2019 Global Corporate Social Investment Insights

ABOUT THE GLOBAL EXCHANGE

Chief Executives for Corporate Purpose's (CECP) Global Exchange (GX) is an international network of leading organizations committed to advancing the corporate sector as a force for good around the world. With partners in 15+ countries, the GX serves companies by building a body of knowledge on locally relevant corporate citizenship best practices through information sharing and collaborative research. The Global Exchange acts as a catalyst to enhance and advance corporate social investment strategies.

The 15+ Global Exchange country partners encompass more than 500 companies and countries that represent more than 60% of the world's GDP as well as more than 50% of its population. The partners include: Business in the Community in the U.K., CECP in the U.S., Cemefi in Mexico, Comunitas in Brazil, The Conference Board of Canada in Canada, CSRone Reporting in Taiwan, CSR Turkey in Turkey, Dynamo Academy in Italy, Fundación SERES in Spain, Gestión Social in Chile, Korea Productivity Center in the Republic of Korea, Maala in Israel, Russian Donors Forum in the Russian Federation, Samhita in India, SynTao in Mainland China and Hong Kong, Trialogue in South Africa, and Wider Sense in Germany.

The GX provides an invaluable forum for GX country partners' affiliated companies to advance their work and tap into a thriving and collaborative network by:

- Leveraging country-specific resources, local insights, and global trends to support companies' strategy decisions.
- Accessing the GX networks' research and standardization efforts related to corporate social engagement around the world.
- Forging peer connections with GX country partners and the companies within their corporate network.
- Receiving global strategic counsel on specific questions or topics.

GX-affiliated companies can also benefit from the network's insights, trends, research, event information, conference invitations, and a shared public voice on how companies and CEOs can be a force for good in society globally.

ABOUT CHIEF EXECUTIVES FOR CORPORATE PURPOSE

CECP is a CEO-led coalition that believes that a company's social strategy—how it engages with key stakeholders including employees, communities, investors, and customers—determines company success. CECP has grown to a movement of more than 200 of the world's largest companies that represent US$6.6 trillion in revenues, US$21.2 billion in social investment, 14 million employees, 23 million hours of employee engagement, and US$15 trillion in assets under management. CECP helps companies transform their social strategies by providing customized connections and networking, counsel and support, benchmarking and trends, and awareness building and recognition.

ABOUT THE 2019 GLOBAL CORPORATE SOCIAL INVESTMENT INSIGHTS METHODOLOGY

The insights presented in this document are the result of a collaborative effort with CECP's Global Exchange. This document features:

- Data analysis from the 2019 Global Exchange questionnaire fielded from April to June 2019.
- Insights from Global Exchange partners' market-specific research and secondary research.
- Analysis of international conference agendas collected from February to July 2019.

The data analysis identifies shared characteristics and tests the scope of social investment trends across 86 companies with operations in 17 countries. Several of the questions were designed to enable the Global Exchange to compare results and identify, from this year forward, year-over-year trends in areas like the Sustainable Development Goals (SDGs), private sector partnerships, measurement and evaluation, and shared value. The analysis also examines Corporate Societal Investment (CSI) expenditure, employee programs, international end-recipients, and other areas, allowing companies to benchmark and gain insights regarding global corporate engagement. Laura Galindo served as lead author.

Insights from Global Exchange partners' market-specific research and secondary research from other publicly available reports are used to develop additional understanding among respondent companies and their respective countries. The analysis of international conference agendas also serves to reveal common themes and international trends.

HOW GX COUNTRY PARTNERS CAN USE THESE INSIGHTS

Global Exchange country partners may copy or use excerpts of this *Global Corporate Social Investment Insights* document for their own use, presentations, blogs, or other purposes that would benefit from the analysis, insights, and benchmarking contained herein. CECP will publish some of the results in its industry-leading report, *Giving in Numbers*, as well as in its annual insights roundup, *Investing in Society*. Companies may use the resulting insights to inform their global and local social investment strategies and to benchmark data and their progress. The goal is to enhance the ability of the Global Exchange partners to serve their companies and communities, as well as to develop our collective capacity to advance the network's overall mission and vision.

KEY THINGS TO KNOW BEFORE YOU START READING

DEFINITIONS

Total Giving: This consists of a company's total contributions comprising:

- **Corporate Cash:** Cash giving from corporate headquarters or regional offices. Funds must be disbursed in the 12 months of the survey year.
- **Foundation Cash:** Cash contributions from the corporate foundation. For many companies, this includes the corporate side of employee matching-gift programs. Funds must be disbursed in the 12 months of the survey year.
- **Non-Cash:** Product donations, Pro Bono Service, and other non-cash contributions (e.g., computers, office supplies, etc.) assessed at Fair Market Value and given during the 12 months of the survey year.

Full-Time Equivalent (FTE) Staff: Employees who oversee, manage, or directly administer corporate/foundation giving and/or employee volunteering.

Employee Programs:

- **Paid-Release Time:** Includes time donated by employees during a normal paid work schedule to NGO organizations or the international equivalent, within corporate policies. With such a policy, the employee does not make up hours missed and, consequently, the company incurs salary costs for the missed hours.
- **Skills-Based Volunteering/Pro Bono Services:** Pro Bono Services must meet three criteria: 1) Formal commitment; 2) Employee is performing his or her professional function; and 3) The commitment is made to an end-recipient that is formally organized, has a charitable purpose, and never distributes profits.

Total Giving Education Breakdown:

- **Education, Higher:** Includes contributions to higher educational institutions (including departmental, special project, and research grants); education-related organizations (e.g., literacy organizations and economic education organizations); and scholarship and fellowship funds for higher education students through intermediary organizations and other education centers, foundations, organizations, and partnerships.
- **Education, K-12:** Includes contributions to K-12 educational institutions (including departmental, special projects, and research grants); education-related organizations (e.g., literacy organizations and economic education organizations); and scholarship and fellowship funds for K-12 students through intermediary organizations and other education centers, foundations, organizations, and partnerships. Also includes contributions to programs that support pre-K education.

Sustainable Development Goals: The 17 Sustainable Development Goals (SDGs) are a component of the United Nations 2030 Agenda for Sustainable Development and also build upon the Millennium Development Goals (MDGs). The 17 SDGs officially came into force January 1, 2016 and have been a universal mobilizing effort to address all forms of poverty, inequalities, and climate change.

Fiscal Year: The Global Exchange asked companies to report total contributions on a fiscal year basis (end date for 12 months of data). For most companies, this is 12/31/2018 or the end of the income tax reporting year if not following calendar year convention.

KEY FINDINGS

Global Exchange **companies are giving prominent importance to the SDGs** (51%), followed by measurement and evaluation (44%) and shared value (38%). These numbers represent companies that are already including these areas in presentations to senior executives. While companies afford private sector partnerships the least importance (36%), it should be noted that a high percentage of companies (46%) were not aware if their companies engage in partnerships with other private sector players. Very few companies (1%) don't incorporate the SDGs.

The Global Exchange survey showed that **45% of companies reported contributing with at least one grant to international end-recipients in 2018**. Two out of three companies reported having a foundation or trust in 2018. Thirty-one percent of those companies that reported having a foundation also stated they had more than one corporate foundation, opened outside the company's headquarter country.

The median total giving of companies that reported having at least one foundation was US$12 million, versus the US$4.2 million of surveyed companies that didn't report having at least one foundation.

Only two out of ten companies reported an increase of the amount of resources spent on social investments over the last year internally and externally.

Surveyed companies were almost evenly split when asked whether they were measuring the business value of community investments in terms of metrics that assess employees (e.g., improved retention), with 44% of companies agreeing to conduct this measurement versus 42% not measuring. When companies were asked about measuring the business value of community investments through brand/customer metrics, 27% reported that their company didn't conduct brand/customer impact measurement. Twenty-three percent of companies stated that they did conduct this type of measurement.

Companies reported that **increasing employee engagement** is top of mind when thinking about employee metrics. When focusing on brand or customer metrics, companies allocated the highest importance to **improving reputation and/or trust score.**

The 2018 data showed that the **median number of people on the community investment team (FTEs) was 7.5,** with 23% of them reporting to a Corporate Citizenship/CSR department, 16% reporting to the Sustainability department, and 16% reporting to the Communications department

In 2018**, 42% of surveyed companies offered "matching gifts,"** as it is commonly known in some markets. The fact that almost half of the companies have a corporate giving program or policy that essentially doubles an employees' donation to an eligible NGO organization is significant. It means that 36 companies are providing an incentive to employees to give and, to an extent (since the uptake from employees is unknown), they are also benefiting society as they support these organizations.

The average volunteer participation rate in 2018 was 32%. For specific types of volunteer programs, the data suggest that **programs that offer employees the greatest time flexibility are the most offered**: over half of the companies (56%) offer paid-release time/flexible scheduling, followed by skills-based volunteering/Pro Bono Service (35%).

In 2018, **86 surveyed companies reported aggregate total giving of US$3.6 billion. The benchmark (median) for these companies was that community investments were 0.28% of companies' total revenue.** For a company with annual revenues of US$5 billion, that would be equivalent to a budget of US$14 million. Sixty-six percent of total contributions were allocated in the form of direct cash, 24% as foundation cash, and 10% as non-cash.

Almost half (49%) of surveyed companies provided a breakdown of total giving with a focus in Education: K-12 and Education: Higher. Summing all the education-related contributions reflected a total estimated expenditure in 2018 of more than US$350 million. The percentage of total giving that companies contributed to Education combined was approximately 15%

INTRODUCTION

In 2018, companies were doing business under economic and political pressures as well as questionable policy decisions. With major elections in Brazil, Colombia, India, Russia, and Turkey, among other countries, many companies faced potential regulatory changes that would influence not only their corporate operations but also their social strategies.

The China Foreign NGO law, which took effect in January 2017, continued to have demonstrable effects within China's social sector (i.e., the third sector, or the NGO sector), however it also can be seen as a global signal of certain markets turning inwards in many ways. A rise in natural disasters and the devasting effects these have had around the world also resulted in a change in the dynamics of corporate community investment teams that led to a repositioning and rethinking of their approaches. CEOs faced ever-louder voices from employees-as-stakeholders demanding that firms should not only serve shareholders' needs but also the wider spectrum of what stakeholders represent. This includes being customer-centric in their business decisions; inclusive in matters related to gender, sexual orientation, race, ethnicity, and more with respect to both customers and employees; supporting the communities in which they operate; and taking concrete action to protect the environment. Employee influence is an important trend in a world where "my employer" is emerging as the most trusted institution (Edelman, 2018).

CECP's Global Exchange country partner organizations are a united network serving corporate leaders leading social strategies for companies. In this capacity, the partner organizations convened to consider how we might best harness the trends apparent across major markets and economies worldwide, with respect to both influential external trends affecting workplaces and the data-driven insights companies need to give context to their internal efforts. To this end, the 2019 Global Exchange research covered a wide range of corporate social engagement topics ranging from companies' opinions about the influence and prioritizing of different trends (SDGs, private sector partnerships, measurement and evaluation, and strategy setting and motivation) in addition to insights regarding employee engagement, corporate social investment, and the importance of certain program areas.

As companies achieve scale, globalization of their supply chain, customer base, and operations is commonplace; companies will continue to evolve how their social programs strategically reach more of their corporate footprint, whether in terms of where employees live and work, where they see their current and future revenue potential across markets, and how they will ultimately impact communities.

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THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Four years ago, with their adoption at the United Nations (U.N.) and with 193 governments agreeing to deliver the 17 goals and 169 targets, the SDGs immediately gained traction as a policy framework. Things looked different in the sustainability/CSR space and now the SDGs have evolved from being a buzzword to becoming a framework for sustainability conversations at the global level. While governments are the main drivers to achieve the goals, a wide range of stakeholders have become convinced that achievement of the 17 goals and 169 targets cannot be realized without additional proactive and effective engagement from the private sector.

While reports outlining the SDGs' progress on some country and/or regional bases exist, it should be noted that a holistic review of the SDGs across regions over the last four years is very challenging, in part due to data gaps and a lack of governance frameworks. In Africa, for example, as reported by The Brookings Institution, only 96 indicators are supported by data (41.4% of the global indicator framework), and the data that exist are neither comprehensive nor consistent[1].

In the *General Assembly Resolution 70/1*, United Nations member states recognized the crucial role of strengthened data collection and capacity building and committed to addressing the gap (para. 57). In an effort to help advance what some companies perceive as a lacking indicator set, a framework of over 230 indicators was developed by the Inter-agency and Expert Group on SDG Indicators (IAEG-SDGs), a group of U.N. member states in which international agencies are assigned as "custodians" of the SDG targets. These agencies work with countries to collect data related to SDG indicators and with national statistical offices to develop methodologies for indicators to help measure progress on the SDGs. The compiled data are submitted to the Statistics Global SDG database: the version released on June 20, 2018 contains more than one million observations.

Source: United Nations

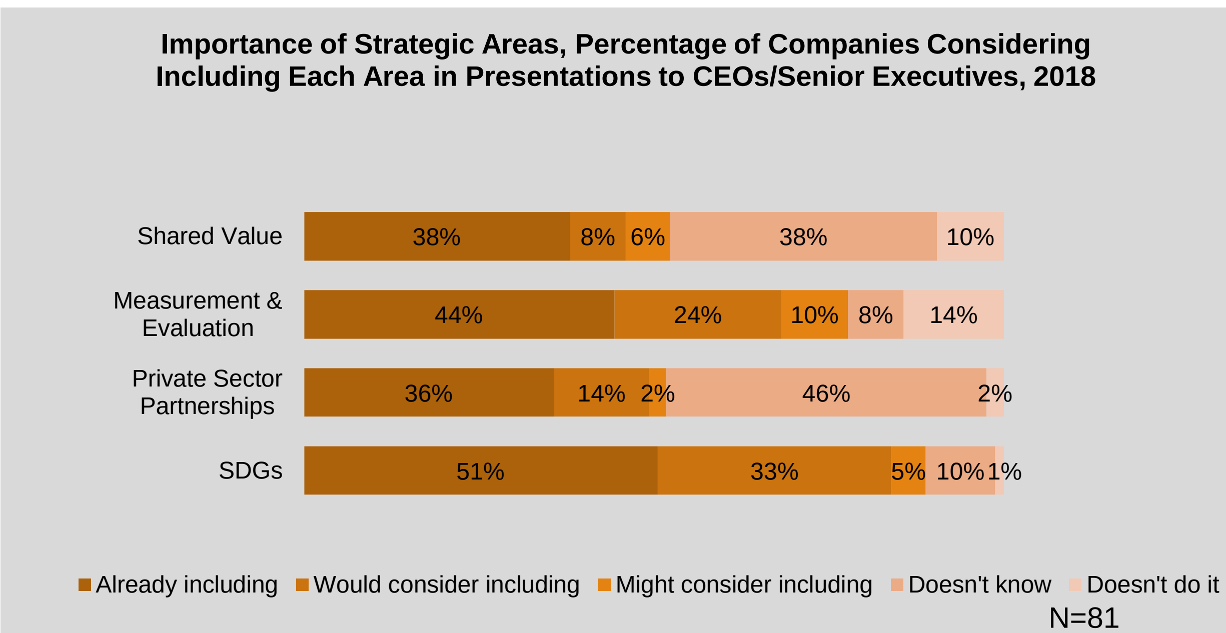
The Cape Town Global Action Plan for Sustainable Development Data, endorsed by the Statistical Commission at its 48th session in 2017, provides a road map for the modernization and strengthening of statistical systems to better enable the use of country-generated statistics as global SDG indicators are calculated. Governance frameworks exist predominately on an international level; in many cases they are not yet applicable on a national scale. The Voluntary National Reviews are an effort to facilitate the sharing of best practices, strengthen policies, and mobilize multi-stakeholder support to accelerate the implementation of the agenda. But frequently these reviews are not comprehensive, they encourage selective goal reporting, and too often they compromise comparability[2]. The *SDG 12.6 Live Tracker*[3], developed by GRI in collaboration with Tata Consultancy Services, is an online tool that more reliably monitors and visualizes the extent to which companies integrate sustainability information into their reporting cycle.

[1] https://www.brookings.edu/blog/africa-in-focus/2019/07/29/africa-and-the-sustainable-development-goals-a-long-way-to-go/
[2] https://www.brookings.edu/blog/africa-in-focus/2019/07/29/africa-and-the-sustainable-development-goals-a-long-way-to-go/
[3] https://sustainabledevelopment.un.org/partnership/?p=9851

For the business sector specifically, a point of reference that can help to clarify the extent to which companies have embedded the SDGs as part of their core business strategy is the *2018 PwC SDG Reporting Challenge*. In it, 700 global companies were analyzed to determine their commitments to individual goals and how their reporting reflected the goals' integration into business strategy. The Challenge discovered that 72% of companies mention the SDGs in their annual corporate or sustainability report and 50% of companies identified priority SDGs (out of these companies, only 54% mention the priority goal(s) as part of their business strategy). The Challenge found that only 19% of companies include a mention of the SDGs in their CEO or Chair statements in annual reports.

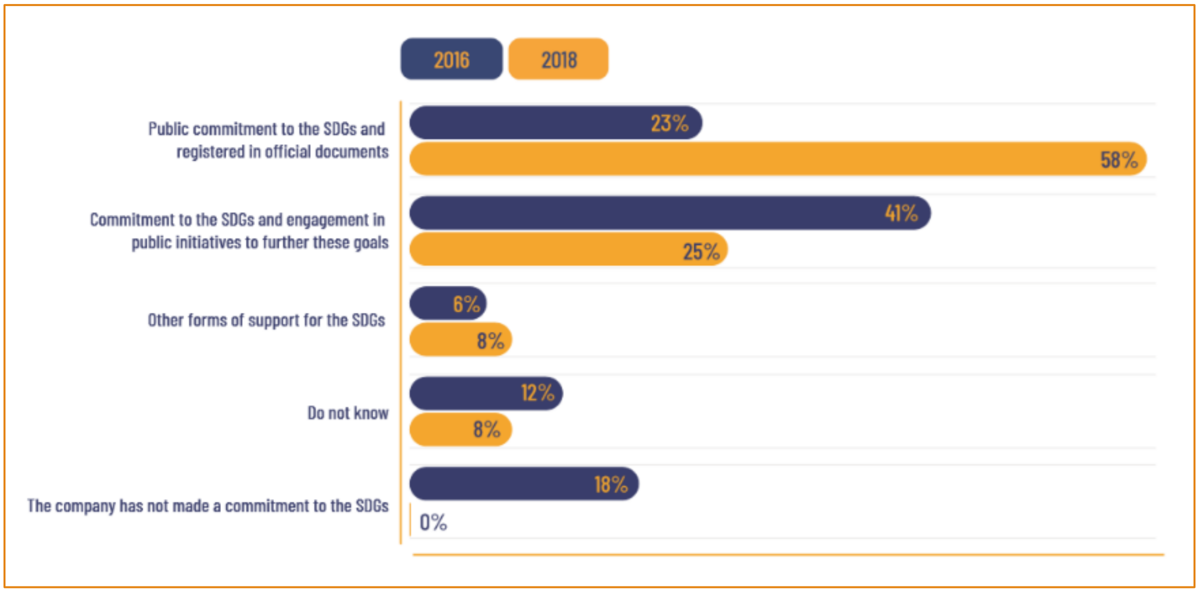
Global Exchange country partners identified multiple areas that influence their social investment strategies. For 2019, they narrowed these down to four different trends: SDGs, private sector partnerships, measurement and evaluation, and shared value. Companies were asked their opinion about the influence of the trends and indicated which were priorities for CSR stakeholders. The four chosen areas reflect overlapping interests and are relevant across regions. As a proxy to indicate influence, companies were asked if they would consider including each of these four areas in a presentation or materials to their CEO and/or senior executives. This approach was used because typically the time spent with senior executives is limited and therefore department heads are very judicious about presenting only top-priority information.

Global Exchange companies are giving prominent importance to the SDGs (51%), followed by measurement and evaluation (44%) and shared value (38%). These numbers represent companies that are already including these areas in presentations to senior executives. While companies afford private sector partnerships the least importance (36%), it should be noted that a high percentage of companies (46%) were not aware if their companies engage in partnerships with other private sector players. Very few companies (1%) don't incorporate the SDGs. It seems that partnerships with other peers in the private sector is one of the strategic areas about which international companies could use more insight and guidance. The development or strengthening of regional private sector networks could be a source of additional collaboration and understanding among companies when it comes to solving societal issues.



Global Exchange partners have also seen an important increase in commitments from the companies in their markets related to the SDGs. For example, the percentage of survey respondents to Comunitas' 2018 *Benchmarking do Investimento Social Corporativo* (BISC) committed to achieving the SDGs more than doubled between 2016 and 2018.

Increased Percentage of Companies Committed to the SDGs



Source: *Benchmarking do Investimento Social Corporativo*, 2018 Highlights

Brazil's Voluntary National Review for 2017 highlights[4] the engagement of the private sector community in the implementation of the 2030 agenda. Common tactics led by companies include the expansion of corporate sustainability culture, disseminating knowledge, and incentivizing other companies to join the Brazil Network of the Global Compact—which now has over 800 signatories, is organized by Theme Groups aligned with the SDGs, and ranks as the third-largest network in the world. Specific tools that have helped moved the needle to increase corporate engagement include Estrategia ODS[5], a website bringing together organizations representing civil society, the private sector, and local governments and academia, with the aim of broadening and enhancing the debate on SDGs and mobilizing, discussing, and proposing means of implementation for the 2030 agenda.

CSRone Reporting's 2019 *Taiwan and Asia Sustainability Report Analysis* indicates that 44% of 528 Taiwanese companies have already disclosed information related to the SDGs in their reports, representing a 16% increase compared to last year's 28%. This growth indicates that more and more Taiwanese recognize the SDGs as a framework for business activities.

CSRone's research team found that the top five most prioritized goals of the 17 SDGs by the 232 Taiwanese companies are (from most to least prioritized): Decent Work and Economic Growth, Responsible Consumption and Production, Climate Action, Good Health and Well-Being, and Quality Education. This ranking has remained constant for two consecutive years, implying that most Taiwanese companies continue to work on the original focus areas and also align with the SDG strategies of global companies. The report highlights the following additional insights with respect to the ranking:

[4] https://sustainabledevelopment.un.org/content/documents/15806Brazil_English.pdf
[5] http://www.estrategiaods.org.br/

- Goal 13 – That Climate Action remains highly prioritized by Taiwanese companies can also be explained by the passing of stricter laws and regulations, such as the recommendations on climate-related financial disclosures for global organizations published in June 2017 by The Task Force on Climate-Related Financial Disclosure (TCFD), on behalf of the Financial Stability Board (FSB).
- Goal 14 – Life Below Water is low on the list of priorities for Taiwanese companies. The report highlights that, with Taiwan being an island nation, this should be a red flag, given the area's increased ecological challenges such as shrinking shores, marine pollution, and the endangerment of fisheries. The report urges not only companies but also stakeholders to engage more with this SDG to ensure they play a role in its progress as part of the agenda.
- Other SDGs, such as Goal 2: Zero Hunger and Goal 15: Life on Land also remain low among companies' priorities, probably because companies are not aware of suitable ways to develop actions towards tackling or evaluating them. It is also true that for many companies these goals might be perceived as less relevant to their business operations.

Global Exchange partners are leading the way in advancing specific SDGs in their countries and contributing to reporting on the goals.

Dynamo Academy (Italy)	SDG 3 – Good Health and Well-Being In partnership with Università Vita San Raffaele, Dynamo Academy launched in March 2019, Europe's first Master's program in Recreational Therapy, designed for health practitioners (doctors, nurses, and psychologists, e.g.). Recreational Therapy, the scientific basis for all programs carried out at Dynamo Camp, is well known for playing an essential role in the maintenance of the physical, cognitive, emotional, and social skills of people with serious or chronic diseases. In doing so, the therapy wards off the pathology's secondary effects, and instead reinforces resilience and independence, contributing to a better quality of life.
Samhita (India)	SDG 6 – Clean Water and Sanitation Report Samhita's *Making a Case for Corporate Action in Water* highlights the catalytic role that water can play in development, identifies the barriers to collaboration, and lays out the imperative for corporate action in water through investment, collaboration, and collective impact. In the report, Samhita maps corporate activity in the water sector across corporate social responsibility, sustainability, and shared value, and profiles successful initiatives in the water sector.[6]

[6] Download the report on Samhita's website: http://www.samhita.org/.

The Conference Board of Canada	SDG 13 – Climate Action In *It's Not Easy Being Green: The Challenge of Carbon Competitiveness*, the Conference Board of Canada (CBoC) argues that the success of Canada's ambitious agenda for reducing carbon emissions will be measured by its ability to reduce emissions and effectively manage competitiveness. The CBoC's report develops areas where current policy does not sufficiently address concerns over firms' competitiveness with the three main concerns that need to be addressed: ensuring common scope and stringency, managing domestic uncertainty, and mitigating carbon leakage abroad[7].
Maala (Israel)	SDG 8 – Decent Work and Economic Growth Osnat Golan, VP Digital Communications and Sustainability at Strauss Group, one of the largest food manufacturers in Israel with extensive global operations, was interviewed by Triple Pundit for the article *Business Contributions to Inclusive Growth: Lessons from Israel*. Strauss provides social benefits packages that are systematically refreshed and directed particularly at lower-income employees, Golan said. Almost 4,000 employees benefit from the program, which last year included US$3.5 million in daycare tuition allocations. The company also makes a focused effort to create opportunities for employees from Israel's Arab community, in collaboration with the Collective Impact Initiative: a multi-sector partnership founded in 2013 with the aim of creating a breakthrough in the rate and quality of employment of the Arab population in Israel. Last year the company launched a project to empower approximately 800 women in entry-level positions in its sales division with professional growth opportunities.[8]

While there is agreement about the enormous potential that the private sector has to drive the SDGs, companies are on a spectrum regarding the incorporation of these goals into their corporate business strategies. There are resources available to support this incorporation.

In July 2019, the World Benchmarking Alliance (WBA) published the report *Measuring What Matters Most, Seven Systems Transformations for Benchmarking Companies on the SDGs*[9]. The report aims to offer a strategic framework to help stakeholders develop benchmarks and identify companies whose contribution will be vital for achievement of goals. In addition, the WBA promotes the importance of accurately measuring business impact in order to boost motivation and stimulate action within the private sector.

The Global Reporting Initiative (GRI), the U.N. Global Compact, and the World Business Council for Sustainable Development (WBCSD) developed the *SDG Compass*, which serves as a guide for companies in the process of aligning their strategies with the SDGs. The Compass is designed for use at the entity level, but it can also be applied at product site, divisional, and regional levels, and is most

[7] Download the report from the CBoC: https://www.conferenceboard.ca/.
[8] https://www.triplepundit.com/story/2019/business-contributions-inclusive-growth-lessons-israel/83976/.
[9] https://www.worldbenchmarkingalliance.org/wp-content/uploads/2019/07/WBA-sevensystemstransformations-report.pdf.

helpful in measuring and managing contributions. In addition, the United Nations Global Compact provides step-by-step guidance on SDGs in its report *Business Reporting on the SDGs*[10]. The report is a practical guide for companies and is the first step towards a uniformed mechanism for businesses to report on their contributions and impacts. Other tools and resources that CECP often recommends for grant managers include the *CEO Guide to the Sustainable Development Goals*[11], developed by WBCSD, and *Local Leadership, Global Impact: Community Foundations and the Sustainable Development Goals*[12].

COMMUNITY INVESTMENTS GOING GLOBAL

As companies achieve scale, the globalization of their supply chain, customer base, and operations is commonplace: companies continue to evolve the strategic ways in which their social programs reach more of their corporate footprint, whether in terms of where employees live and work or where the companies see their current and future revenue potential across markets.

The Global Exchange survey showed that 45% of companies reported contributing with at least one grant to international end-recipients in 2018. This suggests that over half of companies may have made the strategic decision to keep corporate social investment domestic, whether because of the challenging political climate in a number of countries or because they still face operational and budgetary obstacles to achieving their global vision. Other companies may also (or instead) prefer to address local needs in order to engage more deeply with local communities and build a local reputation that could later help with attracting talent. FTEs will be analyzed in more detail in a section below.

Two out of three companies reported having a foundation or trust in 2018 (N=86). The use of a corporate foundation is highly dependent on the country where it's set up because of each government's legal and tax requirements. Companies may still invest the time and effort to establish corporate foundations because they can be an advantageous and strategic entity to have among their methods of acting on social issues.

Thirty-one percent of those companies that reported having a foundation also stated they had more than one corporate foundation, opened outside the company's headquarter country possibly to benefit from some legal or fiscal framework that can expand the company's philanthropic practice. The median total giving of companies that reported having at least one foundation was US$12 million, versus the US$4.2 million of surveyed companies that didn't report having at least one foundation. Some companies may prefer to have more than one foundation or even a network of corporate foundations established in different countries to carry out programs in a more efficient way and to be closer to local beneficiaries and stakeholders. The median number of foundations these companies reported was 2.5.

Another potential reason a company might have multiple foundations is that it has made a global acquisition and, with a corporate foundation already in place, it now wants a local institution as well, in order to increase local credibility. Global Exchange partners constantly hear from companies how challenging and expensive cross-border giving is, due to foreign funding restrictions, the difficulty of categorizing foreign-based charities for tax purposes, and other country-specific factors. Another common case is that certain countries have laws that make a foundation structure a favorable method to conduct social investments. Using a sample of 208 U.S.-based corporate foundations from 1993 to 2008, the report *Reaching through the fog: Institutional environment and cross-border giving of corporate foundations* finds that foundations give more in countries with opaque institutional environments, but they

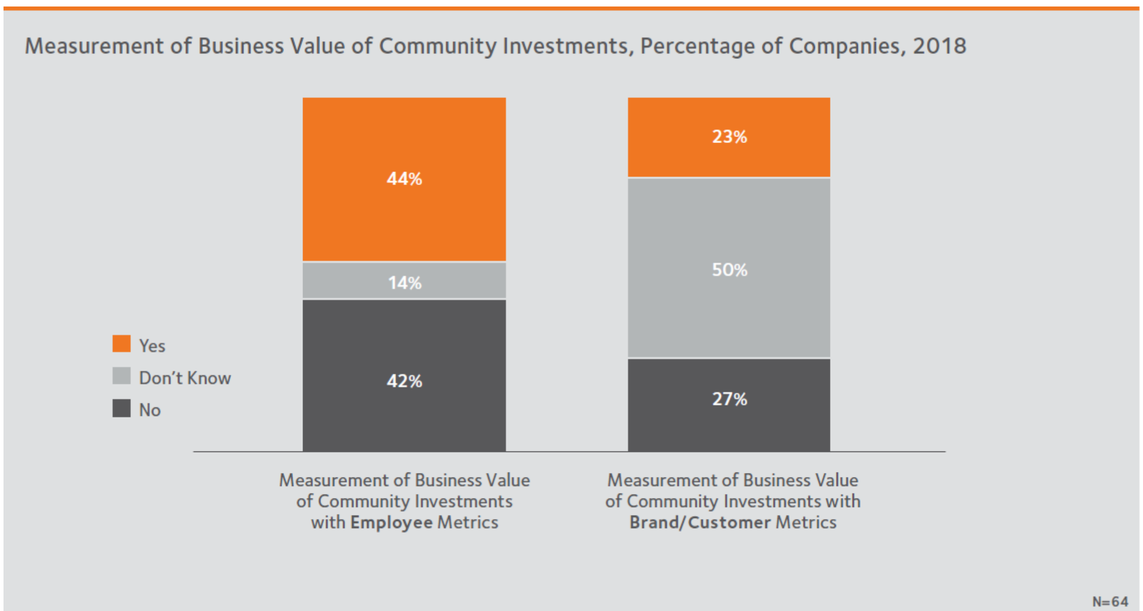
[10] https://www.globalreporting.org/resourcelibrary/GRI_UNGC_Reporting-on-SDGs_Practical_Guide.pdf.
[11] https://docs.wbcsd.org/2017/03/CEO_Guide_to_the_SDGs/English.pdf.
[12] https://www.cof.org/sites/default/files/documents/files/local-leadership-global-impact.pdf.

do so through international intermediaries. The report finds that giving also increases when “the funding firms have new entries in countries with weak institutions—hence greater needs for the social license to operate—or when their operations require stronger connections with local suppliers or customers. These findings point to the use of corporate philanthropy as part of corporate diplomacy when the local institutions are ineffective and the importance of reaching out to local constituents is high.”[13] Companies are now leveraging a variety of giving vehicles and business assets that are pushing the boundaries of the traditional corporate foundations model. These new giving vehicles are still driving social impact and can be key when it comes to engaging in collaborative partnerships.

MEASUREMENT: BUSINESS DISCIPLINE IN COMMUNITY INVESTMENT

Measurement refers to efforts in collecting, comparing, and evaluating the results of social investments. This may take the form of annual data collection from partners or a study to evaluate effectiveness of a program or initiative. It may be the use of a dashboard or scorecards to track progress of the team’s strategy. Increasing expertise in measurement of community investment adds business discipline to social programs and integrates them more deeply in the company.

Surveyed companies were almost evenly split when asked whether they were measuring the business value of community investments in terms of metrics that assess employees (e.g., improved retention), with 44% of companies agreeing to conduct this measurement versus 42% not measuring. When companies were asked about measuring the business value of community investments through brand/customer metrics, 27% reported that their company didn’t conduct brand/customer impact measurement. Twenty-three percent of companies stated that they did conduct this type of measurement.



To understand these insights better, the survey asked companies about the employee and brand benefits that are most important to them. Companies reported that increasing employee engagement is top of

[13] https://onlinelibrary.wiley.com/doi/abs/10.1002/smj.2939.

mind when thinking about employee metrics. When focusing on brand or customer metrics, companies allocated the highest importance to improving reputation and/or trust score.

Importance of Employee Metrics	
Increase employee engagement score	32%
Gain skills/professional development	15%
Attract/recruit better potential candidates	5%
Identify rising leaders	2%
Improve retention rate	2%
Other	44%

*The balance of respondents selected "Other" and specified their individual metric.

Importance of Brand or Customer Metrics	
Improve reputation/trust score	26%
Improve brand perception	15%
Increase customer loyalty	10%
Attract and retain best candidates and employees	5%
Acquire new customers	2%
Increase customer referrals	2%
Other	40%

To understand companies' operations, the survey also captured the personnel/staff resources dedicated to managing corporate philanthropy, corporate foundation, and employee volunteer programs. The 2018 data showed that the median number of FTEs of surveyed companies was 7.5[14], with 23% of them reporting to a Corporate Citizenship/CSR department, 16% reporting to the Sustainability department, and 16% reporting to the Communications department.

Only two out of ten companies reported an increase of the amount of resources spent over the last year internally and externally on social investments. This number seems quite low considering the increasing demands of the regulatory environment, which in theory should require companies to spend more on transparency and reporting. Six out of ten companies did not know whether there was any change in these resources. This number might reflect that companies are allocating the management of internal and external reporting resources to people other than those who execute and manage programs related to social strategy.

REGIONAL AND NATIONAL INDICES

The Global Exchange country partners often hear from their companies that they respond to indices like the Dow Jones Sustainability Index (DJSI), the Sustainability Accounting Standards Board, or the Global Reporting Initiative (GRI), which are widely used for reporting and include metrics within their standards. CSR frameworks such as the U.N. Guiding Principles on Business and Human Rights and the OECD

[14] Companies were allowed to report decimal numbers if the team includes part-time responsibilities of some employees.

Guidelines for Multinational Enterprises[15] are additional external influences on what companies measure and in certain cases also report publicly.

The European Union (EU) Directive on Non-Financial Reporting is an example of a groundbreaking regional initiative that has increased transparency and improved accountability among social and environmental programs. In 2017, the GRI and CSR Europe provided a synopsis of how different EU member states are applying this Directive into their national law in the report *Policy & Reporting: Member State Implementation of Directive 2014/95/EU*[16]. The report summarizes and compares the different approaches in how countries are interpreting the Directive in their local conditions. It also highlights Denmark and Greece as cases that have exceeded the Directive's expectations and even expanded the pool of companies now conducting sustainability reporting.

The Directive 2014/95/EU requires large companies to disclose information on the way they operate and manage social and environmental challenges. This is a resource for policy makers, investors, consumers, and other stakeholders who wish to evaluate the non-financial performance of large companies. Approximately 6,000 companies must comply with the Directive; these are corporations that have 500+ employees and include listed companies, banks, insurance companies, and companies designated by national authorities as public-interest entities.

Information that must be disclosed includes:

- Environmental protection
- Social responsibility and treatment of employees
- Respect for human rights
- Anti-corruption and bribery
- Diversity on company boards (in terms of age, gender, and educational and professional background)

Based on data from Consob (the National Italian Authority for Surveillance of Financial Markets), as of December 31, 2018, 213 Italian entities had published their DNF (Non-Financial Disclosure), of which 154 were listed companies, 56 were EIPR (Organizations with Significant Public Interest), and three were companies/organizations compliant on a volunteer basis.

In 2018, BISC incorporated the theme of the sustainability policy among the range of issues to be analyzed annually by the research. Comunitas sought to exchange knowledge and experience with three different organizations that stand out in the country for their work in this area: Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável (CEBEDS), Global Reporting Initiative Brazil (GRI), and the Índice de Sustentabilidade Empresarial (ISE), headed by B3, Brazil's official stock exchange. This last organization produced ISE as a tool for comparative analysis of the performance of companies listed on B3 in terms of corporate sustainability, based on economic efficiency, environmental balance, social justice, and corporate governance. It also broadens the understanding of companies and groups committed to sustainability by differentiating them in terms of quality, level of commitment to sustainable development, fairness, transparency and accountability, nature of the product, and business performance in the economic and financial dimensions and with respect to social, environmental, and climate change. Several issues analyzed by the ISE survey were incorporated into the BISC to enable future comparisons.

Some Global Exchange country partners have also taken the lead in developing nation-based indices. These can prove very useful for local companies or multinationals operating in a specific market, both of which can benefit from detailed tools that focus on national issues to help them better position their enterprise in alignment with the community in which they operate. National reporting systems or indices

[15] http://mneguidelines.oecd.org/.
[16] https://www.globalreporting.org/resourcelibrary/NFRpublication%20online_version.pdf.

can also better reflect internal procedures and management systems commonly used in the market. For example, while the OECD guidelines mentioned are of a voluntary nature, National Focal Points (NCPs) of OECD member states are responsible for the implementation and for reporting back any gaps at a national level that might not be taken into consideration.

COUNTRY EXAMPLES

In Israel, the Ministry of Economy and Industry is the entity that facilitates CSR operations with the Responsible Business Conduct Unit (RBC), serving as NCP to the OCED Guidelines for Multinational Enterprises. As highlighted by a Triple Pundit article: "[G]lobal reporting systems have become a mainstay of major multinational companies seeking to track their progress on human rights and environmental impact. However, some companies may benefit from a more detailed accounting that focuses on national issues."[17] In Israel, the rate at which companies are integrating sustainability information into their reporting is increasing. CSR reporting is mostly voluntary, except among banks for which it is mandatory to publish annual sustainability reports. While various CSR reporting mechanisms exist in the country, the most commonly used is the *Maala CSR Index*, an assessment tool that benchmarks Israeli companies on their CSR performance and that is published annually on the Tel Aviv Stock Exchange (TASE). In Israel, the Maala CSR Index shows how a "nation-based CSR rating system can help companies balance global priorities with what's happening in their own communities (...) Nation-based reporting systems offer an important tool for accelerating change. By putting broad-sweeping global efforts in a local context, rating systems like Maala's help companies identify areas where they're best positioned to drive impact in their own communities—efforts that, in turn, support the global push for sustainability and social equity."[18]

Developed 15 years ago, the *Maala CSR Index* is constantly being updated. Based on its findings, TASE offers three sustainability indices for investors, which represent about 50% of the total market value traded on the exchange[19]. Released on July 2nd at the TASE[20], the 2019 Maala Index includes 161 companies that receive the highest marks from Maala on CSR and sustainability. In 2018, 150 companies reported to Maala, compared with 127 companies in the previous year[21]. The criteria used in the index can be seen in the table below.

[17] https://www.triplepundit.com/story/2019/act-locally-israels-maala-shows-how-national-standards-can-move-needle-global-csr/84121/.
[18] Ibid.
[19] https://www.triplepundit.com/story/2019/act-locally-israels-maala-shows-how-national-standards-can-move-needle-global-csr/84121/.
[20] https://www.tase.co.il/en/market_data/index/150/major_data.
[21] https://sustainabledevelopment.un.org/content/documents/23576ISRAEL_13191_SDGISRAEL.pdf.

Findings for the *2019 Maala CSR Index* include:

- Diversity data has yet to break the glass ceiling; 63% of participating companies reported increase in recruitment from underrepresented population.
- Gender diversity data; 41% of participating companies set goals for women in senior management Managing diversity requires commitment and professionalism; some actions for recruiting and supporting minorities in the workforce include:
  - 86% of companies are working with organizations prompting diversity
  - 78% choose target populations
  - 75% appoint a diversity coordinator
  - 71% measure diversity in managerial positions (based on 2018 data)
- Finance, utilities, and technology sectors lead in volunteering.

Over the past six years, CSRone Reporting has collected information from over 2,600 CSR reports published in Taiwan and conducted annual analysis on the latest trends of sustainability based on the reporting of different ESG-related themes, the maturity level of management involvement in sustainability topics, and the quality of information disclosed.

Now in its 7th edition, CSRone's *2019 Taiwan and Asia Sustainability Reports Analysis* is an effort to collect data on over 600 sustainability reports from Asian companies including the top ten largest companies from eight countries and territories: Japan, China, Hong Kong, India, Singapore, Malaysia, Thailand, and South Korea. The analysis builds on the Taiwanese government's regulation of having all TWSE/TPEx-listed companies with capital of over NTUS$5 billion and that identify as part of the chemical engineering, food, and finance industries to prepare an annual CSR report. Since this directive came into effect in 2015, CSR has gradually expanded and become ingrained in the companies, as the report finds.

This year's key findings[22] were presented at the Fifth Annual Sustainability Reporting Conference, which took place in Taipei in March 2019. The results that resonated most with the audience included[23]:

- 478 (90.5%) of the analyzed reports were from TWSE/TPEx-listed companies, suggesting that sustainability reports are still mostly prepared by listed companies[24], compared to private (unlisted) companies.
- The top five sectors with the highest sustainability reporting rates are:
  - 1. Finance and insurance
  - 2. Chemical engineering
  - 3. Electronics and components
  - 4. Semiconductor
  - 5. Computer and peripheral
- 249 reports (47.15%) were voluntarily prepared by companies. According to CSRone, some of these companies believe that the government might eventually make it compulsory to file sustainability reports, and therefore they consider preparation and data collection a healthy practice and checkup of where they stand[25].
- The EPS and ROE of companies publishing sustainability reports are significantly higher than the industry average: 37% higher for the former and 106% for the latter.
- Over 40% of Taiwanese companies disclose information on the SDGs in some way.
- 47.4% (231 companies) are publishing reports on a voluntary basis.

[22] An interactive infographic regarding the findings discussed in this session can be found at the link below. Note: the information is presented in Mandarin Chinese. https://www.csronereporting.com/topics/show/5443.
[23] Press Release: 5th International Conference on Trends of Sustainability Reporting in Taiwan and Asia.
[24] As of 2017, there are a total of 1651 TWSE/TPEx-listed companies in Taiwan (907 TWSE-listed and 744 TPEx-listed).
[25] 2019 Taiwan and Asia Sustainability Report Analysis page 12.

- 85 of Taiwan's 100 largest companies publish sustainability reports, a trend that continues to grow based on past years' data. That 15 of these large companies are not reporting is probably because their size is not within the scope of mandatory government regulations.
- With respect to the quality of ESG disclosure and the maturity of management involvement in ESG issues among Asia's largest companies, companies from South Korea, Singapore, and Taiwan are taking the lead.

In Brazil, Comunitas leads development of the annual survey and analysis of *Benchmarking for Corporate Social Investment* (BISC or Benchmarking do Investimento Social Corporativo), which began in 2008. This annual report is an important tool for driving and improving the development, management, and evaluation of corporate social investments in Brazil. The BISC survey is designed to provide a detailed inventory of all resources, funding, and goods and services invested by companies in projects and activities of social interest, including:

- Support for social, environmental, and cultural projects
- Construction of social infrastructure, including infrastructure built for the purpose of company projects or operations
- Permanent or occasional support for formally established organizations

In 2018, the survey included 259 companies and 17 business institutes/foundations[26]. This group voluntarily invested a total amount of RUS$2.4 billion. High-level findings that contribute to a better sense of social investment by private companies in Brazil include:

- Companies are optimistic about the future (investment forecasts for 2019 and 2020):
  - 21% of companies expect to increase the resources they are currently investing and 36% of companies expect to maintain investments at current levels for the next two years.
- The BISC report found that companies invested around RUS$920 million in 2017 in education, reinforcing a consistent level of investment in this area over the last ten years. Most of these resources (87%) were invested directly by foundations or corporate institutes.

In Russia, the major ranking of corporate philanthropy strategies and programs is *Leaders of Corporate Philanthropy*, based on research conducted by the Russian Donors Forum, PwC and *Vedomosti*, a leading Russian business newspaper. Over 170 companies with an annual turnover of more than 100 million rubles have participated in the project since its inception in 2008. The ranking has become a flagship benchmarking tool to showcase total giving while taking into consideration a wide range of factors, such as strategic embeddedness of corporate philanthropy, the level of transparency and accountability, monitoring and evaluation, and more.

Among the key findings of the report's last iteration, in 2018, are the following:

- One of the strategic priorities for companies' philanthropic activities is increasing their sustainability in the geographical areas of their operation, as reported by 85% of respondents.
- Corporate volunteering is the most widespread form of corporate engagement, supported by more than 90% of companies. Companies also encourage fundraising initiatives among their employees, as reported by 78% of companies. Other forms of corporate philanthropy include in-kind donations (66%) and Pro Bono Services (almost 50%).

[26] As stated in the 2018 BISC report, in Brazil, associations (which may be referred to as "institutes") and foundations are legal entities under private law. Both the first and the second are private legal entities, without economic or profit purposes. An association is formed by a meeting of people for a common purpose, with no interest in dividing the financial result between them. All income from their activities must be reversed for statutory purposes. A foundation is formed from the existence of a patrimony highlighted by its founder, through a public deed or testament, to serve a specific purpose, directed to causes of public interest.

PRIVATE SECTOR PARTNERSHIPS

Cross-sector collaboration is a perennial topic, discussed at conferences, studied, and often cited as a crucial requirement to making meaningful changes in systemic social conditions. Trialogue's 21st edition of the *Business in Society Handbook* provides recent global perspectives on collaboration on various levels, ranging from knowledge sharing to merging work processes and resources to achieve a common objective. The collaboration overview provides insights into the state of cross-sector collaboration as perceived by eight Global Exchange partners, specifically those based in Brazil, Germany, India, Italy, South Africa, South Korea, Spain, and the United States. Trialogue highlights that for collaboration at a deep level to succeed, "it requires dedicated organizational capacity, clear and aligned objectives, ongoing engagement with relevant stakeholders and, importantly, adequate time and resources for effective implementation."[27]

Trialogue found that 50% of the Global Exchange partners that participated in the survey categorized collaboration through knowledge sharing among companies as "occasional."

Some examples highlighting the efforts among companies within the knowledge-sharing collaborations are:

- In India, Samhita Social Ventures, in collaboration with Ambuja Cement Foundation (ACF), holds a breakfast forum called CSR Café where CSR leaders and managers freely discuss the actions required to respond to issues that will advance the sector.
- In Spain, Fundación SERES convenes an annual event called Compartiendo ("Sharing") at which various collaborative projects that create social impact and business benefit are examined.
- In the U.S., companies participating in CECP's Accelerate Community: Systemic Investments in Equity, Talent, and Tech met quarterly during the past year to explore the challenges and opportunities presented in efforts to reduce inequities in science, technology, engineering, and maths learning and, ultimately, to diversify the tech workforce.
- In Russia there have been several collaborative initiatives aimed at increasing the capacity of the charitable sector. The Russian Donors Forum, IBM Russia/CIS, the National Research University Higher School of Economics, and Teplitsa (Greenhouse of Social Technologies) launched the Smart Social project to incentivize the development of digital skills among Russian charities. Guided by leading IT experts, students of IT and programming use blockchain and AI technologies to develop prototypes of digital solutions for Russian charities.
- Each year since 2016, Dynamo Academy, with the support of CECP, has convened in its inspiring premises in the Tuscan hills CEOs and CSR managers to share their experience and best practices in contributing to the common good. The so-called Business for the Common Good Conference was conceived also with the aim of fostering possible collaborations in social value creation among private entities. To the same end, Dynamo Academy recently organized closed-door CSR meetings to assess the results of a survey carried out among the Italian population regarding the importance attributed by people and employees to CSR issues.

Another collaboration category explored within companies was that of pooled funds, initiatives set up by one or more entities and that then approach other organizations to contribute funds to a collective pool. The objectives of such a fund vary from supporting research and best practices to delivering social services to promoting initiatives that convene multi-stakeholder groups with the aim of achieving systemic change.

[27] file:///O:/Data%20Insights/Global%20Exchange/GX/Global%20Voice%20Insights%20Document/Domestic%20GX%20research/Trialogue%2008.18/BusinessInSociety2018-Chapter4.pdf.

Pooled funds were overall less common than knowledge-sharing collaborations. Approximately one-third of corporate players classified pooled funds as “rare,” one-third as “none/don’t know,” and one-third as “occasional,” with only one Global Exchange partner reporting them as seen “often.”

Notable examples include:

- In South Africa, the minister of health and private sector companies established the Public Health Enhancement Fund (PHEF), supported by a Social Compact Forum (of CEOs of participating companies) to address challenges facing the health sector.
- In South Korea, a pooled fund was established to cover research, networking, and the development of standardized reporting practices in the CSR sector.
- In 2017, Katren, a Russian pharmaceutical, launched a “Philanthropy Partnership” to unite over 30 pharmaceutical producers and distributers to support over 250 childcare institutions across the country.
- An example of a pooled fund in Italy is the Fondazione Italia Sociale, established in 2016 by the third sector Reform Bill, which determined the foundation’s governance and initial endowment. The foundation collects private funds provided by companies, corporate foundations, and private citizens to support the development of innovative initiatives carried out by third-sector organizations as well as the requisite management skills.

HUMAN CAPITAL: EMPLOYEES’ RISING INFLUENCE AS A STAKEHOLDER

Several companies are taking unprecedented action to accelerate social and environmental progress. Internally, some leading corporations have also made bold moves in shifting corporate policies and their cultures to empower employees. While these behaviors have not yet become mainstream globally, employees are now increasingly expecting current and prospective employers to join them in advocating for social issues.

Edelman’s Trust Barometer reveals a clear shift towards localized trust, with “my employer” emerging as the most trusted institution. Globally, “my employer” (75%) is significantly more trusted than NGOs (57%), businesses (56%), government (48%), and the media (47%). It should come as no surprise that a significant percentage of the general employee population say they look to their employer to be a trustworthy source of information about contentious societal issues. In addition, CEOs are expected to lead the fight for change: “more than three-quarters (76%) say they want CEOs to take the lead on change instead of waiting for government to impose it, (…) employees expect prospective employers to actively join them in advocating for social issues (67%) (…) and companies that do are rewarded with greater commitment (83%), advocacy (78%) and loyalty (74%) from their employees.”[28]

It was no surprise to see the 2019 Edelman Trust Barometer referenced in various conversations throughout the year. From the Sustainable Brands conference in Paris to Dynamo’s Business for the Common Good in Florence to CECP’s annual summit in New York, these annual events determined that 73% of those surveyed agreed that “a company can take specific actions that both increase profits and improve the economic and social conditions in the communities where it operates,” a 9-point jump from last years’ data. Specifically, in the U.S., it climbed 3 points, to 74 percent. Other results widely referenced included that more than 75% of people surveyed now say they want CEOs to take the lead on change rather than to wait for the government to impose it.

[28] https://www.edelman.com/news-awards/2019-edelman-trust-barometer-reveals-my-employer-most-trusted-institution.

Employees' rising expectations for their employers to take a stand and to exhibit their companies' commitments to societal issues should come as no surprise, either. Examples worth highlighting include:

- Starting in 2016, 36 companies including Adidas, Lufthansa Group, and Deutsche Bank united efforts to support the integration of refugees under the *Wir Zusammen* (We Together) platform in Germany. Today, over 230 companies have joined forces to integrate more than 33,000 refugees into the labor market with the support of more than 24,000 active employees. The network has developed a wide range of expertise around the integration of refugees such that it can now customize solutions with evermore efficiency.
- At the 2018 CECP Summit, in New York, PayPal reminded the audience how the company canceled plans to open a global operations center in Charlotte, North Carolina, which would have been a US$3.6 million investment in the area, after the state passed a controversial law targeting lesbian, gay, bisexual, and transgender (LGBT) citizens.
- Technology companies and their CEOs stood up to multiple versions of President Trump's travel ban. As the case reached the United States' Supreme Court, Apple, Facebook, Amazon, Microsoft, Google, and 175 other tech companies filed an amicus brief arguing that the policy marked "a fundamental shift in the rules governing entry into the United States" and that it was already "inflicting substantial harm on U.S. companies, their employees, and the entire economy."[29]
- War Child is one of six participating organizations in IKEA Foundation's Good Cause campaign: Let's Play for Change. War Child supports 18,000 Syrian refugee children inside Jordan and Lebanon by providing education, protection, and psychosocial support services.
- During the Business for the Common Good Conference, in Italy, Fran Horowitz, CEO of Abercrombie & Fitch, highlighted the launch of the company's five-year, US$15 million partnership with the SeriousFun Children's Network, supporting community camps and programs for children with serious illnesses. She also mentioned how this has become an opportunity for Abercrombie & Fitch's associates to become involved with the cause.
- Gerdau and Votorantim, two of the largest Brazilian companies, together with other private, public, and third sector organizations, came together to launch Lab de Habitação e Moradia, a free short-term acceleration program that will leverage social impact business with innovative solutions for the housing sector. A large portion of the Brazilian population is still far from having adequate housing. The quantitative housing deficit in Brazil is 7 million, with 11 million homes that are already built but do not provide adequate housing conditions and 9 million homes that lack at least one infrastructure service.

ACTIVATING EMPLOYEES FOR SOCIAL CAUSES

The most common and longstanding methods of employees being able to engage in social issues through their work are through employee volunteering/service programs and employee giving programs that often, but not always, include a matching donation from the company. In 2018, 42% of surveyed companies (N=86) offered "matching gifts," as it is commonly known in some markets. The fact that almost half of the companies have a corporate giving program or policy that essentially doubles an employees' donation to an eligible NGO organization is significant. It means that 36 companies are providing an incentive to employees to give and, to an extent (since the uptake from employees is unknown), they are also benefiting society as they support these organizations. Companies should have an active communication strategy so that employees are aware that matching-gift programs exist, also so that raising awareness doesn't fall solely to NGOs.

Companies use software and other tools to track significant amounts of data around service programs in order to exhibit positive results and report on their work. Participation rate is a common Key Performance Indicator within this data. Companies were asked to estimate the percentage of employees who

[29] https://www.theatlantic.com/technology/archive/2018/06/tech-companies-travel-ban-muslim/563786/.

volunteered at least one hour over the course of the year. The average volunteer participation rate in 2018 among those companies was 32%. For specific types of volunteer programs, the data suggest that programs that offer employees the greatest time flexibility are the most offered: over half of the companies (56%) offer paid-release time/flexible scheduling, followed by skills-based volunteering/Pro Bono Service (35%).

Percentage of Companies Offering Each Type of Volunteer Program, 2018	
Paid-Release Time/Flexible Scheduling	56%
Skills-Based Volunteering/Pro Bono Service	35%
Company-Wide Day of Service	29%
None	16%
Other	48%

Skills-based volunteering, including Pro Bono Services, is increasingly part of company's policies and programs designed to engage employees. According to the Taproot Foundation, Pro Bono Service is the fastest-growing type of volunteer program globally. PYXERA's 8th *Global ProBono State of Practice* report finds that more corporate employees are participating in global Pro Bono Services and the practice is expanding to more countries: there was a 90% increase in total employees participating in global Pro Bono Services and a 14% increase in the number of countries hosting Pro Bono Service teams. Europe and North America showed a 200% increase in local programs[30]. The report also finds that Pro Bono Service programs allow corporate partners to improve the capacity and deepen the impact of host organizations. Most importantly, companies seem to be becoming more strategic when implementing these programs and choosing SDGs to enhance focus, for example by selecting host clients focused on a specific SDG or SDGs, with alignment occurring most commonly with Quality Education (SDG 4), Good Health and Well-Being (SDG 3), entrepreneurship, a.k.a. Decent Work and Economic Growth (SDG 8), and community development, a.k.a. Sustainable Cities and Communities (SDG 11).

Employee engagement programs are proven to increase overall engagement at work. For example, SAP's Social Sabbatical and other Pro Bono Service programs have been proven to retain top talent: "a survey of 48 recently returned SAP Social Sabbatical participants—33% of whom fall in the Millennial and Gen Y generations—showed that all either agree or strongly agree with the following statement: 'After my Social Sabbatical experience, I am more motivated to perform in my work at SAP.' What's more, 98% said they are proud to work for SAP. SAP sends teams of employees for one-month assignments to work with NGO organizations and social enterprises in emerging markets around the world."[31]

Itaú Unibanco Holding SA, the largest private sector bank in Brazil, supports bank employees and retirees who wish to engage in social actions by developing the Itaú Social Action Network and Itaú Voluntary portal so that participants can exchange experiences, promote discussions, publicize volunteer events and opportunities, and together contribute to a fairer society. It is also here that volunteers share what they have been doing and find guidance on volunteering, social participation, and inspiring stories for developing new actions in their context.

Of the data on employee programs received from Global Exchange partners, it's useful to highlight that:

In its 2018 *Business in Society Handbook*, Trialogue reports that most South African companies (80%) had formal employee volunteer programs. Over 60% had volunteering policies and 46% had designated

[30] https://www.pyxeraglobal.org/wp-content/uploads/2019/06/PYXERAGlobal_8thGlobalProBono_StateofthePracticeReport.pdf.
[31] https://www.pyxeraglobal.org/spectrum-volunteer-service-can-increase-employee-engagement-corporate-citizenship-global-impact-2/.

full- or part-time staff to manage volunteering. Similarly, in Brazil, 79% of BISC 2018 survey respondents have a formal volunteer program. Those who don't have one (21%) have shown interest in developing formal programs in the near future. Compared to the two previous years, positive changes have arisen on this front; the percentage of companies encouraging volunteering rose from 30% to 36%, as did those increasing the flexibility of working hours for volunteering: from 0% to 18%.

Choosing the Right Set-up for Corporate Volunteering[32], a report by Wider Sense and the University of Mannheim, finds significant variation in the definitions and understanding that German companies have when it comes to corporate volunteer programs, what falls under this topic, and how such programs should be implemented. Accordingly, implementation methods also differ greatly. For example, Wider Sense highlights cases in which companies count their support towards employees' commitment to social projects outside work as "corporate volunteering," because corporations are advocating volunteer work and/or recognizing and supporting these activities by rewarding employees through paid leave, logistical support, price collaboration, etc. BASF, a German chemical company and the largest chemical producer in the world, launched, in cooperation with the German Non-Denominational Welfare Association, "Der Mitmacher" (The Participant), a volunteer opportunity in which a so-called "marketplace" is established where 20 to 25 organizations can present projects for which they require support. The organizations are then matched with BASF units that help to implement the project as a team.

The report also finds that German companies are in very different stages when looking at corporate volunteering. Some of the interviewed companies have only just begun to integrate corporate volunteering, while others have already embedded it in the company's training programs or even as a mandatory module for apprentices, dual training students, or young managers. While the study focuses on German companies only, these insights may well reflect a wider European trend. Corporate volunteering seems to be gaining more traction in this region, with leadership teams realizing it is no longer just a nice-to-have but rather a strategy that can prove key to retaining employees, engaging associates, and providing leadership development in a genuine way. Given how established corporate volunteering is within U.S.-based companies, European companies might be realizing they've been missing out on its potential value to the company, employees, and society. Companies in the region are also realizing the need to find a culturally appropriate approach to corporate volunteering. For this reason, in Germany, several companies are supporting their employees' civic engagement with awards and donations.

Supporting volunteering opportunities has become a major trend in Russia at various levels. The Russian government announced 2018 as a "Year of Volunteering," which spurred a real boost in initiatives and projects that in turn increased the number of volunteering opportunities. According to the research conducted by the Russian Donors Forum, almost 90% of companies reported that their staff have volunteered at least once during the year.

MILLENNIALS REDIFINING GIVING AND VOLUNTEERISM

Numbering 1.8 billion, and therefore accounting for about a quarter of the world's population, Millennials are the dominant generation of the post-financial crisis[33]. To put this in perspective: nearly nine in ten Millennials live in emerging economies, and Chinese Millennials outnumber the entire population of the U.S. The *Financial Times*'s article *The Millennial Moment* highlights country differences among Millennial populations: Iran has the highest proportion of Millennials, at 32.2%, and China follows with 25.2%. Millennials are a minority population in the European Union, and the proportion of children and young people in Europe is projected to continue falling in coming decades because of the combined effect of low birth and low death rates. Meanwhile, in the U.S., Millennials are expected to overtake Baby Boomers.

[32] The report provides insights into how Germany's largest publicly listed companies are tackling the hot topic of corporate volunteering. Data and examples were gathered through qualitative interviews with 25 of the 30 DAX German companies[32], 1,200 employee surveys, and conversations with involved nonprofits.
[33] https://www.ft.com/content/f81ac17a-68ae-11e8-b6eb-4acfcfb08c11.

ManpowerGroup's analysis of U.N. population data highlights that, by 2020, Millennials and Generation X will each represent 35% of the global workforce, Generation Z 24%, and Baby Boomers 6%[34].

The fact that paid-release time and skills-based volunteering/Pro Bono Service are the top two programs that companies in the Global Exchange network are offering is important. These two programs reflect two priorities Millennials value highly: flexibility as a key to loyalty to the company and finding real, skills-based projects that have a demonstrable impact. But even with Millennials radically changing the way volunteering and giving are done, Gallup's latest *State of The Global Workplace* report warns that 85% of employees around the world are not engaged or actively engaged. In virtually all regions, employee engagement levels tend to be lower in industries characterized by more routinized jobs, such as manufacturing and production. Gallup's report also outlines that the proportion of engaged employees in Western Europe, one of the most economically developed regions, is lower than the global average, with only 10% of this region's employees being engaged at work (by comparison, the figure among U.S. employees is more than three times as high, at 33%)[35]. If Europe is the region with the least engaged employees, and also the region where Millennials are a minority population expected to continue dwindling proportionately, European businesses should see this scarce resource as an opportunity to implement innovative employee engagement policies and programs that adapt to the shifting needs and priorities of this generation.

The demographic imbalance is top of mind for various companies in the Global Exchange network. In Spain, for example, Fundación SERES has taken a leadership role in creating a Demographic Lab to bring companies together and think about the role that business can play in Spain's demographic challenge. SERES's *The Aging Population, A Social and Business Challenge*[36] is a report in which leading companies like Repsol, Ferrovial, EY Fundación España, and others contributed to find solutions for our aging classes. Part of the crisis Spain currently faces is that people are not only older but also increasingly alone. SERES's Demographic Lab and report highlighted the importance of innovation in the products and services that businesses offer while also providing global accessibility. These two areas should tackle specifically the issues of employment, urban accessibility, health, elimination of stereotypes, and narrowing the digital and technological divide. Through the Demographic Lab, SERES also called on the need for a "Country Alliance" among all stakeholders involved: a rural-urban alliance, an intergenerational alliance, and a model of multi-governance and public-private partnerships. SERES also emphasizes the need for companies to focus on the creation of local opportunities and the retention of talent in rural areas and small cities—two strategies that would have the greatest possible geographic reach in helping tackle depopulation.

BENCHMARKING: COMMUNITY INVESTMENTS

In 2018, 86 surveyed companies reported aggregate total giving of US$3.6 billion. The benchmark (median) for these companies was that community investments were 0.28% of companies' total revenue. For a company with annual revenues of USUS$5 billion, that would be equivalent to a budget of USUS$14 million. *Giving in Numbers*, a study of 250 multi-billion-dollar companies, found that, in 2018, companies' aggregate total giving was USUS$26 billion, representing 0.14% of companies' total revenue. While sample sizes differ greatly, it is worth noting that companies responding to the Global Exchange questionnaire are giving twice as much in terms of percentage of revenue. To put these numbers in context: the median total giving for the *Giving in Numbers* sample was US$20.7 million, compared to a median total giving of US$5.9 million for Global Exchange companies. This is a reflection of differences in

[34] https://www.manpowergroup.com/wps/wcm/connect/660ebf65-144c-489e-975c-9f838294c237/MillennialsPaper1_2020Vision_lo.pdf?MOD=AJPERES.
[35] http://www.gdph.be/news/documents/consult/4.
[36] https://www.fundacionseres.org/Repositorio%20Archivos/Informes/190205_Envejecimiento_de_la_población.Un_reto_social_y_empresarial_alta.pdf.

size of the companies in each study: *Giving in Numbers* companies' have a median revenue of USUS$18.72 billion.

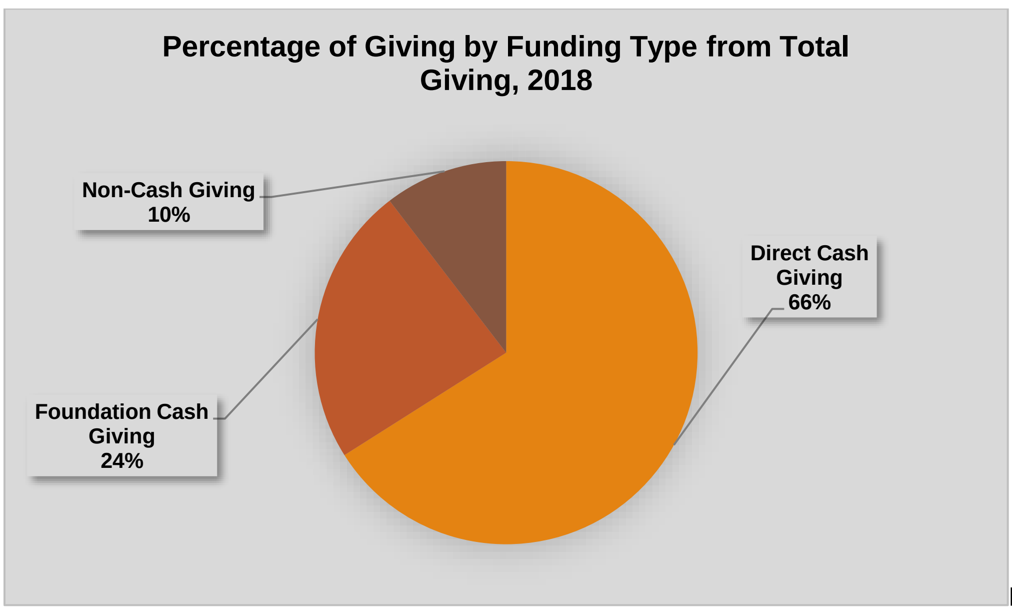
According to data released in Dynamo Academy's *Corporate Giving in Italy* 2018 report, the total giving by 57 companies in Italy that year was €308 million, plus €12.3 million delivered by corporate foundations. When Pro Bono Services and products are accounted for as well the total giving made by these companies in 2018 increases to €341 million.

Further to the table here, listing different total giving tiers, 38 companies, which represent almost half (44%) of the sample, each contributed under US$5 million in total giving. The other 56% of companies (n=48) are fairly equally distributed among the other tier groups. One out of ten companies contributed over US$100 million each.

Total Giving Tiers	Percentage
Over US$50 million	17%
US$15+ to US$50 million	22%
US$5+ to US$15 million	17%
Under US$5 million	44%

N=86

Sixty-six percent of total contributions were allocated in the form of direct cash, 24% as foundation cash, and 10% as non-cash. The giving distribution shares are in line with trends seen in other global or regional surveys, like the 2017 *Giving Around the Globe* survey, in which non-cash giving (reflecting product donations or Pro Bono Services assessed at Fair Market Value) always represented the least share of contributions in all regions. Trialogue's 21st edition of the *Business in Society Handbook* reports that for 2018 South African companies' non-cash giving as a proportion of total corporate social investment spend was 11%, mirroring what was found for the surveyed companies in this global analysis.



N=86

The median USUS$ value by funding type among companies reporting each type of giving in 2018 was as follows:

Funding Type	Medians (in USUS$ Millions), 2018
Total Giving (N=86)	US$5.90
Total Cash Giving (N=86)	US$5.70
Direct Cash (n=79)	US$5.20
Foundation Cash (n=51)	US$2.40
Non-Cash (n=23)	US$0.50

Almost half (49%) of surveyed companies provided a breakdown of total giving with a focus in Education: K-12 and Education: Higher. Summing all the education-related contributions reflected a total estimated expenditure in 2018 of US$351 million. The percentage of total giving that companies contributed to Education combined was nearly 15%.

While each report differs in its methodology and in the way education questions are collected, the following data points elicit one clear finding: education is one of the most important focus areas or corporate causes and accounts for most of the contributions made by companies in the following markets.

Trialogue reports in their 2018 *Business in Society Handbook*[37] that of the R9.7 billion (US$630 million) spent on corporate social investments in 2018, education was once again the most popular corporate cause, supported by 92% of companies, and accounting for almost half of the corporate social investment spend (44%), down slightly from a high of 49% in 2014. Trialogue breaks companies' social investment in education down into five areas: early childhood development, general education, further education and training, tertiary education, and adult education.

CSRone Reporting conducts annual analysis on the latest trends of sustainability based on the reporting of different ESG-related themes. In its 7th edition, CSRone's *2019 Taiwan and Asia Sustainability Reports Analysis* found that 76% of the 528[38] analyzed companies invest in society with a "science and education" focus and 73% invest in "children and youth welfare"; 6.8% of them have monetized their efforts. CSRone highlights that education and science showed a major increase and favorability as a form of giving back to society compared to past years. The focus on and investment in "children and youth welfare" notably has also received continued support from companies over the past three years, placing it among the top two highest priorities.[39]

Maala found in its 2019 Israel Index that education is the top social investment area, at 19%, followed by investments in children and youth at risk (11%) and social services and welfare (13%). Comunitas, the Global Exchange Brazil partner, asked companies in its 2018 annual *Benchmarking do Investimento Social Corporativo* (BISC) survey to indicate their priorities within education. Close to half of surveyed companies (42%) highlighted the importance of basic education, while only 17% of companies mentioned high school as a key priority.

[37] https://trialogue.co.za/wp-content/uploads/2018/11/BusinessInSociety2018.pdf.
[38] CSRone's analysis was conducted on the basis of 606 sustainability reports: 528 reports were from Taiwan (written in Chinese) and 78 were from Asia (written in English). Asian companies included the top ten largest companies from eight countries and territories, including Japan, China, Hong Kong, India, Singapore, Malaysia, Thailand, and South Korea.
[39] 2019 Taiwan and Asia Sustainability Reports Analysis.

In a similar vein, education has been the most popular cause among Russian companies for a number of years. According to the Russian Donors Forum survey, which queried nearly 50 leading Russian companies, in 2018 education was supported by more than 87% of companies, followed by social protection (85%) and support of local communities (81%).

The main beneficiaries of corporate philanthropy programs are young people (for 85% of companies), children (83%), and families (79%). Slightly behind are people with disabilities and the elderly, supported by 72% of companies, and veterans (70%).

Private sector support of education is of significant relevance. At the global level, a joint publication by the UNESCO Institute for Statistics and the Global Education Monitoring Report for the 2019 High-Level Political Forum on Sustainable Development captures that there was a sudden halt in the growth of aid to education in low-income countries after the onset of the financial crisis. In addition, the report outlines that 262 million youths, or 18% of all children, adolescents, and teenagers aged 6 to 17 years, were out of school in 2017. Given that 2019 is the year that students who should complete secondary school by 2030 would be entering school for the first time, the analysis warns that, based on current trends, these numbers will drop only slightly: to 225 million, or 14%, by 2030. The primary out of-school rate (which typically applies to children from 6-11 years of age), fell from 15% to 9% between 2000 and 2008, but has not changed since then.[40]

HOW BRANDS ARE EMPOWERING CONSUMERS TO ACCELERATE CHANGE

Emmanuel Faber, CEO of Danone, stated that one of the big changes they are rolling out at his company is “how to re-empower people, (…) how to authorize and encourage people to disrupt the way they think and the way they think they are authorized to think.”

As Nielsen points out in its 2019 *Total Consumer Report*, it is true that “loyalty has always been a treasured commodity for companies, but now that consumers have endless choice and omnichannel access, it’s disloyalty, or brand switching, that manufacturers and retailers should pay attention to.”[41] Moreover, every time a product or experience lets a consumer down, there is a breakdown in trust. These statements reflect a broad theme touched on at several corporate social responsibility conferences either led or attended by Global Exchange country partners and that shed light on the other side of the coin: how brands are also empowering consumers to accelerate change towards a more sustainable world.

The first European Sustainable Brands conference was hosted in Paris during a volatile time for the region: the grassroots Gilets Jaunes (Yellow Vests) movement was protesting high taxes and economic inequality in the French capital, young people from the Youth Strike 4 Climate movement were organizing protests in various cities, and there was a disastrous fire at Notre-Dame cathedral, all of which brought modern philanthropy back to the debate table. Emmanuel Faber struck a bold tone that resonated with the audience and speakers, urging brands to “be bold or die” and challenging companies not only to take their corporate purpose seriously but also to consider how brand activism can be a recipe for changing consumers’ behaviors towards a more sustainable world. Examples highlighted at the conference included:

- Joanna Yarrow, who leads the work of IKEA Group, emphasized the importance of the local narrative and a bottom-up approach to reaching IKEA’s ambitious sustainability goal. The

[40] https://en.unesco.org/gem-report/sites/gem-report/files/UNESCO-2019-HLPF_UIS_Meeting-EN-v7-web_aer.pdf.
[41] https://www.nielsen.com/us/en/insights/report/2019/total-consumer-report-2019/.

company partnered with GlobeScan to survey over 14,000 adults across 14 countries and conduct 24 qualitative focus groups with the goal of understanding what everyday consumers think about climate change, what actions they are taking to reduce their own impact on the environment, and what can serve as motivators to enable people to take courageous climate action[42].

- Tom Szaky, CEO of Terracycle, and Virginie Helias, Procter & Gamble's (P&G) Chief Sustainability Officer, took the stage to discuss Loop, a reusable packaging platform that allows consumers to integrate zero waste into their purchasing decisions while also improving their user experience. As explained by Szaky, Loop uses a "milkman" model, where products are delivered in high-quality packaging that can be refilled and returned multiple times.
- Elisabeth Laville, Founder and CEO at Utopies, acknowledged multiple ways in which cities are a starting point for brands to scale up their positive impact and involve consumers. Laville stated that brands can't limit themselves to selling products: consumers now want experiences, too. For retailers, this has meant turning stores into community hubs. She also introduced the concept of "brand urbanism" to implement solutions at the local level despite being a global brand.

The consistent message of the importance of putting consumers at the center of company strategy helped the audience seize ideas that create value in non-traditional ways, while maintaining sustainability as a primary driver. It was also clear that ease, attractiveness, affordability, innovation, and convenience are now part of the marketing reinvention that brands are adapting in order to reach a wide consumer base as well as to achieve sustainability goals that have a long-term and positive societal impact.

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[42] The results can be found in Climate Action Starts at Home, a report that identifies principles to note when engaging with customers on climate action. For a company that operates 355 stores in 29 markets, over 800 million yearly store visits, and sees 2.1 billion visits to IKEA.com, acknowledging everyday consumer perspectives on how to make sustainable and healthy living affordable, attractive, and accessible for as many people as possible can truly make a difference in the achievement of an ambitious sustainability goal.

GLOBAL EXCHANGE QUESTIONNAIRE REPONDENTS PROFILE

This year's report draws on survey data from 86 companies from 17 different countries. To maintain the confidentiality of survey respondents, combined aggregate responses from all companies form the basis of this analysis. The survey results detailed in this report cover programs with a December 31st, 2018 end date. We appreciate the exceptional work that our Global Exchange country partners (Cemefi in Mexico, Comunitas in Brazil, CSRone Reporting in Taiwan, Dynamo Academy in Italy, Korea Productivity Center in the Republic of Korea, Trialogue in South Africa, Russian Donors Forum in the Russian Federation, SynTao in Mainland China and Hong Kong, and Wider Sense in Germany) engaged in to disseminate the Global Exchange questionnaire and collect data from companies in their markets.

The data collected for the 2019 Global Exchange questionnaire focused on companies with over USUS$500 million in annual revenue to benchmark and compare large companies and not the entire corporate sector. Insights included in this document report corporate community investment numbers from the highest possible structural level—in the majority of cases, the parent company.

Revenue Tiers	Percentage
1. Over US$100 billion	1%
2. US$50+ to US$100 billion	3%
3. US$25+ to US$50 billion	16%
4. US$15+ to US$25 billion	7%
5. US$10+ to US$15 billion	12%
6. US$5 to US$10 billion	17%
7. Under US$5 billion	33%
No data available	10%
	N=86

Among respondent companies, Financial Services was the industry best represented, with 22% of companies. It was followed by Materials, at 16%. All other sectors were fairly evenly represented by the remaining 53 companies who participated in the survey.

Industry Breakdown	Percentage
Communications	8%
Consumer Discretionary	5%
Consumer Staples	2%
Energy	3%
Financials	22%

Health Care	9%
Industrials	8%
Materials	16%
Technology	8%
Utilities	3%
NA	16%
	N=86

Responses came from the following 86 companies:

A2A S.p.A.	DB Insurance Co, Ltd.	Intesa Sanpaolo S.p.A.	Roshan
Accenture	De Beers Group	Iren SpA	Russian Copper Company (RCC)
Amplifon S.p.A.	Deutsche Bank	Itaú Unibanco Holding S.A	Sakhalin Energy Investment Company Ltd. (Sakhalin Energy)
Anglo American Brasil	Undisclosed German company	Johnson Controls	Salini Impregilo S.p.A.
Aspen Pharmacare Holdings Limited	Dolomiti Energia S.p.A.	Katren	Salvatore Ferragamo S.p.A.
AstraZeneca	Enel S.p.A.	Leão Alimentos e Bebidas LTDA	Samsung Life Insurance
AU Optronics	ERG S.p.A.	Lenovo	Santander (Brasil) S.A.
Banca Mediolanum S.p.A.	Euler Hermes	Leonardo	SAP SE
Banca Nazionale del Lavoro S.p.A.	EVRAZ plc	Lotte Engineering & Construction Co., Ltd.	Schneider Electric
Banco BPM S.p.A.	Fastweb S.p.A.	Macquarie Group	Sinara Foundation (Sinara Group AO)
Barclays Group plc	Gerdau S.A.	Mediobanca S.p.A.	Sistema Coca-Cola Brasil
BASF SE	Gold Fields Ltd	Medtronic	Sistema PJSFC
BBVA	Grupo Bimbo, S.A.B. de C.V.	Mirae Asset Daewoo	SK C&C
BMW Italia S.p.A.	Grupo Mexico SAB de CV (Grupo México)	Mobile TeleSystems (MTS)	SK Innovation Co
BNK Financial Group	Grupo Neoenergia	Novo Nordisk Inc (US)	Solar BR Coca-Cola
BPER Banca S.p.A.	GSK	Organização Bradesco	Telefônica Vivo Brasil S/A
BRF S.A.	Hankook Tire	PAO Severstal	Trevi Finanziaria Industriale SpA
Buzzi Unicem S.p.A.	HewlettPackard Mexico S de RL de CV	Pearson PLC	UBS Financial Services
CCR S.A	Hyundai Steel Co., Ltd,	Perrigo Company Charitable Foundation	Unione di Banche Italiane S.p.A (UBI Banca)
Cooperativa La Cruz Azul S.C.L.	IHS Markit LTD	PJSC “Rostelecom”	United Company RUSAL
Credit Suisse Group AG	Illovo Sugar Ltd.	Polymetal International plc	Vale S.A.
			Vonovia SE
			Votorantim S.A.

These companies are headquartered in the following 17 countries:

- Afghanistan
- Australia
- Brazil
- China
- Denmark
- France
- Germany
- Ireland
- Italy
- Mainland China and Hong Kong
- Mexico
- Republic of Korea
- Russian Federation
- South Africa
- Spain
- Taiwan
- United Kingdom of Great Britain and Northern Ireland

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