global average increase of 15% over three years. This upward trend suggests that companies are grappling with more significant financial consequences associated with data breaches. This may drive companies to invest more in preventive measures, cybersecurity technologies, and incident response capabilities. As a result of experiencing a breach, 51% of organizations intend to increase security investments. This includes incident response (IR) planning and testing, conducting employee training, and implementing tools for detecting and responding to threats.

Bloomberg data reflect whether companies are planning and discussing data security risk measures. An overwhelming 91% of companies (of 1,044 respondents) are in discussion about data security risks.

In **CANADA**, Statistics Canada reported that 70% of internet users experienced a cybersecurity incident, marking an increase from 58% in 2020. Additionally, one-fifth of Canadian businesses were impacted by cybersecurity incidents in 2021, coinciding with a record-high financial cost of data breaches. A 2022 survey by the Canadian Internet Registration Authority revealed that 29% of respondent organizations had suffered a breach of customer or employee data within the previous year.[xliv]

In **SPAIN**, product, data, and cybersecurity measures vary across industries. Technology companies prioritize accessibility, data protection, STEAM talent retention, and upskilling/reskilling. Meanwhile, the banking sector emphasizes cybersecurity measures, data protection, and the development of products related to sustainable financing. Simultaneously, the insurance sector strategically integrates artificial intelligence (AI) in developing its services to address the challenges of an aging population. Despite diverse approaches, there is an overarching awareness within the corporate sector of the importance of embracing sustainable development, with larger companies leading the way in complying with rigorous regulations.

Percentage of Companies Reporting having Cybersecurity Risk Management



Source: Bloomberg ESG database, S&P Global 1200, 2022 data, CECP analysis.

Based on responses from 844 companies, the data reveal that 56% of companies have a cybersecurity risk management system. Though this is an encouraging majority, it is noteworthy that 44% of companies still need a formalized cybersecurity risk management system. The numbers attest to companies' ongoing challenges in fortifying their cybersecurity measures to safeguard themselves and their communities against evolving cybersecurity threats.

Community Social Investments by Country/Region

This section examines the landscape of social investments across different countries and regions as well as insights from 637 respondent companies, offering a revealing snapshot of trends and dynamics shaping practices. This analysis, based on data from the Bloomberg ESG database and the S&P Global 1200, provides a nuanced understanding of the distribution of community spending across different companies. The breakdown of community spending percentages underscores the varied approaches adopted by these companies: 64% allocate 0-20% of revenue to community spending, 12% allocate 21-40%, 8% allocate 41-60%, 3% allocate 61-80%, and 13% allocate 81-100% of revenue to community initiatives, with an 11% median community spend.[xlv]

Africa

In **SOUTH AFRICA**, CECP GX Partner Trialogue reports that the Social Investment (CSI) estimate showed a 1% increase from the previous year to a total spend by all companies in South Africa of R11.8 billion in 2023 (US$630 million). This growth reflects a degree of post-COVID-19 recovery after the decreases associated with the pandemic and subsequent economic downturn. The Broad-Based Black Economic Empowerment regulations require South African companies to spend 1% of their net profit after tax on socio-economic development. Almost half of the total 2023 CSI expenditure went towards education (supported by 78% of companies and receiving 48% of CSI expenditure), followed by social and community development (74% of companies and 14% of CSI spend), and food security (60% of companies and 9% of CSI spend). [xlvi]

Europe

Overall investment in the community reached €555.6 million, with an average of €6.2 million (average 1.4% of net profit before taxes). **ITALY** GX Partner Dynamo Academy conducted research on a sample of 116 large companies, starting with those with the highest market cap reporting overall investment in the community reached €555.6 million, with an average of €6.2 million (average 1.4% of net profit before taxes). The research is in alignment with the EU Directive 2014/95/EU, requiring nonfinancial reporting (DNF–Sustainability Report). The sectors covered in the research are distributed as follows: manufacturing (24%), energy and utilities (15%), financial services (13%), consumer goods (12%), holdings (5%), health care (4%), media and communications (4%), business services (4%), technology (4%), transport (4%), distribution (3%), engineering (2%), construction (1%), and retail (1%).[xlvii]

South America

Based on GX **BRAZIL** Partner Comunitas' survey of companies, the key focus areas of corporate giving in Brazil in 2022 were cultural sponsorship (23%), education (19%), and infrastructure (13%), showing that Brazil's corporate giving is quite diversified. Compared to corporate giving made to the health sector during the pandemic, health-related giving is significantly less now, although support remains above 2019 levels.[xlviii] Comunitas reports that 31% of companies reported programs or projects directly targeting the environment. Emergency support due to climate disasters is funded by 77% of companies. Regarding cash investment, these two areas were only 3.9% of total community investment. However, companies do also boost progress in other ways and areas related to the climate, such as improving infrastructure.

Asia

GX **MAINLAND CHINA** and **HONG KONG** reports that in 2021, China issued two important policy documents, "Guidance on the country's work to achieve carbon peaking and carbon neutrality goals under the new development philosophy" and "Action Plan for Carbon Dioxide Peaking Before 2030," which initially formed a "1+N" policy system for carbon peaking and carbon neutrality goals. In 2024, the World Economic Forum listed extreme weather as the second highest risk issue on a two-year scale and the first highest risk issue on a ten-year scale in its *Global Risks Report 2024*. The situation of addressing climate change remains severe, and the pressure on countries to reduce carbon emissions remains enormous. This pressure will be transmitted to the business world through policies and markets. Faced with this situation, enterprises should take active action and prioritize addressing climate change as a priority for sustainable development.

Since 2013, SynTao has forecasted the top ten CSR trends in China, providing a professional guideline for companies to undertake social responsibility and helping companies shape and update CSR strategy and activities.[l]

In **INDIA**, since 2013, CSR has been required for all companies with a minimum net value of 5 billion Indian rupees (INR) (R1.16 billion, US$60.15 million). CECP GX India Partner Samhita reports that companies must spend at least 2% of their net profit over the previous three years on CSR activities. Many companies were contributing to the development sector before the legislation was enacted. Ministry of Corporate Affairs (MCA) data show that CSR spending increased by 73% between 2016 and 2021. Nearly half of more than 20,000 companies that were required to spend on CSR activities in the financial year 2022 spent more than was mandated. The education and health sectors received nearly 60% of CSR expenditure in 2021 and 2022. This was followed by disaster relief and environmental sustainability, with 10% and 8% shares, respectively. CSR activities in India have mainly focused on replicating proven intervention models. The emphasis has thus been on projects with trusted nonprofit organizations without commensurate investment in people, processes, and systems within those organizations.[li]

North America

In the **UNITED STATES**, CECP reports the total median Total Community Investment (TCI) as US$28.4 million, based on the *Giving In Numbers* report. The program area with the highest allocation across all companies was Health and Social Services. CECP's Total Social Value (TSV) metric is one of the seven components that make up CECP's Total Social Investment (TSI) measurement. In 2022, the median TSV of a company varied significantly based on the types of TSV initiatives offered. For companies with social internships, the median TSV was US$21.7 million, slightly higher than that of companies without such internships, with a median TSV of US$21.0 million. Companies engaged in shared value initiatives had a substantially higher median TSV of US$34.5 million, in contrast to a median TSV of US$5.6 million for those without such initiatives. From 2021 to 2022, there was a 37% decrease in median TSV, from US$34.3 million to US$21.7 million. This change is likely due to the increasing number of companies of all sizes and at all stages in their social investment journey beginning to report. Despite the decrease in median TSV, the increase in the number of companies reporting their TSV suggests growing engagement and recognition of TSV's importance in CSR strategies.[xlix]

Total Social Investment (TSI): Summation of "S" in ESG efforts

"WELL-DOCUMENTED" CATEGORIES:

1. COMMUNITY INVESTMENT
2. INTERNAL AND EXTERNAL DEI
3. HEALTH AND SAFETY
4. HUMAN RIGHTS
5. TRAINING
6. LABOR RELATIONS

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Total Social Value (TSV)

- Broader Partnerships
- Shared Strategies

About the 2023 Global Impact at Scale Methodology

The insights presented in this brief result from a collaborative effort with CECP's Global Exchange (GX). This document features insights from GX Partners' market-specific research and secondary research and insights from Bloomberg's Environmental, Social, and Governance (ESG) data on the S&P Global 1200 Index. The data points covered include:

- Percentage of Voluntary Turnover
- Percentage of Women Employees
- Percentage of Women in Management
- Percentage of Female Executives
- Percentage of Gender Pay Gap
- Percentage of Minority Employees
- Percentage of Minority in Management
- Percentage of Disabled in Workforce
- Percentage of Companies Discussing Security Risks
- Percentage of Companies with a Cybersecurity Risk Management

Monetary figures are measured in nominal U.S. dollars. Data points are retrieved from CECP's Global Exchange Survey dataset and the Bloomberg database.

Companies included in the analysis consist of those listed on the S&P Global 1200 Index covering seven regions and 30 countries:

- S&P 500 Index (United States)
- S&P Asia 50 Index (Hong Kong, Singapore, South Korea, and Taiwan)
- S&P/ASX 50 Index (Australia)
- S&P Europe 350 Index (the European index is divided into three subindices: the S&P Euro, covering the eurozone markets; the S&P Euro Plus, adding Denmark, Norway, Sweden, and Switzerland; and the S&P United Kingdom)
- S&P Latin America 40 Index (Brazil, Chile, Colombia, Mexico, and Peru)
- S&P/TOPIX 150 Index (Japan)
- S&P/TSX 60 Index (Canada)[lii]

The S&P Global 1200 includes companies from eleven industries—Information Technology, Financials, Health Care, Consumer Discretionary, Industrials, Communication Services, Consumer Staples, Energy, Materials, Utilities, and Real Estate—represented in the Bloomberg Terminal.

ENDNOTES

i CECP: *What Counts: The S in ESG*
ii CECP: *What Counts: The S in ESG*
iii CECP: *Giving in Number 2023*
iv CECP: Pulse Survey, November 2021 and March 2023
v City A.M.: *More women at the top means more profits for businesses — and a stronger economy for everyone*
vi Freedom House: Freedom on the Net 2023 Canada
vii CECP: *Making Work More Meaningful*
viii Gallup: Employee Engagement
ix CECP South Africa GX Partner Trialogue: "The future of work in the wake of the great resignation"
x CECP Spain GX Partner, Fundación SERES
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xliii IBM: *Cost of a Data Breach Report 2023*
xliv Freedom House: Freedom on the Net 2023 Canada
xlv Bloomberg ESG database, S&P Global 1200, 2022 data, CECP analysis
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xlvii CECP GX Italy Partner Dynamo Academy – "SDA Bocconi Sustainability Lab research"
xlviii CECP GX South Africa Partner Trialogue: *Business in Society Handbook 2023*
xlix CECP: *Giving in Numbers: 2023 Edition*
l CECP GX Mainland China and Hong Kong Partner SynTao: Top 10 trends of Corporate Sustainability Development in China
li CECP GX South Africa Partner Trialogue: *Business in Society Handbook 2023*
lii S&P Global: S&P Global 1200

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