



Putting the S in ESG

C Summit, 1 December 2022

Where does ESG stand today?



“ESG is a scam. It has been weaponized by phony social justice warriors”

- **Elon Musk**

“To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society.”

- **Larry Fink**



Why should CSIs care?



ESG as a **moral compass** for companies



Lack of **consensus** delays progress towards the SDGs



ESG for Impact aligns with CSIs



Unique impact **potential** for CSIs

Research objectives



Create a snapshot of the current status, to understand *if and how CSIs contribute to the 'S' of their related business's ESG or sustainability strategy*



Understand:

- the **opportunities** that contribution offers CSIs,
- what **facilitates or hinders** this process, and
- what contribution means for their **impact integrity**

Methodological overview

- Focused on *ESG for Impact*
- Conducted **extensive literature review**: academic, 'gray' & practitioner magazines
- Interviewed **15+ CSIs and experts***
- Used **qualitative data** analysis
- **Validated results** with experts

* Rating agencies, international organisations etc.

Contribution overview

- No intention of contributing
- May contribute to the non-financial reporting

Passive contribution

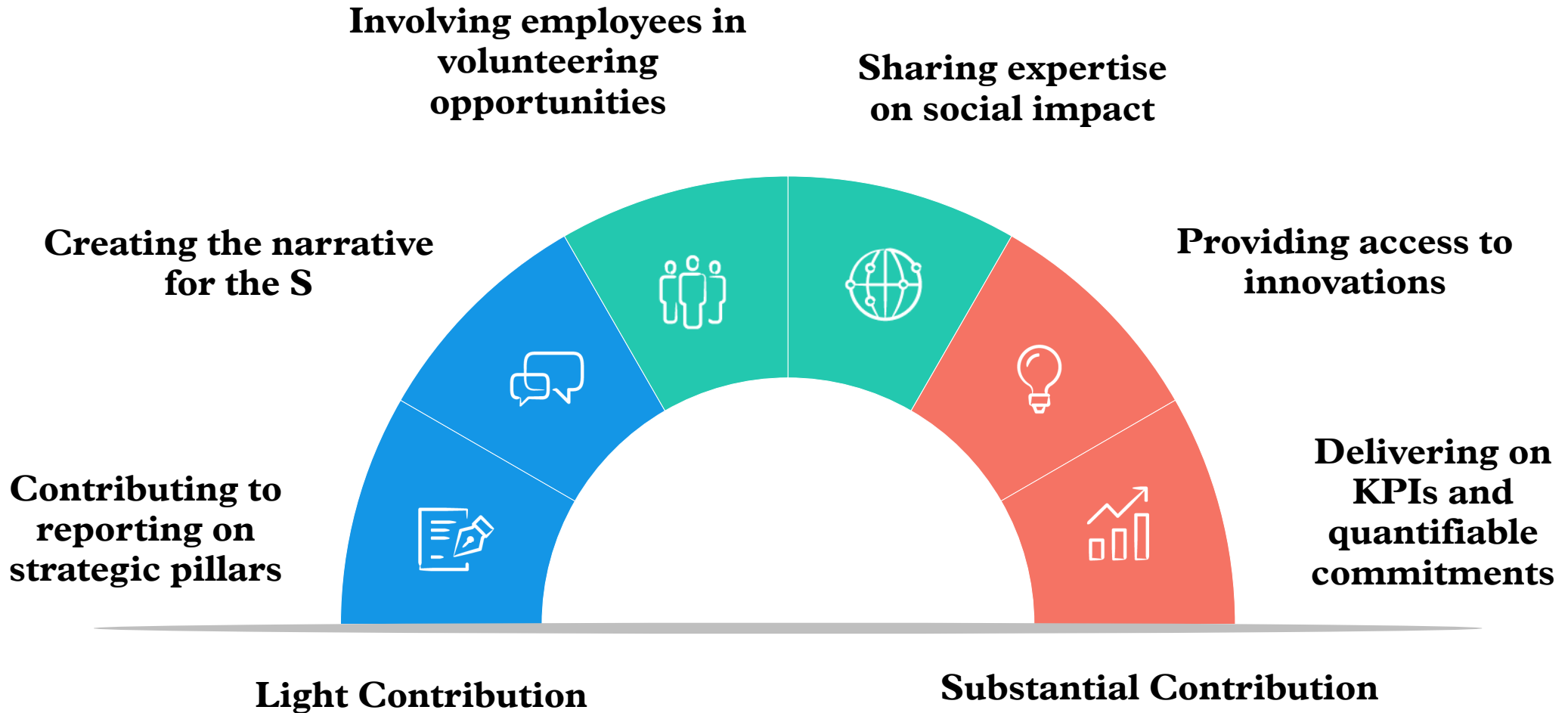
Limited:

- Not involved in shaping the ESG strategy
- Contribution to non-financial reports across different strategic pillars

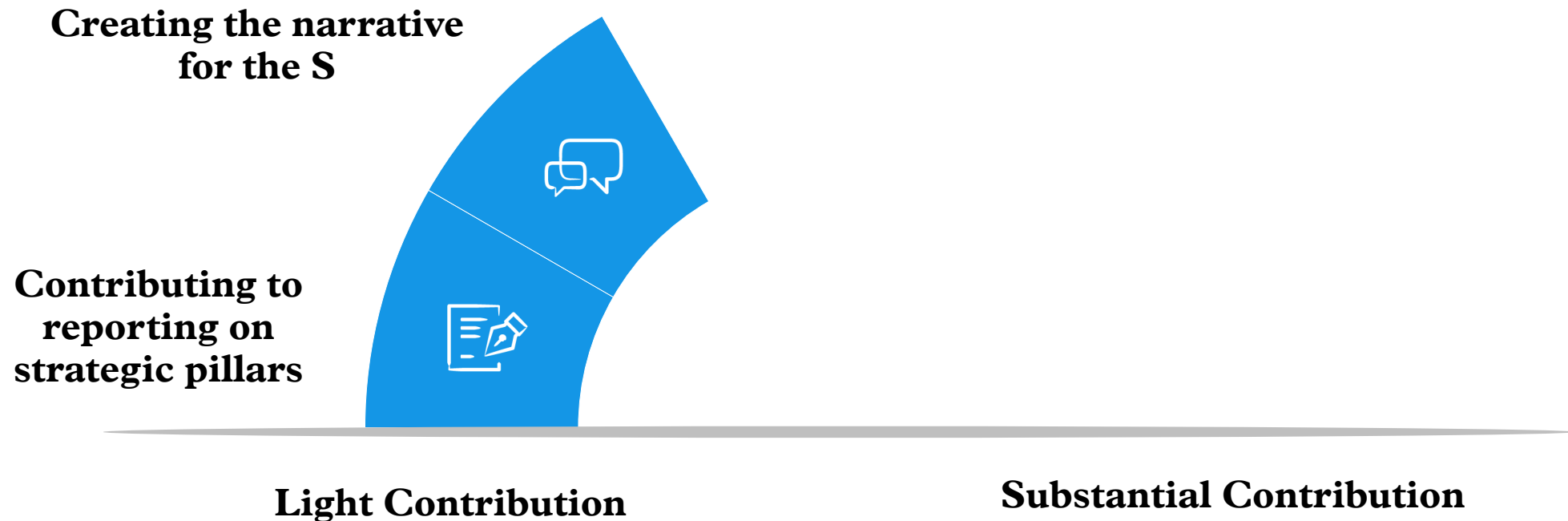
Active contribution

Engaged:

- Engaged in developing and implementing the ESG strategy
- Contribution to non-financial reports across different strategic pillars & shared KPIs



- Contribution to strategic pillars such as access to technology, economic value shared
- Drives the narrative of positive impact on smallholder farmers



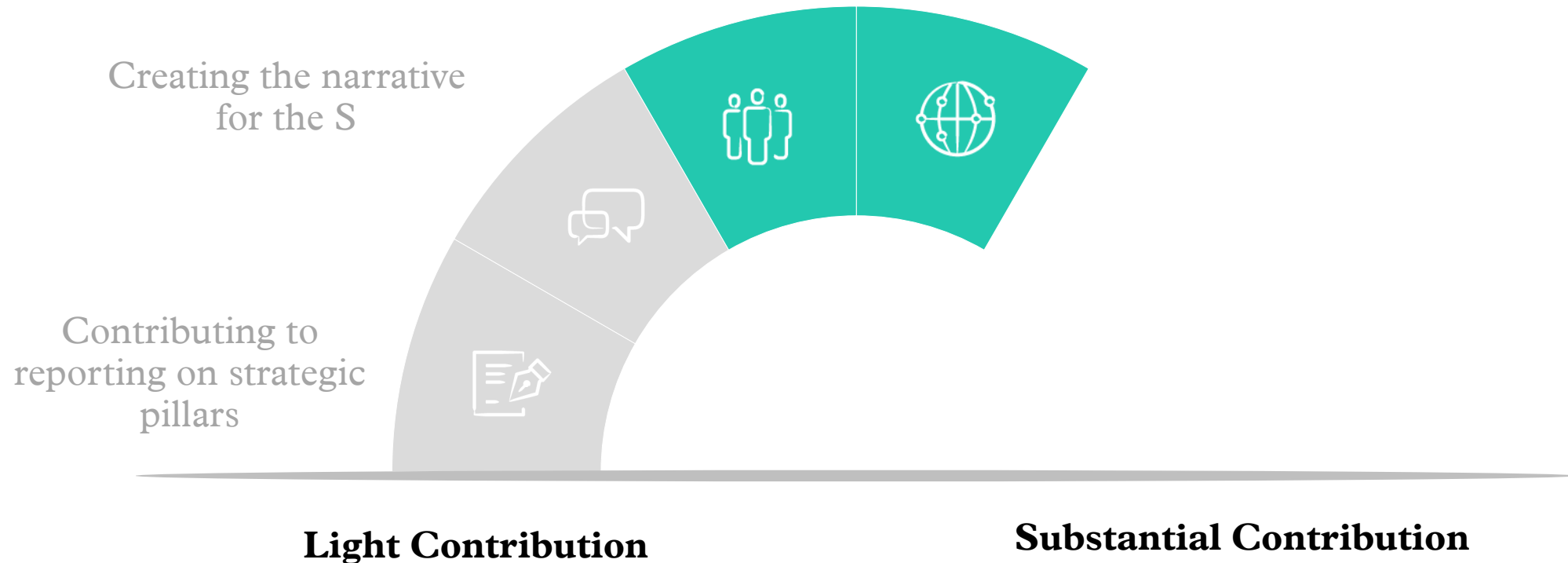


Philips
Foundation

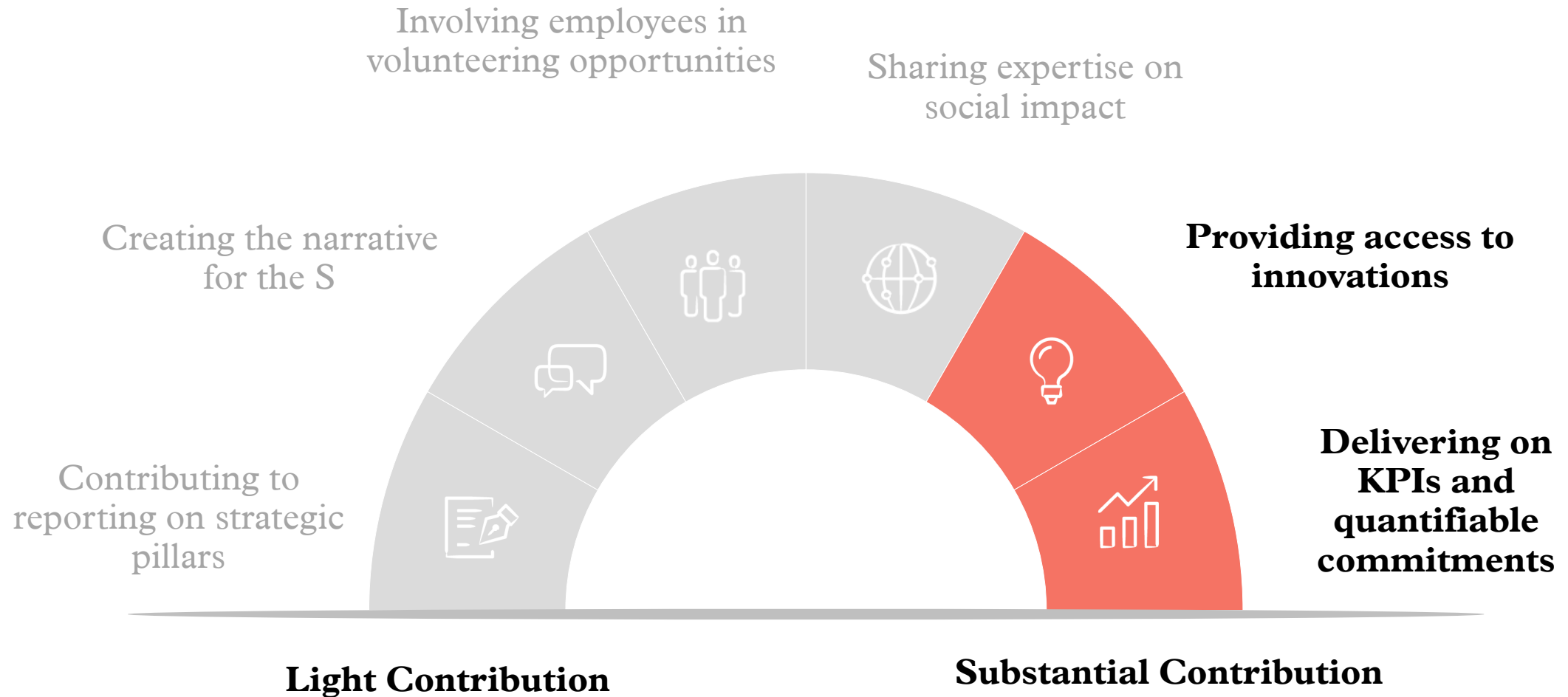
- Driving employee volunteering related to social impact objectives
- Expertise in access to healthcare informs the company about sector trends

**Involving employees in
volunteering
opportunities**

**Sharing expertise
on social impact**



- Access to electricity innovations inform business development
- Shared dashboard to monitor progress in impact on people, planet and profit



Prerequisites, enablers, challenges

Prerequisites

- corporate readiness
- C-Suite buy-in

Enablers

- coherence with company purpose
- favourable governance structure
- being part of the ESG strategy development process

Challenges

- being heard & empowered by C-Suite
- clarity over the roles that CSIs have in this context vs. business functions that operate in the same areas
- maintaining impact integrity in the process

Conclusions



CSI contribution to ESG strategy still considered **pioneering**.



Lot of room for **experimentation** & learning, but **little guidance**.



Untapped opportunity to influence the company's impact journey.



Contribution can be **substantial and meaningful** across different business areas.

Way forward

- **Effects of CSRD** are yet to trickle down
- **Not making an active contribution will not shield CSIs:**
activity may be used by the company to boost numbers on social impact
- **Good reasons to contribute** but also **good reasons not to contribute**
- **CSIs should be ready to understand:**
 - what contributing to the ‘S’ of the ESG means for them
 - ways and requirements for contribution
 - implications of making a contribution, incl. for impact integrity

Get in Touch



Dr. Lev Fejes
Corporate Knowledge Manager
lfejes@evpa.ngo



Nicolas Malmendier
Corporate Program Manager
nmalmendier@evpa.ngo