

# Making the Pitch

Determining ROI on CSR Initiatives

**September 30, 2021** 

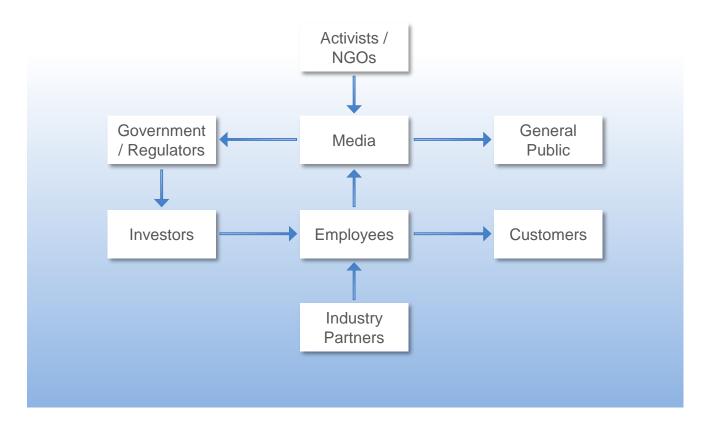
# **DISCUSSION GUIDE**

- Sustainability Today Doing Good, Driving Value
- SR & ESG Complimentary Systems of Action
- Making the Financial Case
- Internal Integration is Key



# **OPINION-SHAPING GROUPS**

All organizations have time, energy and history in the environmental, philanthropy and workforce practices that will continue to gain attention from our stakeholder groups





### STRIKING THE BALANCE

# (CSR OR SR)

- CSR is your company's internal commitment to strong corporate values. With CSR, you're looking to build accountability within the organization itself.
- With CSR, the emphasis isn't necessarily on profitability. Instead, the focus is on how businesses regulate their own ethics and impact on the community.

GOVERNANCE (ESG)

- ESG is a broad rating of a company's commitment to sustainability and other values that pertain to the longterm health and viability of the business.
- ESG represents a framework used by investors to better understand business impacts on a wider scale. It's how a company is viewed through a lens of sustainability, performance and liability.



## WHY INVEST IN SOCIAL RESPONSIBILITY

#### All SR investments should be quantified for business benefits

Comply with Legislation?

Mitigate Risk?

Reduce Cost?

Increase Revenues?

Drive Value & Impact?

- Business case based on fines or forced by punitive cost of compliance
- Generally obligatory

- Business case based on probability of catastrophic events in absence of SR investment
- Business as usual
- SR "nobrainers."
- Examples include GHG reductions, recycling, etc.

- Business as usual
- Examples include products or services that command a higher price because of a positive CR profile

- Unique business
- Research demonstrat es that companies that meet or exceed stakeholder expectations are valued higher

Freedom to operate

**Business improvement** 



# **MEASURING SHARED VALUE**

Environmental Impact Social Impact Business Impact





## **COMMUNITY INVESTMENT MODEL**

# **NPUTS**

#### HOW?

Cash, time, in-kind, management costs

#### WHY?

Charitable gift, community investment, commercial initiative in the community

#### WHERE?

Geographic location

#### WHAT?

Subject focus and issue addressed

#### Inputs: What's given?

The resources a company provides to support a community activity.

# OUTPUTS

#### **Community benefits:**

Numbers helped, activities held, etc.

#### Leverage:

Additional funds raised

#### **Business benefits:**

Media coverage, awareness among customers, employees, etc.

# IMPACTS

#### **Community impacts:**

How beneficiaries are better off:

#### - For individuals:

Skills/personal development, behavior change, quality of life

#### - For organizations

New/improved services, wider outreach, raised profile

How the company is better off:

- Business impacts:
- Includes employee satisfaction, brand awareness, conditioning

#### **Outputs: What happens?**

The activities delivered, numbers reached, funds raised and business-related activity resulting form the contributions made.

#### Impacts: What changes?

The changes that happen to individuals, organizations and the company, in short or longer-term, as a results of the activity.

Adapted from The LBG Framework

### **DRIVING ROI – AN EXAMPLE**

#### ENERGY EFFICIENCY AND CARBON REDUCTION

#### WHAT IS THE MEASURE?

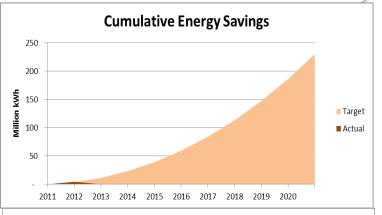
Save 200 million kWh of energy and 300 million lbs of GHG by 2025 from a 2015 baseline

#### WHY IS IT IMPORTANT?

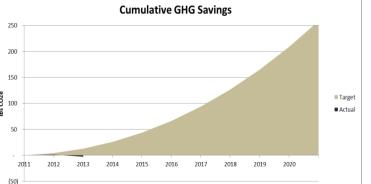
- <u>Cost Reduction</u> Managing energy in a more efficient manner has the potential to avoid over \$27 million in operational costs over 10 years
- <u>Supply Stability</u> Utilizing cost effective sources of renewable energy is a mitigation against energy supply instability
- Environmental Protection Reducing energy usage and increasing the use of renewables results in less natural resource degradation and fewer carbon emissions
- <u>Stakeholder Expectations</u> Recognizing that we can't always control rising energy prices, but we can control our energy usage

#### **HOW ARE WE DOING?**

- Energy missed 2020 target by 11 million kWh
- GHG missed 2020 target by 15,000 lbs CO2e
- Implementing actions to achieve 2025 goals



OFF TRACK



OFF TRACK



# **SUMMARY – BUILDING YOUR SR PLATFORM**

### **FIVE PROCESS STEPS**

1

#### **Strategic Alignment**

- Business Case
- Leadership Commitment
  - Charter/Resolution

3

#### **Program Design**

- Impact Strategies & Metrics
  - Outreach Systems
  - Solutions-Based Actions

5

#### **Strategic Priorities**

Partnerships & Alliances
Analysis of ROI & ROC
Impact Stories

2

#### **Value Creation**

- Assets to Leverage
- Materiality/Relevant Causes
- Stakeholder Management

4

#### **Resource Delivery**

- Internal Expertise
- Talent Engagement
- Impact Areas/Causes

