

evpa

INVESTING FOR IMPACT



Putting the S in ESG

Contents



4

Executive Summary

19

Make it Work

8

Introduction

22

Pros and Con(tribution)s

24

Outlook

10

Key Concepts

26

CASE STUDY 1
Philips & Philips Foundation

- The S in ESG Strategy
- The CSI's Contribution to the ESG Strategy
- Key Success Factors

11

Contributor Profiles

- Passive contributor
- Engaged active contributor
- Limited active contributor



32

CASE STUDY 2
Schneider Electric

- The S in ESG Strategy
- The CSI's Contribution to the ESG Strategy
- Key Success Factors
- Timeline

14

Types of Contribution

- Strategic Reporting
- Narrative Creation
- Employee Engagement
- Expertise Sharing
- Access to Innovation
- Key Performance Indicators

38

Conclusions

Executive Summary

In a world where challenges have become more complex and intertwined, the impact sector has long advocated for more collaborative approaches and less silo thinking. For corporate social investors – encompassing corporate foundations, impact funds, corporate social responsibility (CSR) and corporate citizenship teams – it comes naturally to begin such an approach with their related company by looking for synergies. These can be found on the level of the company’s ESG strategy, which not only unlocks additional resources for CSIs, but also enables them to accelerate their company’s progress towards an equitable and sustainable society.

This paper explores the relationship between CSIs and their related company’s ESG strategy, based on a research initiative launched by EVPA.

With input from 28 experts and practitioners, collected from June to October 2022, we pursued a central research question:

How do CSIs contribute to the S of their related company’s ESG strategy?





In pursuing the answer, we unearthed unexpected insights regarding the classification of contributions. CSIs can take three distinct profiles in terms of their contribution: passive contributor, limited active contributor and engaged active contributor. Crossing these profiles, there are then six categories of contribution:

- 1. Strategic Reporting
- 2. Narrative Creation
- 3. Employee Engagement
- 4. Expertise Sharing
- 5. Access to Innovation
- 6. Key Performance Indicators

Moreover, we list four key success factors to be put in place to allow for a meaningful contribution to the strategy:

- 1. Corporate readiness,
- 2. Coherence with the corporate purpose
- 3. Favourable governance
- 4. A seat at the table

Two cases at the end of the report, from Philips and Philips Foundation and Schneider Electric, serve to illuminate the approaches in-depth.

Having analysed these and other cases, we reflect on the pros of contributing to the company's ESG strategy, such as increased relevance, buy-in, synergies and co-development, and the reasons not to contribute, such as maintaining flexibility and independence as well as the risk of impact washing. When contending with the question of whether or not to contribute, CSIs can use the findings presented here to aid their decision-making, with an eye towards which decision drives to most positive impact for people and planet.

Introduction

In recent years, a remarkable shift has occurred in the corporate landscape, increasingly aligning impact and business agendas. This convergence has taken various forms, ranging from bold net-zero commitments and the increase of sustainability reports to the emergence of new roles within companies dedicated to creating positive change. For companies and corporate social investors (CSIs) - encompassing corporate foundations, impact funds, corporate social responsibility (CSR) and corporate citizenship teams - this moment presents an opportunity to reevaluate their relationship, with compelling arguments for both sides to pursue more synergies.

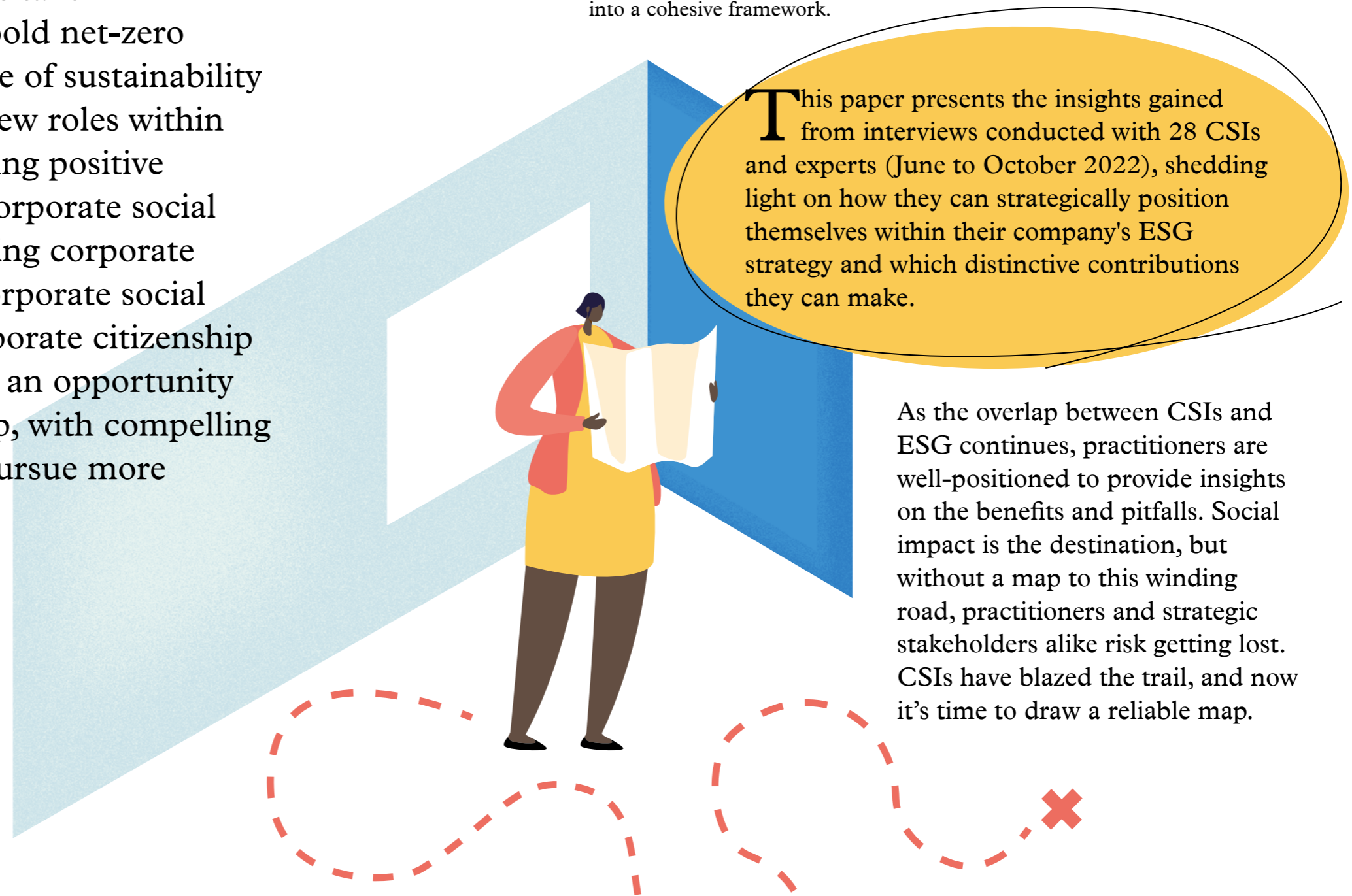
First and foremost, CSIs have come to acknowledge that aligning with their parent companies offers a unique opportunity to tap into corporate resources, such as expertise, employees and networks. By leveraging these assets, CSIs can significantly amplify their impact and drive meaningful change in society.

Additionally, companies face mounting pressures from various stakeholders, including employees, customers, investors and regulators. These demanding stakeholders are increasingly advocating for responsible business practices and urging organisations to transform their operations to address pressing social and environmental challenges. In response, companies are recognising the necessity of assuming a more proactive role as responsible actors within society.

Initially, the alignment between CSIs and their companies occurred on a strategic level; material social issues connected to the company's purpose were the point of convergence. However, more recently, this convergence has become further anchored within the company's broader ESG (Environmental, Social and Governance) strategy, which merges impact and business considerations into a cohesive framework.

This paper presents the insights gained from interviews conducted with 28 CSIs and experts (June to October 2022), shedding light on how they can strategically position themselves within their company's ESG strategy and which distinctive contributions they can make.

As the overlap between CSIs and ESG continues, practitioners are well-positioned to provide insights on the benefits and pitfalls. Social impact is the destination, but without a map to this winding road, practitioners and strategic stakeholders alike risk getting lost. CSIs have blazed the trail, and now it's time to draw a reliable map.



Key Concepts

What is ESG?

ESG, as an acronym, represents a comprehensive set of criteria used to assess the sustainability and ethical impact of a company's operations. Within the scope of this publication, we specifically refer to an ESG strategy as a framework designed to drive progress towards the United Nations' Sustainable Development Goals (SDGs), rather than solely serving as a tool for making financial decisions or ensuring compliance with regulations ([learn more](#)).

What is the S?

The "S" in ESG signifies the social factors that evaluate a company's influence on society, employees, communities and other stakeholders. These factors can be further categorized into two main dimensions: internal and external.

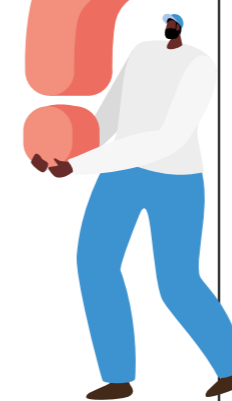
Internal social factors encompass aspects related to employee relations, health and safety practices, and talent management within the company. These factors are concerned with ensuring a conducive working environment and fostering positive employee experiences.

External social factors revolve around stakeholder management, human rights considerations and community relations. CSIs primarily contribute to these external factors by engaging with various stakeholders to create social impact beyond the immediate business model.

It is important to note that while CSIs primarily focus on external factors, their actions can also indirectly impact the internal factors e.g., by promoting a company culture that values social responsibility.

Contributor Profiles

CSIs can position themselves in various ways with regards to the company's ESG strategy. We have identified **three** contributor profiles based two main elements. The **willingness and ability to contribute** defines what level of engagement with the ESG strategy is possible. The **integration in the non-financial reporting** illustrates the extent of the CSI's engagement and its significance for the strategy's success.



1 The **passive contributor** does not actively engage in contributing to the ESG strategy. Nevertheless, the mere existence of the CSI contributes to the company's narrative regarding its impact on communities. In addition, the passive contributor may contribute to non-financial reporting by providing information about their activities in a dedicated section of a company's ESG report.

2 The **active contributor with limited contribution** is not directly involved in shaping the overall ESG strategy. However, the contributions are directed towards key areas within that strategy. In this role, the CSI's impact is integrated across strategic pillars in the company's non-financial reports, rather than being confined to a standalone section. This positioning allows the CSI to have a targeted and meaningful impact within the broader ESG framework.

3 The **engaged active contributor** actively participates in the development and implementation of the company's ESG strategy. The CSI is recognised as a valuable stakeholder, providing unique input and helping shape the strategy. Again, the contributions are directed towards key areas within that strategy and integrated across strategic pillars in the company's non-financial reports. In some cases, the CSI may even share key performance indicators with the business, demonstrating deep integration and collaboration within the ESG framework.

1 Passive contributor

No intention to contribute to the ESG strategy.

May be referenced in non-financial reporting.

3 Engaged active contributor

Engaged in developing and implementing the ESG strategy.

Contribution across strategic pillars and key performance indicators.

2 Limited active contributor

No involvement in the ESG strategy development.

Contribution across strategic pillars as opposed to being a standalone initiative.



Types of Contribution

We can further specify the types of contributions by means of practitioner examples; contributions 1-3 are likely to be made by the three contributor profiles defined, while 4-6 tend to be exclusive to engaged active contributors.

Strategic Reporting

1

Instead of having a stand-alone section in the company's non-financial reporting, the CSI is referenced across the strategic pillars of the ESG strategy. This positions the CSI as a contributor across various commitments.

While CSIs often receive a standalone section in the sustainability, ESG or annual report, in some cases, the reporting approach is becoming more

integrated. In Syngenta's ESG report, Syngenta Foundation for Sustainable Agriculture has a dedicated section, but is also referenced in key strategic pillars when Syngenta is a project partner of the foundation such as in the areas of Access to Technology or Economic Value Shared. That is a sign that the foundation is an important vehicle to enable the company to achieve certain ESG goals, in this case in developing country agriculture.

Narrative Creation

2

The CSI drives the narrative that reflects the commitment and endeavours towards a certain stakeholder group that the company includes in its ESG strategy. Such a stakeholder group usually is beyond the company's commercial reach.

In many cases, the CSI is the key vehicle to develop a strong narrative around the impact on communities beyond the company's direct commercial reach. Syngenta identified smallholder farmers as a key target group in the context of its ESG commitments. While the foundation operates outside of the Syngenta's direct commercial interests, the company provides core funding and is sometimes a project partner of Syngenta Foundation when the focus is on helping pre-commercial smallholder farmers and local SMEs to access modern technologies, services and expertise. Through the foundation, Syngenta complements its company commitments to smallholder farmers and builds a strong narrative around this specific aspect of its ESG strategy.

Employee Engagement

3

The CSI involves employees as volunteers to better support its portfolio organisations, which not only improves the way the CSI delivers social impact but also contributes to internal S factors of the ESG strategy such as employee retention and leadership development.

The Human Safety Net, Generali's corporate foundation, fosters a culture of active employee participation in meaningful volunteering activities through a Global Volunteering program. The program offers both "direct" and "indirect" volunteering opportunities to maximise the participation of employees. "Direct" volunteering activities include skill-based volunteering, tailored to address the specific needs of the foundation's portfolio organisations. "Indirect" volunteering widens the possibility for employees to join through activities with easier access. The foundation especially encourages skill-based volunteering to provide non-financial support alongside its financial contributions, which magnifies its impact on the beneficiaries. The Global Volunteering programme also positively influences internal ESG objectives, such as employee engagement and retention, as participants tend to demonstrate higher commitment to the company.

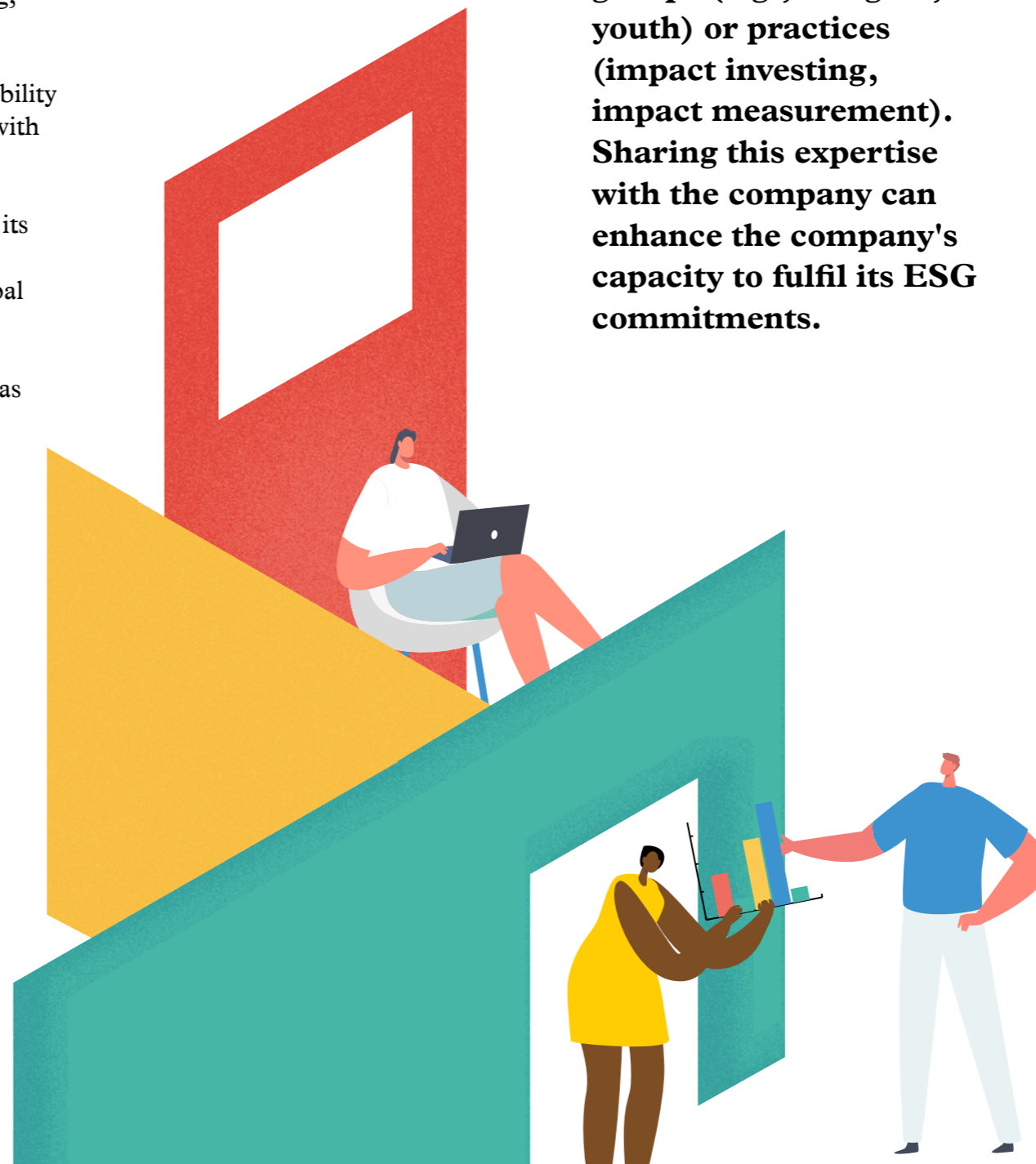


Expertise Sharing

4

As a stakeholder in the social sector, the CSI gains expertise that the company does not necessarily have, particularly regarding beneficiary groups (e.g., refugees, youth) or practices (impact investing, impact measurement). Sharing this expertise with the company can enhance the company's capacity to fulfil its ESG commitments.

The Human Safety Net has the ambition to scale its impact through Generali by informing the company's impact investing activities and inclusive insurance products. The foundation's "For Refugees" program is focused on improving employment and fostering entrepreneurship of refugees. The foundation shares its deep understanding of the target group with Generali to enable the company to pilot new insurance products that are inclusive and cater to the needs of refugees. Moreover, The Human Safety Net boosted the company's interest in impact investing and offered an impact framework which collects impact data from investments that overlap with the foundation's focus areas. Its network and contacts in the impact investing and social entrepreneurship ecosystem proved to be crucial in the process.



Access to Innovation

5

The CSI supports social innovations that are material to the related company's ESG strategy. By providing access to these innovations, the company can integrate them into its value chain, thereby fostering a more inclusive and sustainable performance.

Snam, the Italian energy infrastructure company, collaborates with its suppliers in developing awareness programs on safety, ethics and the environment, while also working together with the communities where it operates through restoration and renewal

initiatives. Snam Foundation develops philanthropic projects that complement the broader supplier ecosystem by promoting the services of suppliers who have a core business mission focused on meeting social impact requirements. Social enterprises of the foundation's community have been included in the company's supply chain, undergoing the process of qualification as suppliers and engaging in negotiations to enter framework agreements with the corporate.

Key Performance Indicators

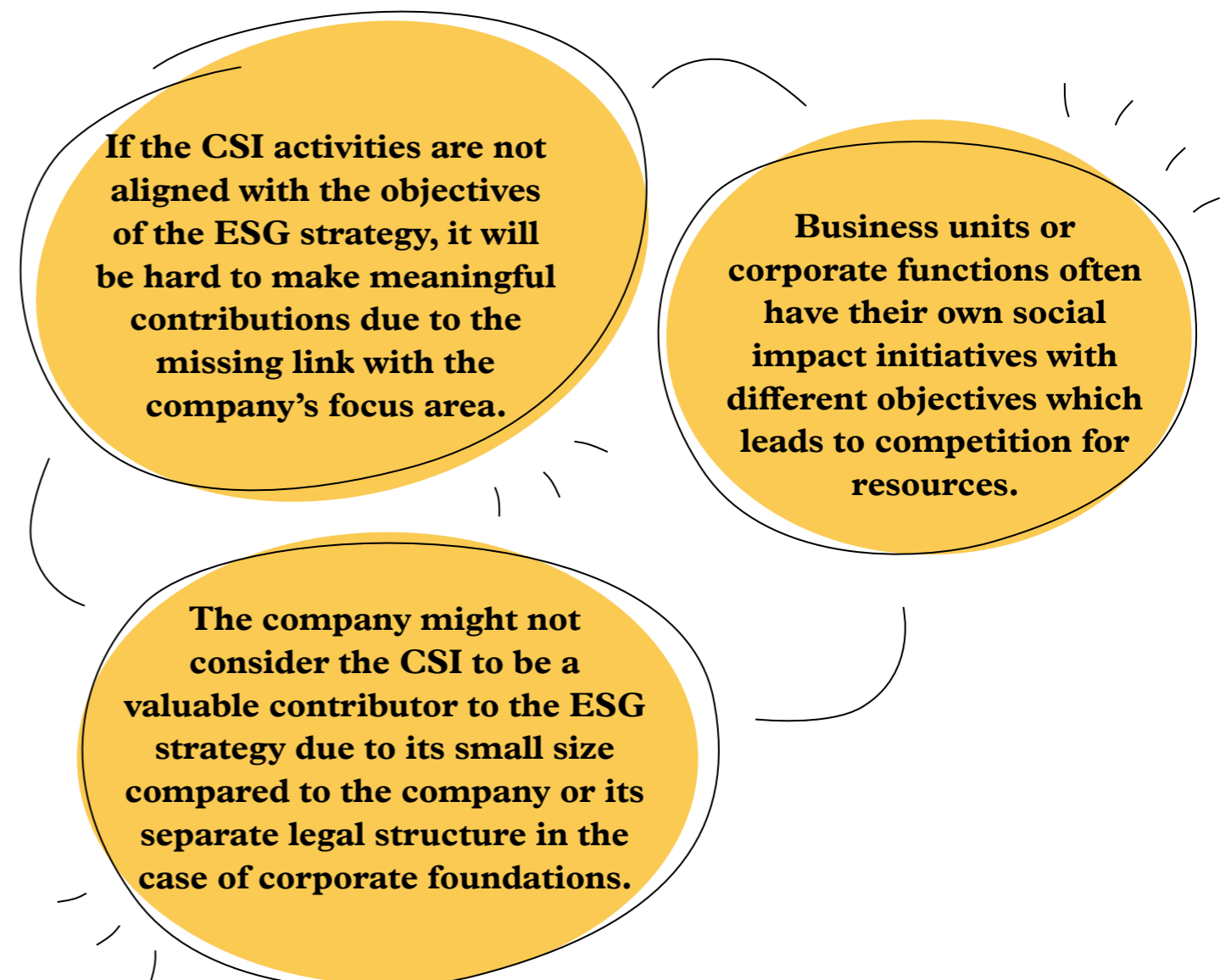
6

The CSI contributes to KPIs defined within the company's ESG strategy. This demands accountability from the CSI and makes its contribution explicit. At the same time, the CSI is duly recognised for its role in driving the company's strategic achievements.

Snam monitors its sustainability objectives through the ESG Scorecard, with targets aligned to the strategic plan. Within the social pillar, there is one objective related to the Snam Foundation: employees' hours devoted to Snam Foundation initiatives supporting local communities. The foundation is responsible for ensuring that, through its different projects, the KPI is met through different volunteering activities and payroll giving initiatives. The ESG scorecard also included a KPI that was drafted in collaboration between the foundation and the Supply Chain function of Snam, which aimed at increasing the number of social sector suppliers capable of completing the corporate qualification procedures and formally entering Snam's Vendor List.

Make it Work

As more and more CSIs recognise the value of connecting their efforts with the company's ESG strategy, it becomes evident that achieving meaningful contributions is not without its challenges.



To overcome such obstacles, several key enablers need to be in place. Without these enablers, the integration of CSIs within the ESG strategy may prove difficult.

Corporate readiness

For a successful collaboration, the company's senior management must demonstrate genuine motivation and commitment to creating social impact. It is crucial that the senior management articulates strong ambitions for the company and puts a dedicated ESG strategy in place. This readiness sets the stage for establishing relevant touchpoints and synergies between the company and the CSI.

Coherence with the corporate purpose

A fundamental connection must exist at the highest level, namely the alignment between the CSI's activities and the company's overall purpose. Without this alignment supported by senior management, it becomes challenging to find common ground and establish a strategic collaboration. When the company's purpose and the social impact objectives of the CSI are in sync, a solid foundation is laid for meaningful contributions.



Favourable governance

An enabling governance structure is essential to ensure effective connectivity with key stakeholders who need to understand and recognise the unique value that CSIs bring. Having a senior executive from the company represented on the CSI's board can act as a powerful advocate, empowering the CSI and ensuring its voice is heard within the organisation. This level of governance support strengthens the relationship between the company and the CSI.

A seat at the table

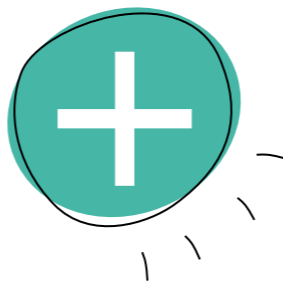
Meaningful contributions by the CSI can be most effectively achieved when the CSI has the opportunity to provide input and actively participate in the discussions surrounding the ESG strategy. It is crucial that the CSI has a seat at the table and, for example, attends consultation meetings where the ESG team gathers input to shape its strategy. This inclusion allows for collaboration, alignment and a shared understanding of the contributions that the CSI can make.



Pros and Con(tribution)s

While connecting the CSI with the company's ESG strategy can be an untapped opportunity, it's important to recognise that it may not be the right choice for every situation. Evaluating the reasons to contribute and the reasons not to contribute within the CSI's specific context will guide it towards a positioning that amplifies its impact effectively.

REASONS TO CONTRIBUTE



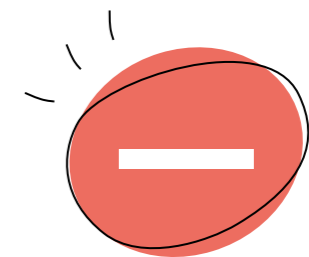
Increased Relevance and Buy-In:

Aligning with the ESG strategy demonstrates a strong connection with the company's purpose. This enhances the CSI's relevance for the company and gains support from senior management. Buy-in from these stakeholders can improve access to additional resources such as expertise, products and networks to fulfil the CSI's social mission effectively.

Synergies and Co-Development:

A common strategy improves the conditions to create synergies with other corporate functions. This alignment can facilitate the co-development of solutions that better serve the CSI's beneficiary group. It can also put the CSI in a position to influence the corporate impact journey toward inclusivity and sustainability.

REASONS NOT TO CONTRIBUTE



Flexibility and Independence:

Contributing to the company's ESG strategy may impose limitations on the CSI's flexibility in choosing its focus area. The framework of the strategy could be restrictive, potentially hindering the CSI's ability to adapt to changing beneficiary needs in a dynamic context. Careful consideration should be given to whether such constraints align with the CSI's mission and long-term objectives.

Impact-Washing Risk:

The company may still be in the early stages of advancing its impact ambitions. Engaging the CSI in the ESG strategy and prematurely reporting on its successes could lead to allegations of impact washing. It may be prudent for CSIs to withhold contributions to the ESG strategy until the company has effectively addressed its own impact challenges and established a strong foundation for responsible practices.

Outlook

Several factors suggest that the trend of CSI contribution to their company's ESG strategy and reporting **will continue.**

Firstly, upcoming regulations such as the Corporate Sustainability Reporting Directive (CSRD) will mandate companies to publish regular reports on the social and environmental risks they face, and on how their activities impact people and the environment.

Also, with investors, such as hedge funds and institutional asset managers, also increasingly factoring environmental and social risks into their decision-making processes, companies embracing inclusive and sustainable practices gain a competitive edge by attracting capital more easily.

These developments will hopefully provide an

incentive for companies to develop a coherent and holistic approach towards impact, potentially leading them to include CSIs – the key drivers of social impact creation – into their strategic frameworks.

Secondly, while the E of ESG has dominated public discourse, the S continues to gain substantial traction. In recent years, we have tracked an upswing in publications on the social dimensions, such as the HEC report on the social factor coverage in corporate ESG frameworks. Moreover, even though the social taxonomy has been momentarily shelved by the European Commission, it is still widely considered that social objectives are an essential element of the green taxonomy. As social impact pioneers, CSIs will be valuable partners for

companies to cope with the mounting pressure on their social performance.

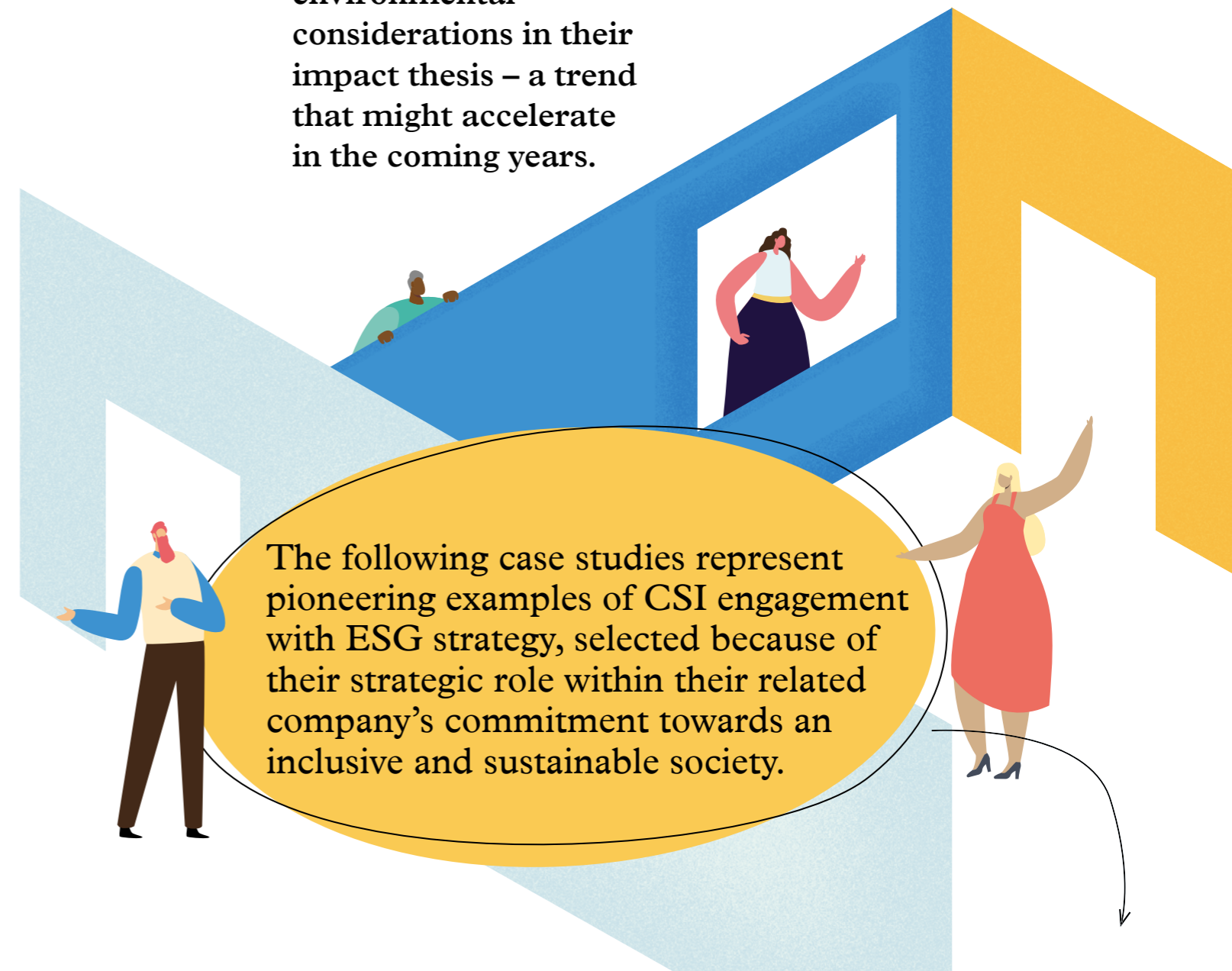
Third, the interconnection between social and environmental concerns is undeniable and commonly acknowledged among professionals in the impact space.

As a result, CSIs would not solely contribute to the social dimension of ESG strategies, but also complement the company's environmental commitments.

The number of CSIs that actively contribute to their company's ESG strategy is still growing and their contributions are evolving.

Consequently, some CSIs are incorporating environmental considerations in their impact thesis – a trend that might accelerate in the coming years.

The following case studies represent pioneering examples of CSI engagement with ESG strategy, selected because of their strategic role within their related company's commitment towards an inclusive and sustainable society.



Case Study 1

Philips & Philips Foundation

	Philips Foundation (ANBI, not-for-profit)	Philips Foundation Impact Investments B.V.	Philips
Established in	2014	2021	1891
Geography	Global, primarily focused on underserved communities	Global, primarily focused on underserved communities	Global
Mission	Reducing healthcare inequality by providing access to quality healthcare for underserved communities.	Support social enterprises in healthcare technology through early-stage and situation-specific investments	Improving people's health and well-being through meaningful innovation. Philips is committed to expanding access to care and advancing health equity around the world, with the aim of improving the lives of 300 million people in underserved communities around the world by 2025.
Core Activities	Access to healthcare	Locally-embedded innovation	Healthcare technology
Financial Instruments	Grants	Loans, credit, equity	Certain fund investments, such as Medical Credit Fund and Transform Health Fund

The S in ESG Strategy

As a leading health technology company, Philips' purpose is to improve the health and well-being of 2 billion people per year by 2025, including 300 million people in underserved communities. Its social policy, part of the ESG commitments, defines the company's responsibility to its own employees, workers in its supply chain, consumers, customers and the communities within which it operates. Key elements of the social impact strategy include addressing human rights and expanding access to healthcare, in particular for people living in underserved communities.

Philips is also focused on minimising its environmental impact – with healthcare being a very waste- and carbon-intensive industry. As well, those working in healthcare are experiencing the impacts of climate change firsthand, treating the people who are impacted. With its extensive ESG strategy and companywide focus on doing business responsibly and sustainability, the company is working hard to advance health equity and enable expanded access to quality and timely care, while reducing environmental impact together with partners across the value chain.

The CSI's Contribution to the ESG Strategy

Key Performance Indicators

Philips aims to improve the health and well-being of 2 billion people per year by 2025, including 300 million people in underserved communities. Achieving these ambitious goals requires collective effort across the whole company and relies on the support of global and local teams and partners. One of the partners is Philips Foundation, which receives an annual contribution from Royal Philips to bring quality healthcare to the most underserved communities. Co-funding, for example through the Transform Health Fund, is also instrumental for the target number.

Expertise Sharing

Philips Foundation is constantly learning from its CSIs' expertise in serving underserved communities. By collaborating with partners and social entrepreneurs who employ Philips' technology in diverse contexts, Philips Foundation gains insightful knowledge. The learnings are available to everyone, thanks to the Philips Foundation Knowledge Hub where learnings are gathered and shared. While this is an impactful contribution to the wider ecosystem, it also provides valuable business insights to the company about healthcare technology's potential in other markets and fuels ongoing innovation. For example, Philips learned that ultrasound scans could also be done by community healthcare workers, such as midwives, which significantly expands the accessibility of this basic service.

Employee Engagement

In the social pillar of Philips' ESG strategy, employee engagement takes centre stage. Philips organises so-called 'gigs' where Philip's employees can get engaged in activities that help enable access to healthcare for underserved populations, as part of their professional development: for example, helping a social entrepreneur enhance their software. Moreover, the Philips Foundation organises employee volunteering in various forms, including skill-based contributions tailored to address the specific needs of the social entrepreneurs or NGOs. Employee engagement extends beyond achieving external social objectives (i.e., positively impacting communities) to also fulfilling internal objectives such as deep employee engagement and retention, as well as continuous learning and development.



Key Success Factors

Corporate readiness

Philips has not only articulated bold commitments, but also takes action to implement them. Within the company, Philips assigns KPIs to employees, directly tied to their contributions in enhancing lives. This approach ensures that the business operations are aligned with the company's purpose overall. Philips also acknowledges its responsibility to address challenges beyond its core business. The Transform Health Fund, for example, addresses the funding need for a resilient healthcare ecosystem to increase access to care in Africa, including regions where the company has no commercial activities.

Coherence with the corporate purpose

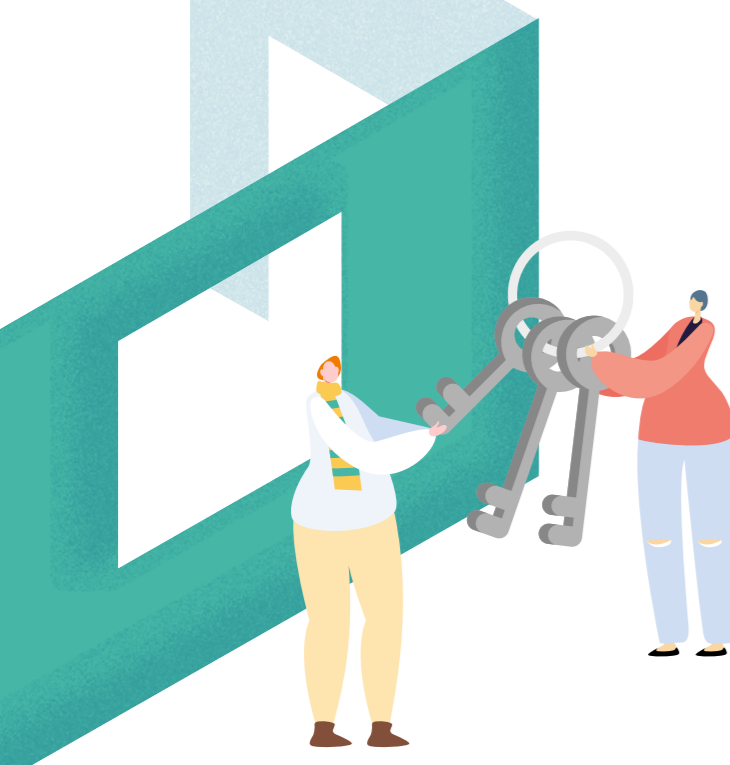
Philips' ESG strategy is an integrated approach to doing business responsibly and sustainably, closely aligned with the company's purpose of improving people's health and well-being through meaningful innovation. Philips Foundation also ensured its coherence with the corporate purpose over the past years. Since its setup in 2014, Philips Foundation has shifted from a broad societal focus to a narrower one, closer to Philips' expertise in healthcare technology. While this shift increased the value that the foundation can provide to the social entrepreneurs it supports, it also facilitated the creation of synergies with the Philips roadmaps.

A seat at the table

With its longstanding innovation capabilities and distribution network at scale, Philips is well-positioned to help expand access to quality care and advance health equity for all. Through partnerships, disruptive business model innovation and digitalisation, we help bring targeted solutions to areas where health disparities are most pronounced. Philips Foundation Impact Investments has a board seat at the table of social enterprises, knowing where to connect them to Philips if they run into a (technical) challenge. Philips is represented on the Philips Foundation board because of its contribution, ensuring that this will be spent according to the mission of achieving healthcare access for the underserved.

Favourable governance

In 2021, Philips created the role "Chief ESG & Legal Officer," with a key priority of convincing stakeholders that the fulfilment of ESG commitments plays a critical role in making a global impact. Moreover, ESG is fully embedded in the way Philips goes about its business – working towards integrated decision-making and embedding ESG and sustainability across ways of working to roll out the ESG strategy across every area of the business, demonstrating a strong buy-in for ESG from the top. Furthermore, the board composition of Philips Foundation includes the Head of Sustainability, who is responsible for the development of the company's ESG strategy. As such, this stakeholder is able to understand and communicate the foundation's contribution to the strategy and integrate it accordingly.



Case Study 2

Schneider Electric

	Schneider Electric Foundation	Schneider Electric Impact Investing	Schneider Electric
Established in	1998	2009	1836
Geography	Global	Europe, Sub-Saharan Africa, South and Southeast Asia	Global
Mission	Supporting innovative and forward-looking initiatives to give as many people as possible the energy they need to succeed; and helping build a fairer, lower-carbon society to give future generations the keys to transform our world	Investing for high social impact. The ambition of Schneider Electric's Impact Investing practice is to contribute to a transition towards a fairer and more inclusive society. Supported by its strong and deep knowledge of the energy ecosystem, Schneider Electric focuses its Impact Investing mission on funding and supporting high social and environmental impact initiatives, which are contributing to a better future and positively impacting climate and resources.	Empower all to make the most of our energy and resources, bridging progress and sustainability for all
Core Business	-	-	Electrical equipment
Financial Instruments	Grants	Equity and Quasi Equity	-

The S in ESG Strategy

Since 2005, Schneider Electric has measured its sustainability performance each quarter in a unique transformation tool known as “Schneider Sustainability Impact” (SSI). Schneider uses this tool to address its sustainability challenges and to improve each of the pillars of its strategy identified through its materiality matrix. Each SSI mobilises the whole company around holistic sustainability goals impacting its ecosystem, shares the Group’s improvement plans with stakeholders and creates system value. The execution of the Group’s strategy for 2022-2025 is tracked through six long-term commitments: act for a climate positive world, be efficient with resources, live up to the company’s principles of trust, create equal opportunities, harness the power of all generations and empower local communities. These commitments are translated into a selection of 11 highly transformative and innovative programs. The sustainability strategy is key to make Schneider Electric’s purpose become reality: to empower all to make the most of our energy and resources, bridging progress and sustainability for all.

The CSI's Contribution to the ESG Strategy

Narrative Creation

Schneider Electric believes that access to energy is a basic human right. Therefore, the company set up the Access to Energy program based on three pillars: social and inclusive business, training and entrepreneurship and impact investing. Thanks to the Schneider Electric Foundation, under the aegis of Fondation de France, more than 460,000 people have been trained in the electricity field since 2019. Schneider Electric has initiated or participated in five impact vehicles. They contribute to the impact investing pillar and have already supported over 50 companies and hundreds of projects.

Access to Innovation

In addition to a strong commitment for the youth, Schneider Electric Foundation is supporting innovations around energy poverty and sobriety. An example is Réseau Eco Habitat, an NGO which supports very low-income populations renovate their houses to become more energy efficient. After a while, the NGO became mature enough to set up a social business which could then be incubated by the impact fund, Schneider Electric Energy Access. Since it is the company's ambition to develop an affordable offer for low-income populations facing electrical security risks, the successful example of Réseau Eco Habitat enabled Schneider Electric to better define its offer.

Key Performance Indicators

By tracking its sustainability performance and publishing quarterly results, Schneider Electric upholds its commitment to the SDGs and industry leadership in corporate social responsibility. The Schneider Electric Foundation contributes to the target of 1 million underprivileged people in energy management by 2025, while Schneider Electric's impact investing activities contribute to the goal of providing access to green electricity to 50 million people.



Key Success Factors

Corporate readiness

Schneider Electric owes its success to forward-thinking senior management that strongly believes in the company's position as a sustainability leader. This leadership not only expressed firm commitments but also ensured that the entire organization is motivated to achieve its objectives. The quarterly reports of the Schneider Sustainability Impact (SSI) barometer showcase the company's ongoing advancements and establish accountability for Schneider Electric as a whole. Additionally, part of the bonuses of qualifying Schneider employees are tied to progress on the SSI barometer, further ingraining the commitment within the company.

Favourable governance

While Schneider Electric Foundation is under the aegis of Fondation de France which ensures the activities' alignment with the charitable mission, its team as well as the impact funds are also part of the corporate citizenship department. This setup facilitates exchanges and synergies between the CSIs as well as with the wider Schneider Electric ecosystem. Such interconnectedness not only strengthens the CSIs but also enhances their collective contribution to the broader ESG strategy, creating a more impactful and meaningful outcome.

Coherence with the corporate purpose

Schneider Electric's far-reaching purpose, which includes local communities and future generations, facilitates the foundation and the impact funds to connect the dots with its sustainability strategy. The Schneider Electric Foundation ensures a connection with the company's core business by rooting its education and training activities in the area of energy management. Also, Schneider Electric's impact funds only support and finance early-stage companies with social and/or environmental impact, tackling energy poverty and developing innovative energy access and energy efficiency solutions.

A seat at the table

The Corporate Citizenship is headed by the Chief Corporate Citizenship Officer, Gilles Vermot Desroches who is involved in the sustainability strategy development. In this capacity, he represents the Schneider Electric Foundation and the impact funds and ensures that their perspectives are taken into account. As a result, the activities of the CSIs are well aligned with the objectives outlined in the sustainability strategy.

Timeline

2009

Schneider Electric Energy Access (SEEA)

Contributing to an inclusive economy in Europe

2011

Livelihoods Carbon Fund

Contributing to global decarbonization

2015

E3 Capital

Enabling green energy access in Africa

2020

SEEA Asia

Promoting access to green energy and Net-Zero in Asia

2023

Gaïa Energy Impact Fund 2

Meeting the challenge represented by the access to energy in Africa

Conclusions

While Schneider Electric and Philips operate in different sectors, both companies have CSIs that contribute to their ESG strategies with numbers, insights and innovations.

This observable effect reaffirms that a CSI connecting with the purpose and concrete commitments of its connected company is an approach that can be adopted irrespective of the corporate industry. The ongoing convergence of impact and business considerations, and the contextual developments mentioned in the outlook section, suggest that such examples of CSIs contributing to their company's ESG strategy will grow in number.

This trend is great news in a world where challenges have become more complex and intertwined. The impact sector has long advocated for more collaborative approaches and less silo thinking, and CSIs have already begun bringing about this shift by supporting their related companies on their impact journeys. CSIs, equipped with their experience and networks, can unlock their company's considerable economic potential as a force for good, and accelerate their company's progress towards an equitable and sustainable society.

The question whether to contribute to the company's ESG strategy will eventually reach every CSI. While there are valid reasons to maintain some distance, it is important to recognise the vast opportunities that connecting with the ESG strategy can unlock, provided there is willingness and capability to do so.

For CSIs it is an opportunity to occupy a unique role as empowered innovators -- they get the space to try new ideas and the buy-in and boardroom attention to unlock corporate resources. For companies, advanced coordination and communication with the CSI will facilitate the development of a holistic and impactful ESG strategy.



evpa

INVESTING FOR IMPACT



Supported by

Laudes —
— Foundation


Foundation

 The
Human
Safety
Net

Schneider  Electric Fondation

