



CSR 101: Must Haves & Industry Trends

with
Jennifer Forman

**Make.
More.
Good.™**

agenda

- Definitions & Terminology
- Making the case for CSR
- ESG review
- Impact Cycle
 - brand purpose
 - power of diversity
 - environmental sustainability

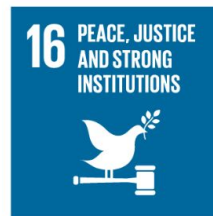
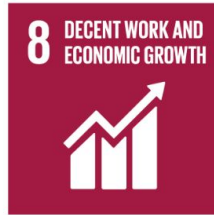


— valuable acronyms

CSR	Corporate Social Responsibility
ESG	Environmental, Social & Governance
DE&I	Diversity, Equity & Inclusion
GHG	Greenhouse Gas (emissions)
SBTi	Science Based Target Initiative
GRI	Global Reporting Initiative (see also SASB/CDP/TCFD)
SDGs	United Nations Sustainable Development Goals

THE GLOBAL GOALS

For Sustainable Development



why do we care?

Status quo is no longer an option

Shareholder capitalism → stakeholder capitalism

Intersectionality, human rights and climate justice

Extractive vs. Additive

Regulation



making the case

CONSUMERS

70% of millennials say they have changed their purchasing habits in support of causes or social issues of interest, while 72% of Gen Z consider a company's purpose when deciding what to buy. [*Achieve and the Case Foundation, 2020*]

EMPLOYEES

88% of employees believe companies must focus on purpose and not just profit. [*Cone Communications, 2020*]

PROFITABILITY

Companies with the highest ESG ratings outperformed the lowest-rated firms by as much as 40% [*Harvard Business Review, 2019*] and each year there is an increasing correlation between being in the top quartile for diversity and financial performance. [*McKinsey, 2020*]

CAPITAL

2021 was a record year for ESG, with an estimated \$120 billion poured into sustainable investments, more than double the \$51 billion of 2020. [*Fast Company, 2021*]



Tip

Use data when talking with leadership teams, and pair statistics with examples from peer companies.

— csr umbrella

Ethical business practices

Social impact (philanthropy, education)

Employee engagement (volunteering, upskilling, ERGs)

Diversity, Equity and Inclusion

Environmental Sustainability

Human rights, social and environmental justice

→ Environmental, Social and Governance (ESG) data

ESG

definitions



environmental

Emissions (Greenhouse Gases)

Energy

Waste

Water

Materials (Toxic Chemicals)

Biodiversity

social

Human Capital

Diversity, Equity & Inclusion

Cyber Security / Customer Privacy

Living Wage

Human Rights (intersects with E)

Health & Wellness

Local Communities

Public Policy

governance

Oversight & Accountability

Leadership Diversity

Transparency

Internal Policies

Compensation

ESG quiz

Procurement team seeks minority-owned suppliers?

Who is accountable for making your online blog accessible?

At the office, should we use compostable cups or water bottles?

—

buckle up for major impact

csr on an esg framework

1

Materiality

Rank issues based on stakeholder feedback

2

Strategy & Partnerships

Design effective environmental, economic and social impact programs.

5

Evaluate

Review state of the world and state of the business

IMPACT Cycle

3

Metrics

Determine goals and KPIs

Manage data collection systems

Study value to the overall business

4

Reporting

Transparently share progress against goals

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1 Materiality

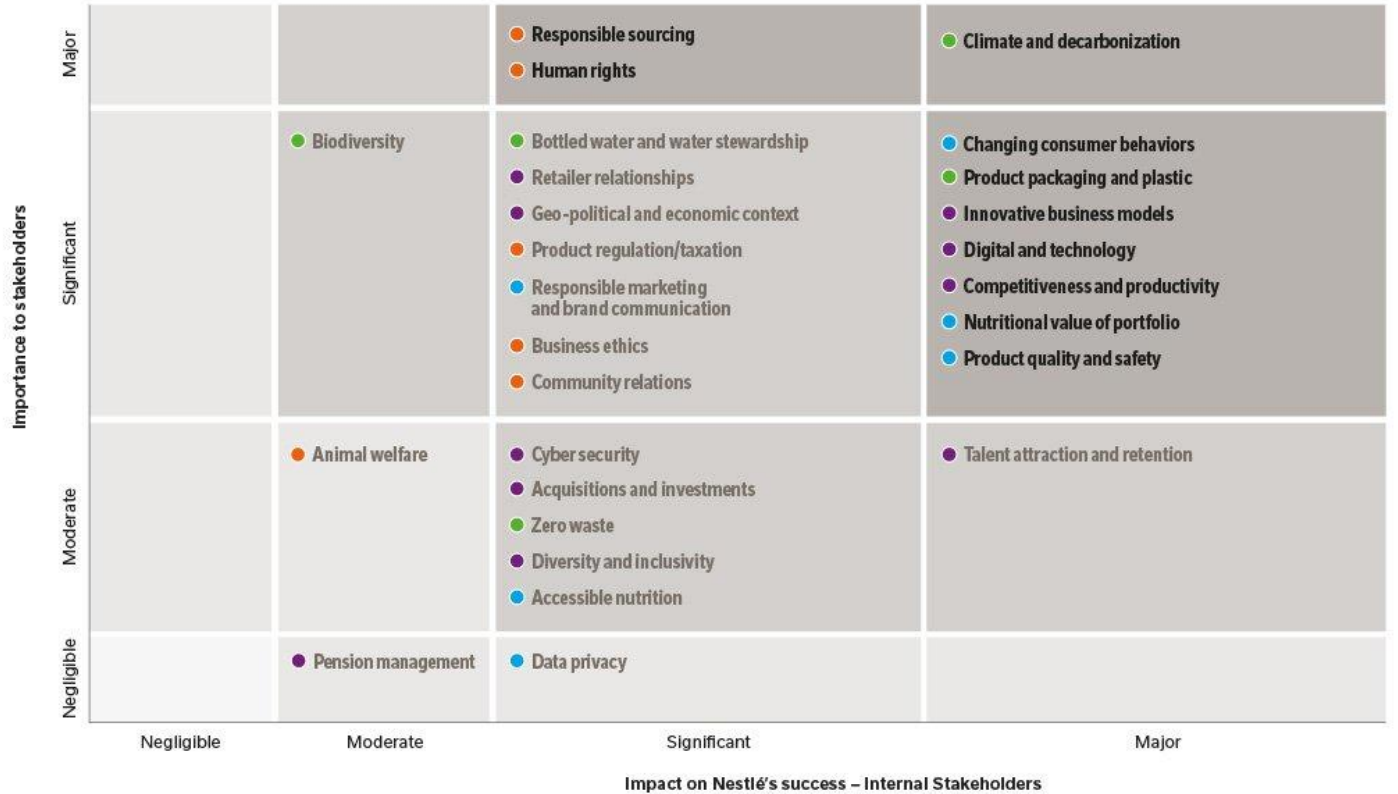
Where should my company focus our time, treasure and talent? What are our 'material' issues?

- **Ask**
Stakeholders will share opinions about what is important.
- **Assess**
What's important that no one is discussing?
- **Rank**
Which issues are critical to long-term sustainability?



Identify economic, social and environmental issues most important to the business and stakeholders.

Nestlé interviewed 72 key internal and external stakeholders and scored issues by importance.



● People and pets

● Communities

● Planet

● Maximizing long-term value

materiality recap

MUST HAVES

Stakeholder involvement

Economic sustainability

TRENDS

Dynamic materiality

Moving away from siloed department impact (e.g. HR focused on DEI, procurement focused on cost-savings)

EXAMPLE

Consistent listening to stakeholders to inform responsive action: 2020 murder of George Floyd pushed DE&I much higher

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2 Strategy

What is my brand purpose? How can we achieve that purpose in the most positive way?

- **Focus**
What issues **must** we address?
- **Mitigate**
How can we reduce our negative impact?
- **Innovate, Amplify & Solve**
What are we uniquely positioned to accomplish?

brand purpose

Achieving real beauty, building self-esteem



Helping parents and teachers raise inspired, creative children



Improve people's lives with the world's best transportation

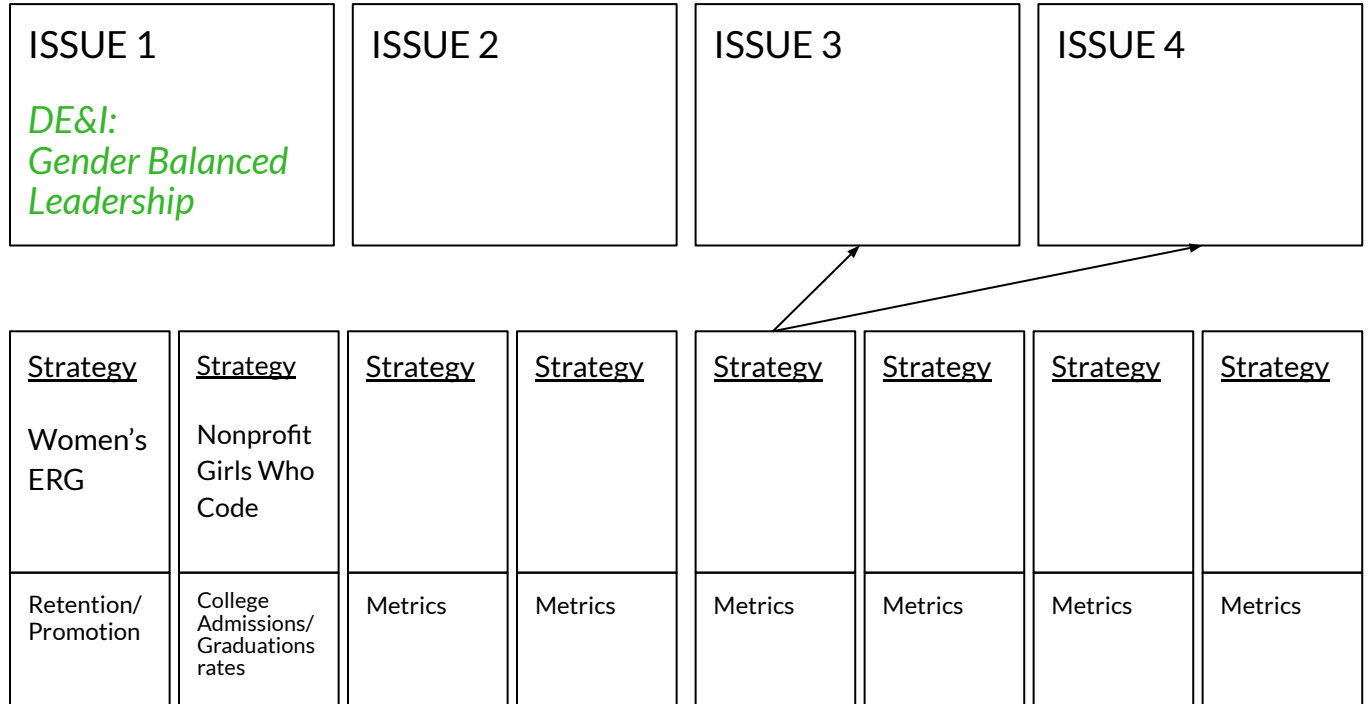


Nike Inc.'s purpose is to move the world forward — breaking barriers and building community to change the game for all.



purpose: Build tech to make life easier

Informed by materiality assessment



brand purpose

Improve People's Lives with the World's Best Transportation

Lyft partners with RAINN to provide access to transportation for survivors of domestic violence.

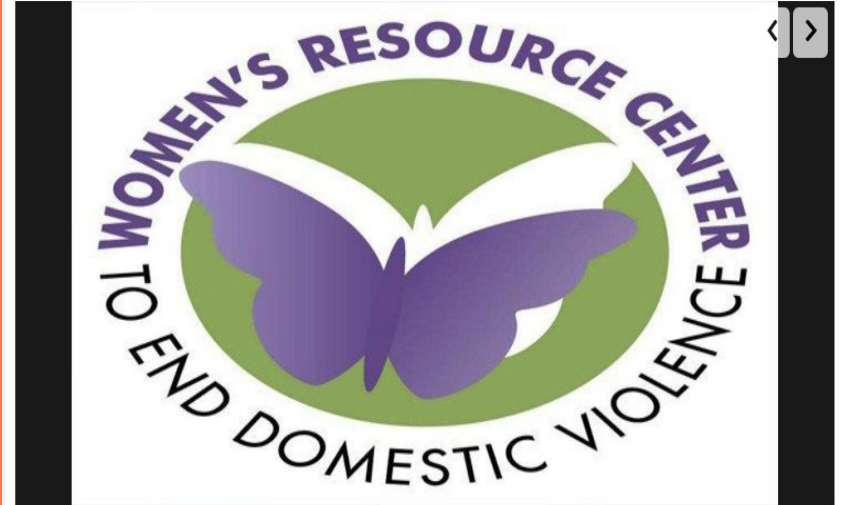
93% of Lyft's employees say they come to work because of Lyft's focus on social and environmental impact.

Lyft grant helps domestic violence survivors

By Angelina Velasquez Digital Producer

Posted May 3, 2018

1 of 3



Source: Women's Resource Center to End Domestic Violence



An organization helping women and children start new lives after surviving domestic violence has been chosen as the first recipient of Lyft's new grant program, which provides \$1,000 worth of rides.

brand purpose

Nike Inc.'s purpose is to move the world forward — breaking barriers and building community to change the game for all.

Nike made \$140 million Black Community Commitment, an initiative focused on helping organizations that are focused on social justice, education innovation and economic opportunity for Black people.



strategy elements

- Environmental sustainability
 - DE&I (JEDI, Belonging)
 - Employee engagement (volunteering, ERGs)
 - Social impact and corporate philanthropy
 - Human rights and supply chain
 - Public policy
-

power of diversity

- Equity
 - Financial outperformance
 - Leveraging new markets
 - Sphere of influence
 - Check your bias, inclusion matters
-

cutting carbon

- Reduce emissions
 - Engage employees
 - Net Zero/carbon neutral, climate positive
 - Offsets
 - Climate justice
-

nonprofit partnerships

- Nonprofits know their business
 - Practice being a good partner, listen
 - Bring dollars (not just volunteers)
 - Caution: Cause marketing laws
-

vulnerabilities = opportunities



when profit becomes the bigger risk

In a release announcing the move, Macy's chairman-CEO Jeff Gennette said, "Over the past two years, we have been closely following consumer and brand trends, listening to our customers and researching alternatives to fur. We've listened to our colleagues, including direct feedback from our Go Green Employee Resource Group, and we have met regularly on this topic with the Humane Society of the United States and other NGOs. Macy's private brands are already fur-free, so expanding this practice across all Macy's, Inc. is the natural next step."



VALUE CHAIN

PRIMARY ACTIVITIES



**Inbound
Logistics**



Operations



**Outbound
Logistics**



**Marketing
and Sales**



Service

SUPPORT ACTIVITIES



**Firm
Infrastructure**



**Human Resource
Management**



Procurement



**Technology
Development**

**P
R
O
F
I
T**



strategy recap

MUST HAVES

Diversity, Equity & Inclusion

Environmental
Sustainability

Aligned Social Impact

TRENDS

Go deep, embed across
entire value chain

Trust-Based Philanthropy

Circular Economy

EXAMPLE

VF found they could make a positive difference around Women's Issues & Child Rights in the marketing stage of their value chain.

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3 Metrics

How will I know if my company is moving in the right direction? Accountability is the new black.

- **SMART goals**
Set measurable, time-bound goals.
Stretch. Plan, use logic models (if/then).
- **Buy-in**
Make friends across the organization to collect data.
- **Agility**
The world is a curveball.



Tip

Global standards are evolving. Follow ISSB to stay up to date.

Measuring Environmental Impact

- Greenhouse gas emissions (energy use)
- Waste
- Water
- GRI and SASB provide industry specific measures



Measuring Social Impact

- What happened in the END?
- How were people were positively affected?
- What can be extrapolated from your numbers?
- Instead of "100 hours of volunteer service" try "reading comprehension increased by 30% for 20 children"
- Internal measures:
 - sales, marketing and brand affinity
 - employee satisfaction and retention

metrics recap

MUST HAVES

Compliance with the Paris Accord to reduce climate change

Understand your diversity metrics

Third-party verification (for public companies)

TRENDS

Science Based Targets

Executive compensation

Reporting on diversity and equity (Pay Equity reports)

EXAMPLE

Warby Parker:

"In emerging/pre-emerging markets, one pair of glasses increases productivity by 35% and monthly income by 20%"

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4 reporting

How do we share our metrics and stories?

What is important to each stakeholder?

- **Transparency**
Share the good and the bad.
- **Assess the audience**
Employees want different information than customers. Customers care about different metrics than investors.
- **Storytelling**
Is it authentic? Is it tied to your purpose? Can you partner tell the story?

IKEA Sustainability Report FY21



reporting recap

MUST HAVES

Transparency

Defined goals

TRENDS

Tie to UN SDGs

Communications for different audiences

EXAMPLE

[Intel Report Builder](#)

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5 Evaluation

How does the landscape look since our last assessment? Are there new opportunities to innovate? What are our roadblocks?

→ **Regulations + Trends**

Continued education is critical - expectations evolve every day.

→ **World views**

Events shift stakeholder opinion and needs.

→ **Company goals**

Check in on purpose and long-term corporate strategy.

evaluation recap

MUST HAVES

Long-term commitment

Agility

Support network

TRENDS

Innovation sharing

Climate positive

EXAMPLE

New Belgium launched **drinksustainably.com** - their lessons learned in a toolkit for all brewers to reduce carbon emissions

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IMPACT CYCLE ACTIVITIES

- A. Marketing designs IG announcement noting tons of waste saved from landfills last year
- B. Staff are asked to discuss volunteering program boosts vs. 401k increase
- C. Facilities installs solar panels and monitors utility bills for usage reduction
- D. Offsite meeting held to develop company's 3-year strategic plan
- E. CSR lead travels to a conference to learn about new ISSB regulations
- F. \$10,000 gifts are donated to 3 nonprofits to support literacy advocacy; grant reports are collected





Thank You!

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