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CSR and ESG: A Practical Guide to Social Impact Reporting

There is increasing pressure on companies to deliver comprehensive Environmental, Social, and Governance (ESG) reporting, but little standardized guidance on how to do it. Done correctly, ESG reporting can help corporate social responsibility (CSR) professionals to demonstrate the social and business value their efforts are generating as well as strengthen their programs. However, navigating unclear and inconsistent requirements, especially with an anti-ESG backdrop, can be challenging.

This guide offers practical tips, dozens of resources, and an easy-to-use framework for CSR professionals looking to make the most of this opportunity to create new, or strengthen existing, CSR and ESG reporting efforts. →

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Now do this!

Reading through a 28-page report seem a bit much for right now? No problem. We've designed this report to be skimmable and have even included **Now do this!** boxes to kickstart your efforts. Let's get started!

Introduction

Sustainability, corporate social responsibility (CSR), and ESG have been around for decades, but increased regulation, interest, and now scrutiny and backlash, have recently brought these issues to the forefront. Conversations about ESG have extended far beyond the boardroom, with companies, investors, and the general public expressing intrigue and skepticism alike.

But, for corporate citizenship professionals, just how different are CSR and ESG reporting? What does this mean for your work in social impact? Throughout all the ESG data collection, auditing, and committee coordination madness, are there any benefits for you and your team?

The rise in ESG reporting is accompanied by exciting opportunities and undeniable challenges for leaders in the corporate citizenship and philanthropy space. **With the information, resources, and practical tips in this report, CSR professionals will be able to better demonstrate the value of their social impact programming, generate insights to drive improvement, and strategically communicate the value of their hard work—even in the face of backlash.**

This guide will provide value to:

- CSR department leaders who need to align their social impact initiatives with clear business value for the company
- CSR professionals struggling to substantiate their work with the quantitative metrics required of ESG reporting
- Corporate ESG leaders who need to integrate material social issues into broader business strategies
- Company leadership and board members who need to address ESG risks and opportunities to shareholders, especially in an anti-ESG environment

CSR vs. ESG

When it comes to corporate citizenship, how are CSR and ESG different?

While both refer to a company's commitment to responsible business practices, there are key differences in the scope of their work, integration into the company, stakeholder engagement, and performance metrics.

CSR traditionally focuses on a company's ethical, philanthropic, and community-based activities. These activities are often voluntary and can be more tangential to the company's core business. ESG, on the other hand, encompasses a broader range of issues, including environmental impact, social practices, and governance, which are linked to a company's core business and financial performance.

While CSR and citizenship activities mainly fall under the social arm, they also play a supporting role in all aspects of a comprehensive ESG strategy.

What role does citizenship play in ESG?

Environmental

company: **emerging**
employees: **emerging**
investors: none
customers and partners: none
communities: **emerging**
regulators: none
society at large: **emerging**

Social

company: **leading**
employees: **leading**
investors: **partnering**
customers and partners: **partnering**
communities: **leading**
regulators: **partnering**
society at large: **leading**

Governance

company: none
employees: none
investors: none
customers and partners: none
communities: **leading**
regulators: none
society at large: none

How is the reporting different?

CSR Reporting

Generally speaking, a CSR report (or sustainability or impact report) focuses on a company's corporate citizenship, philanthropy, and employee engagement programs. These reports often emphasize narratives, interspersed with ad hoc metrics, to highlight the company's accomplishments over the past year.

ESG Reporting

ESG reports focus on the performance of the non-financial aspects of a company, such as community engagement, waste management practices, supply chain management, board oversight, and ethical business practices. Quantitative metrics play an essential role in expressing how the company is mitigating risk and creating value over time. Combining narratives and data, ESG reporting offers a measurable and holistic view of the business. This also means that both progress and shortcomings are often addressed in these reports, not just the annual highlights.

As ESG rises in popularity, what do these changes mean for corporate citizenship professionals?

Corporate social responsibility has historically been seen as a "nice-to-have" activity, whereas ESG is increasingly being viewed as essential for leadership, investors, shareholders, regulatory bodies, and even customers and employees.

The buzz over ESG is opening the door to an exciting mindset shift for corporate citizenship leaders. **Your work is part of the "S" in the ESG equation, illuminating the importance of your work to the overall long-term health of the company.** This is an opportunity to highlight the role CSR plays in attracting new business and partnership opportunities; reducing regulatory burden; generating easier access to capital; and improving brand reputation, sales, and customer loyalty.

Increasingly, corporate citizenship leaders tell us that the transition to ESG has brought a newfound regard for their work at all levels of the business. With the help of comprehensive social impact data, corporate citizenship has become an active component in creating value for the business with customers, potential partnerships, board members, and company leadership.

However, this increase in prominence also brings new scrutiny, which CSR professionals should be prepared to meet with strong and compelling evidence and documentation.

Should I be concerned about ESG backlash? How are other companies addressing this?

The rise in ESG reporting has also coincided with an increase in backlash, particularly in the US. According to The Conference Board, there are three main types of ESG backlash: **skepticism**, those who are wary of the proposed benefits of ESG investment funds; **philosophical opposition**, people who are concerned about shareholder value and generally opposed to ESG regulations; and **opportunism**, those who are against "woke capitalism" and certain social issues.

While making the case for the relevance of social issues in business is not new, the politics, emotions, and public discourse surrounding the "S" are playing a greater role in the ESG conversation at many companies. Although 49% of the companies surveyed by The Conference Board have experienced some sort of ESG backlash—either against their company, their industry, or a general backlash in their state, **71% of US CEOs and 64% of European CEOs do not plan on cutting back their ESG investments.** [1]

In this increasingly polarized environment, companies need to be thoughtful about not only their ESG goals but their messaging and communications strategies. Many experts see this discourse as an opportunity to educate the public, engage specific stakeholders, strengthen the link between ESG and value creation, and foster conversation with people on both sides of the debate.

Comparing CSR and ESG: A Brief Overview

What is it?	CSR: Corporate Social Responsibility	ESG: Environmental, Social, and Governance
So the "S" is the same in both?	Yep.	Also, yep.
What is it?	The business' impact on society inside and outside the company	The non-financial aspects of a company's strategy and performance
What does that mean, exactly?	CSR shows how a company is operating in ways that contribute positively to society: corporate philanthropy; employee engagement; diversity, equity, inclusion, and belonging (DEIB); supply chain management; sustainability; and community investment. CSR programs can include: - **volunteerism and philanthropy** - **ethical labor practices** - **education and training** - **employee health and wellness** - **community engagement** - **environmental sustainability** - **consumer education and safety**	**E** Environmental: Encompasses how a company is exposed to and manages risks and opportunities related to the environment. **S** Social: Social and human capital topics and practices, particularly with the community and its employees. Includes corporate philanthropy, DEIB, product safety, working conditions, human rights practices, employee relations, labor practices of suppliers, and more. **G** Governance: The company's corporate governance, including executive compensation, diversity of the board, and anti-bribery and corruption practices.

What is it again?	CSR: Corporate Social Responsibility	ESG: Environmental, Social, and Governance
What departments are usually involved?	There may be a corporate social responsibility department. If not, usually a version of the following: corporate citizenship, corporate philanthropy, community engagement, or community relations.	Involves ESG steering committee across disparate departments, such as human resources, legal, finance, corporate citizenship, sustainability, construction management and property management, operations, etc.
How is this integrated into the company?	Historically, CSR was often viewed as a "nice-to-have" activity separate from the revenue-generating departments of the company. This is changing now with clearer overlap between business and social value creation.	ESG is integrated throughout a company's strategy and increasingly viewed as a core driver of business value.

Now, let's discuss a few things to keep in mind while adapting your CSR reporting to ESG standards.

Existing ESG Frameworks

98% of the companies surveyed by Chief Executives for Corporate Purpose (CECP)[2] are using some form of voluntary standards for ESG reporting. While these are some of the most prominent frameworks used today, there are no set standards for the sector as a whole:

- **Sustainability Accounting Standards Board (SASB)**
- **Global Reporting Initiative (GRI)**
- **Climate Disclosure Standards Board (CDSB)**
- **Carbon Disclosure Project (now only referred to as CDP)**
- **Task Force on Climate-Related Financial Disclosures (TCFD)**
- **International Integrated Reporting Council (IIRC)**
- **United Nations Sustainable Development Goals (UN SDGs)**

Now do this!

Check with your legal, accounting, or finance departments to see which ESG frameworks are most relevant to your company and its goals.

If none have been chosen yet, bookmark **What are ESG Frameworks?** by IBM for a list of factors to consider when selecting one.

If you're based at a business in the European Union with over 250 employees, you have even more to think about. Your company is now subject to the **Corporate Sustainability Reporting Directive (CSRD)**, meaning that you are required to file ESG reporting under the still-evolving (as of April 2023) **European Sustainability Reporting Standards (ESRS)** drafted by the **European Financial Reporting Advisory Group (EFRAG)**. Companies will need to apply the new rules in the 2024 fiscal year, for reports published in 2025.

At the UN COP26 in November 2021, the International Financial Reporting Standards (IFRS) announced the creation of the **International Sustainability Standards Board (ISSB)** to develop a global baseline for sustainability disclosures focused on investors and financial markets. **US companies with a significant presence in Europe or Asia will probably need to comply with the disclosure standards in these regions**, even if the US does not require them.

Capturing the "S" in ESG

Quantifying something that has traditionally been captured with narratives and storytelling can be challenging. According to the aforementioned survey by CECP, **54% of companies believe the social factors of ESG are the most complex to accurately measure**:

- Compared to financial and environmental data, the lack of sector-wide standards for reporting social data can make it more difficult to know what data to collect and how, even for auditors.
- Gathering data from nonprofit organizations about their social impacts presents its own logistical challenges, both in guiding them on what data to report and enforcing standardization among partners.
- For large companies with expansive CSR portfolios, this can be a laborious process. Smaller organizations may lack the capacity to generate comprehensive data about their programs, resulting in inconsistent data quality and a tendency to highlight larger nonprofits at the expense of grassroots organizations.
- Inconsistencies due to the lack of reporting standards and varying data quality among nonprofits can confuse internal auditors. This may result in companies limiting their citizenship metrics to inputs and outputs, such as dollars donated or hours spent volunteering.

But once your team has established an approach to generating standardized outcome metrics, you have what you need to both prove and improve your social impact. **Framing CSR as a crucial part of ESG justifies community commitments that may have previously been underappreciated and vulnerable to cuts or underfunding.**

What to Measure: Developing a Strategy to Capture the "S"

It takes a village to build an ESG strategy. While this applies to all aspects of ESG, the "S" is unique in that everyone connected to the company can play a role in its success.

A comprehensive ESG strategy can set the foundation for short-term policies and long-term success for your company. This involves determining your stakeholders' key priorities, benchmarking against your peers and competitors, establishing your company's goals, and executing a strategy while remaining accountable to your stakeholders.

This takes time, but done right, it can spark insights that go beyond your ESG reporting to generate real change for your business.

Materiality Assessment: What actually matters to our stakeholders?

A myriad of issues are fighting for our attention. Companies need to prioritize the issues with the greatest impact on their business, society, and their stakeholders. This high-level strategic information is generated in a **materiality assessment**, or **materiality map**.

An ESG materiality assessment involves identifying and analyzing the environmental, social, and governance risks and opportunities that may affect your company's operations, reputation, and brand value. The assessment takes into account the perspectives and expectations of the company's stakeholders.

Now do this!

Email a colleague to see if the company has a materiality assessment. If yes, get a copy. If not, **The Essentials of Materiality Assessment** by KPMG offers a step-by-step guide to prepare your team for the materiality process.

Materiality Assessment Guides

These guides explain materiality for the most common ESG reporting frameworks. Someone on your team has probably downloaded a couple of these already. If not, that person may need to be you.

- **Exploring Materiality** by the Sustainability Accounting Standards Board (SASB)
- **How to Use the GRI Standards** by the Global Reporting Initiative (GRI)
- **Materiality in Integrated Reporting** by the International Integrated Reporting Council (IIRC)
- **CDSB Framework** by the Climate Disclosure Standards Board (CDSB)
- **Reporting Climate-Related Financial Information: Critical Introductory Materials** by the Task Force on Climate-Related Financial Disclosures (TCFD)
- **TCFD Implementation Guide** by the SASB and CDSB
- **Sustainable Development Goals Disclosure (SDGD) Recommendations** by the International Federation of Accountants
- **Industry Guide to the SDGs** by the SASB

Stakeholder Engagement, ESG Committees, & Leadership

Designing a materiality assessment is a deeply collaborative process. Engaging the right stakeholders—e.g., customers, company leaders, board members, employees, vendors, suppliers, partners, investors—will increase the likelihood that your results are accurate and assure your stakeholders that you're on the right path.

Cross-team internal collaboration is another key to establishing an ESG strategy that will generate value for the entire company. This may require collaboration with human resources, corporate communications, finance and accounting, marketing, investor relations, legal counsel, public affairs, supply chain and operations, various business units, and more, especially since corporate citizenship can serve as a liaison to all of these departments.[3]

The leader of the ESG committee, ideally, shouldn't be more than one degree away from the CEO. Gaining leadership buy-in is one of the top hurdles when it comes to developing and carrying out an ESG strategy;[4] companies with this level of access to company leadership are more likely to be successful in their ESG efforts.

In the end, the goal is to establish the social issues that 1) matter most to the company and its stakeholders and 2) present the greatest risks and opportunities over the long term. Once you figure out this list of priorities, then you can establish goals, measurement, and management processes to generate value and drive impact for the company and society.

Now do this!

Download **this template** for a list of materiality questions to ask your stakeholders.

Baseline: So, where are we now?

Not knowing where you've started means you can't adequately track your progress or put your goals in context. Once you have a comprehensive idea of where you stand, both as a company and as an industry, you can start drafting a plan to uncover missed opportunities, increase operational efficiency, mitigate your company's risk, and, ultimately, reach your objectives.

Benchmarking: How are we doing compared to our competitors?

Benchmarking is an essential step in building your ESG and corporate citizenship strategies. **If no man is an island, no company can draft an ESG strategy without considering its competitors, vendors, and the industry at large.** At **True Impact**, we offer social impact benchmarking data and insights across industries and cause areas, such as **STEM**, **nutrition**, gender equity, racial equity and inclusion, health and wellness, educational access, economic development, disaster relief, and a myriad of others.

Here are some benchmarking best practices to help you figure out where your company currently stands:

- Evaluate the ESG reporting standards and frameworks used in your industry.

- Assess your competitors', peers', and vendors' ESG strategies, social cause areas, CSR programs, and results.

- Follow trends in the market and in the ESG ecosystem, especially if your company has a presence in **European** or **Asian** markets. Since the US is behind in most areas of ESG, your company may be subject to more stringent international standards.

Comprehensive benchmarking will give you more data to solidify your material issues, risks, and opportunities, as well as highlight the business case for ESG. At the very least, uncovering the gaps between your company and the market can help you protect against underperformance and putting the company at risk. Once you've established a baseline, you can focus on specific goals and act strategically.

Goals: Where do we want to go?

Now that you have a baseline, you can start to craft a plan to achieve your short- and long-term goals.

If your company is completely new to ESG, your most immediate goals may focus on getting your ESG materiality map, stakeholder assessments, committee, and basic reporting up and running. The goals and strategy surrounding what you'd like to accomplish with ESG might come a bit later. Can't put the cart before the horse, you know.

If your company is trying to establish medium-term goals (3 to 5 years), you may want to figure out what impact you'd like to have and work backwards from that. These goals often include recognition in your industry or in the market, such as a specific ESG rating score (e.g., **ISS**, **MSCI**), appearance on the Dow sustainability index, etc.

Similarly, you can start with a budget and build out your initiatives from there. **When your company's social and business goals are aligned, your team can amplify its impact by designing a practical plan to strategically invest in the focus areas that matter most.**

Now do this!

Schedule a free **strategic planning consultation** with True Impact to make sure your KPIs are in line with your **business strategy and CSR measurement goals**.

Longer-term goals involve the ways in which ESG is incorporated into your business strategy to create value for the company and society. A strong ESG proposition can lead to top-line growth, cost reductions, productivity uplift, asset optimization, and a reduction in regulatory and legal interventions.[5]

"Organizations must also integrate ESG considerations in a way that drives long-term value creation. So, let's start getting tactical: How can your organization embrace ESG-driven business transformation to turn risk into opportunity? And how can you create reporting that reflects not only how your ESG efforts connect with each other and your finances, but also how they connect with value creation?"

Deloitte, How to Audit ESG Risk and Reporting[6]

Actionable Strategy: What's the best way to get there?

While there are as many strategies as there are companies, we have a few tips to help your company use its unique strengths to reach success. **A clearly defined strategy will not only help your company reach its ESG goals, but it will also mitigate the risk of your company being targeted in an anti-ESG environment.**

Align Your Company's Strategy with Its Specific Value Proposition

Leveraging your company's unique capabilities—such as its products and services talent, industry knowledge, international locations, or manufacturing plants—will help ESG become ingrained into its business strategy.

Try answering this question to better understand your unique value proposition: **What are the things that my company is uniquely positioned to do in order to help our stakeholders and the causes and communities we care most about?**

For example, Deloitte, a professional services company, focuses on pro bono and skills-based volunteering to achieve lasting social impact. The PepsiCo Foundation uses its logistical know-how and resources for Food for Good, its global platform to promote food security. Lowe's home improvement and hardware stores use local store volunteers, grants, and in-kind donations to improve and renovate community spaces.

Communicate with Stakeholders Regularly

Ongoing dialogue with your stakeholders, especially your customers and employees, will help you stay updated about their personal needs, professional development goals, social cause interests, and desire to improve the community.

Some of the tools to successfully do this include:

- **Using several channels for communication:** A mix of email, social media, newsletters, webinars, and/or in-person meetings will help you reach a wider audience.
- **Developing a stakeholder engagement plan:** This should include your approach to reaching different stakeholder groups, the channels and methods you'll use to communicate with them, the frequency of engagement, and topics of discussion.
- **Providing opportunities for feedback:** Surveys, focus groups, and other forms of feedback can help your stakeholders have a voice.
- **Following up on your ESG commitments:** Reporting on your progress will let stakeholders know that you're committed to continuous improvement.

Encourage Employee Engagement

Engaged employees are more likely to be happier, healthier, and more satisfied with their work. From employee skill development to nonprofit capacity building, encouraging employees to engage in volunteering, pro bono service, and matching gifts will pay dividends to the company and the surrounding community.

Here are a few more tactics to promote employee involvement in your ESG goals:

- **Create a culture of transparency:** Encourage open communication by sharing the company's ESG performance, goals, and challenges with the team.
- **Provide opportunities for training and development:** Offer training to employees to help them build skills related to ESG issues, such as community engagement practices and ethical decision making.
- **Involve employees in decision making:** Involvement in decisions related to ESG issues, such as developing community engagement initiatives or selecting social impact projects to support, will help employees feel more invested in the company's goals.

What Investors Are Saying

94% of US institutional investors proactively approach reputable activists with ideas for fostering change in companies in which they're investing or thinking about investing.[7]

Recommended Resources

Social-Impact Efforts that Create Real Value by the Harvard Business Review

How Materiality can Help Reporting Meet the Demands of Investors by Ernst & Young

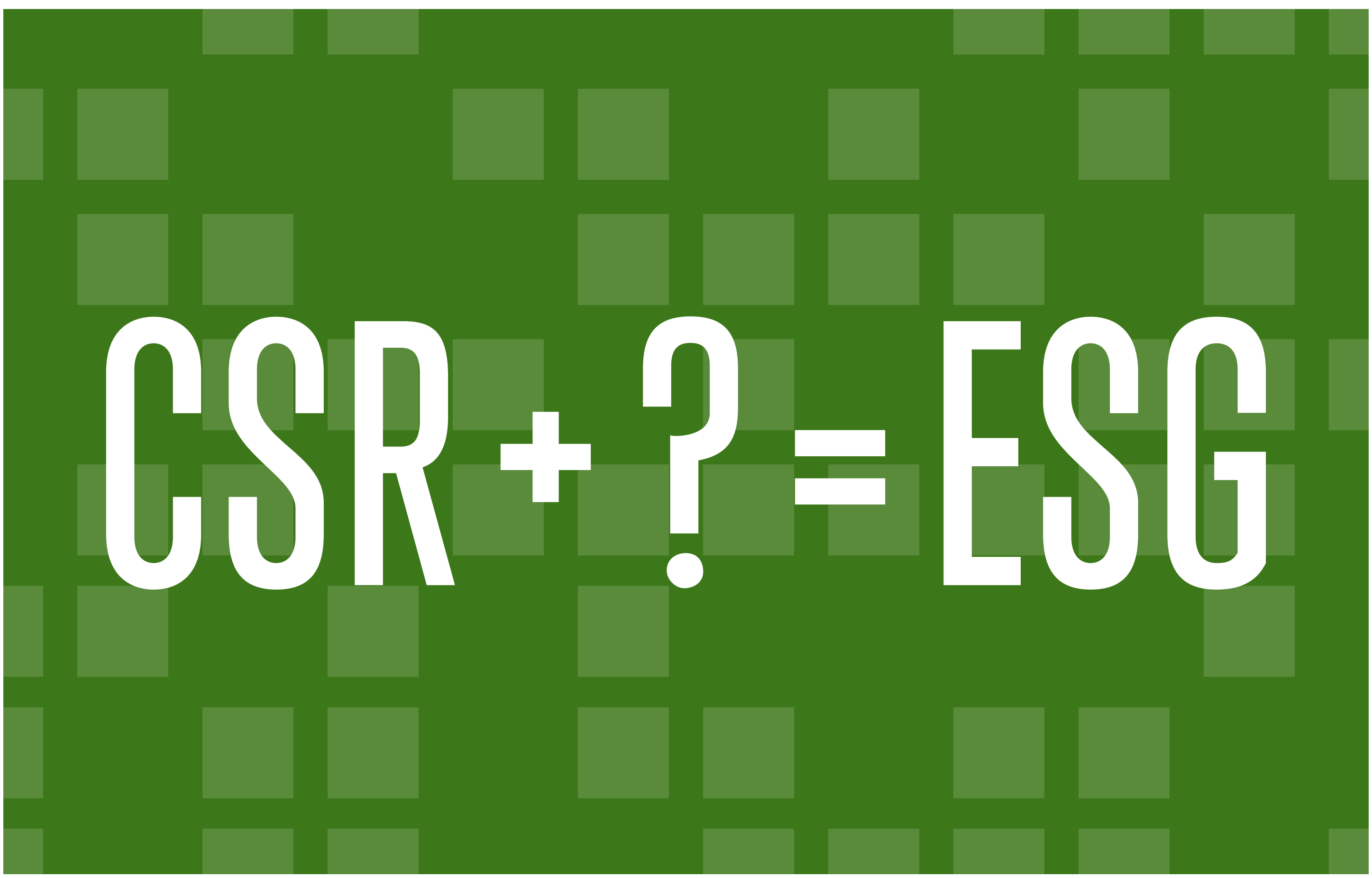
Balancing Your Materiality Assessment: How to Move Beyond the Matrix by Deloitte (for companies using the GRI and/or ESRS)

ESG Oversight: The Corporate Director's Guide by PwC

Evaluating Impact: The Role of Transparency, Credibility, and Data Quality

Some of the pushback ESG has received revolves around transparency. No one wants to air their dirty laundry or shine a light on their weak spots. **However, not addressing ESG weaknesses can allow them to fester, creating greater regulatory and reputational risk.** Underneath those soiled clothes is where compliance issues, operational setbacks, and PR catastrophes tend to lie.

When a company is managing its ESG performance well, it can be an indicator of good overall corporate management, as well. Transparency breeds trust.



How much risk can ESG performance predict?

A study by the Bank of America Merrill Lynch Global Research[8] found that ESG performance often correlates with financial volatility for companies. For example, 15 of the 17 S&P 500 companies that filed for bankruptcy between 2005 and 2015 had low ESG scores five years prior.

Adding ESG-Level Transparency to CSR Data

Both ESG supporters and critics are concerned about misrepresented claims in ESG reporting. **Shareholders and customers alike are becoming attuned to the vague language, buzzwords, and lack of relevant data used as cover for greenwashing and lip service.**

Here are some transparency shifts to keep in mind when translating your CSR efforts into an ESG report:

Align Impact Data with Your Chosen ESG Frameworks

ESG disclosures require information to evaluate how your company is managing non-financial risks and opportunities, working towards key goals, and performing compared to other companies. **This gives you the chance to show the importance of your corporate citizenship efforts to the company at large.**

Highlight Year-Over-Year Progress Towards the Company's Social Goals

ESG reporting often includes progress over time...for better or for worse. Maybe COVID-19 decreased your company's volunteering hours or increased the reach of your (virtual or hybrid) community engagement initiatives. Perhaps layoffs decreased the diversity of your team. Maybe the actual results from your CSR programs are just different from what you had expected.

Data variance is part of the full picture of your ESG performance. It can show trends in social impact, such as those affected by the pandemic, as well as best practices that could be shared with other programs. **These metrics go beyond the social impact highlights in CSR reporting to get to the year-over-year data stakeholders need to see.**

Explain What Changes the Company Plans on Making to Improve Results

Stakeholders need to see the data and policies in place to turn good intentions into lasting change for the business. Not every material issue deserves a place in your ESG report. But if an issue is important enough to make it to the final list, share your plans for reaching the goals that matter most.

What Investors Are Saying

86% of US institutional investors believe companies exaggerate their ESG progress, and 91% are specifically looking for instances when companies fail to deliver on their ESG promises and disclosure.[9]

Recommended Resources

Transparency and Impact: The Essential Principles of ESG by S&P Global

Financial Performance of ESG Integration in US Investing by the UN Principles for Responsible Investment

Establishing Credibility in ESG

"ESG can retain the attention it has garnered over the past two years if companies and investors better match their public commitments with operational rigor. Skeptics will undoubtedly remain, but ESG can become a powerful force for change if stakeholders make it so."

Nick Cericola,
Vice President, Insights
NationSwell[10]

Being able to stand behind your data is vital in ESG reporting. **Not only are more eyes than ever on ESG data, but those eyes are looking for unsubstantiated claims.**

Investors, shareholders, and stakeholders alike need data they can trust. A data collection and analysis process that can help your team review, validate, and demonstrate your results—not just social impact promises or mission statements—will put your company at an advantage.

ESG Auditing and Assurance

Internal ESG auditing and external ESG assurance often stand between ESG data and the report itself. Since any metrics that cannot be verified will most likely be discarded by external auditors, a lot of companies don't bother assuring their metrics at all.

While 95% of companies reported some ESG information in 2021, only about 65% obtained some level of assurance on their metrics.[11] This can be a mistake, as a lack of auditing and assurance will lessen the confidence investors have in your reporting.

With comprehensive, validated social metrics, your ESG reporting can tell a more compelling story of your impact while giving auditors and assurance professionals confidence in your data.

Now do this!

Bookmark **The Path to ESG Reporting and Attestation Readiness** by BDO for a comprehensive guide to working with auditing and assurance providers.

Social Metrics: Why Outcomes Drive Impact, Generate Change, and Appease Your Investors

Many corporate citizenship departments focus on inputs (e.g., dollars donated to social causes), outputs (e.g., meals served or people reached), and ESG-related plans and policies instead of the outcomes of their programs (e.g., lives improved). These process metrics are straightforward, easy to measure, and can be easily traced for auditing and assurance purposes.

However, reporting only on inputs and outputs to demonstrated corporate social impact is like sharing only expenses or inventory levels to demonstrate a company's financial health. The numbers are important, but they alone can't tell you whether a company is profitable or headed towards bankruptcy.

According to *Forbes*[12], investors are starting to notice a lack of meaningful data in ESG reporting:

> "On accuracy, ESG data is typically more qualitative than quantitative. Furthermore, **a disproportionate focus on ESG inputs** (e.g., ESG-aligned policies and strategies implemented) **as opposed to verifiable outcomes** (e.g., the volume of carbon emissions reduced or the number of product inputs recycled) **skew data away from what's most useful.**"

Companies that measure outcomes are at an advantage both in their ESG reporting and their citizenship work. True Impact can take your CSR programs from the "good intentions" of inputs and outputs to validated outcomes that can speak to your impact in **as little as three months**.

Now do this!

Read **Inputs, Outputs, and Outcomes in CSR** for a guide on using CSR metrics to drive impact and generate lasting change.

Investment-Grade ESG Performance Data: A Competitive Advantage

According to a Benchmark survey of 770 investment decision-makers[13], **85% of investors consider investment-grade ESG data to be more important than other company data when researching investments.** Unfortunately, only 64% believe that Fortune 500 companies are meeting these standards.

But how does investment-grade data differ from the rest? We've compiled a list of some of its characteristics:

- **Accurate:** Data goes through a documented approval process to meet the needs of company leadership. It's reliable and based on information from reputable sources.
- **Auditable:** Data has a clear paper trail that can be verified by a third party. This audit trail needs to show which exact data point was modified when, by whom, and based on what evidence, information, or measurement.
- **Consistent:** It is consistent in terms of methodology and data collection, making it easier for investors to compare and analyze different investments.
- **Comprehensive:** Covers a broad range of ESG factors, allowing investors to assess a company's overall ESG performance.
- **Timely:** Data collection should be up-to-date and reflect the current performance of the company.
- **Automated:** Data collection is drawn from systems of record. Manual data collection is minimized, if not completely eliminated, to increase data accuracy.
- **Relevant:** It is relevant to the company's material issues, helping investors understand the associated risks and opportunities.

Now do this!

Schedule a conversation with True Impact for more information about getting validated social impact data for your grants, volunteerism, and other philanthropic and community investments that can stand up to scrutiny for your ESG reporting.

What Investors Are Saying

94% of investors claim they're more likely to invest in companies that generate, use, and report investment-grade ESG performance data.[14]

Recommended Resources

ESG Assurance: A Competitive Differentiator by BDO

How to Audit ESG Risk and Reporting by Deloitte

Leveraging Results: Using Impact Data to Enhance Reporting, Marketing, and Communications

"But how much does the public truly care about ESG? ... We found that 83% of consumers think companies should be actively shaping ESG best practices and 86% of employees prefer to support or work for companies that care about the same issues they do. While what consumers claim to care about and how they behave do not always match perfectly, these are still striking figures."

Casey Herman, US ESG Leader, Partner, PwC US[15]

Determine Audience and Appropriate Context

ESG can provide business value far beyond risk mitigation, access to capital, and improved financial and operational performance for a company. But before you start sending your full ESG report far and wide to generate benefits for the company, figure out what exactly your audience needs to see.

ESG Reporting and Disclosures

A comprehensive account of your company's non-financial activity is a key document for your shareholders, board members, and company leadership. This includes comprehensive metrics for your chosen issues as well as narratives to humanize your work and connect your company's efforts to value creation and risk mitigation.

ESG Highlights

Compelling narratives paired with important metrics and key takeaways are great for employees, customers, and your marketing and communications team. This is less extensive than your full ESG report and disclosures, but it explains your company's impact in a relatable way.

Tailored Data Requests

The more impact data you have, and the more validated outcomes you document, the more company leadership, board members, and other internal stakeholders will want this information to generate value for the business. These one-off data requests are often about specific initiatives, beneficiaries, geographical regions, intervention types, or cause areas.

Where and How to Share ESG Information

internal	**external**
impact dashboard	social media
board presentations	sustainability/ ESG reports
internal newsletters	PR/news
summaries for use by peer departments (e.g., gov't affairs, recruiting, HR)	

Distribute Impact Data and Stories Internally and Externally

From board meetings to social media posts, your ESG impact data can be used to amplify your company and its corporate citizenship. Use your hard-earned results to create ad campaigns, summary pieces, social media posts, thought leadership articles, internal newsletters, and more.

Communications and ESG Backlash

Your messaging and communications are key in wading the ESG waters in the face of opposition. While most companies have little intention of scrapping their ESG efforts, many are strategically approaching the matter to ensure the right messaging reaches the right people.

Addressing Current Backlash While Reducing Future Risk

Companies that have experienced ESG backlash are considering a range of tactics to address the issue. Many of these approaches are focused on two main areas: communications and ESG strategy.

Communications can be used strategically to convey your message to the right people at the right time…or alternatively to get work done without drawing too much attention to yourself. Companies may consider adjusting the terminology around these matters, such as changing "ESG" to "sustainability;" reducing external communications about ESG-related topics; or conversely, increasing internal communications to some of the company's biggest advocates, to help strengthen their understanding and support of your company.

Understanding the "why" behind an ESG strategy is key to navigating an anti-ESG environment. Many companies are increasingly focusing on the connection between ESG and business value to make sure stakeholders and shareholders can see the big picture. Also, by joining forces with other businesses with similar views and concerns, companies can take advantage of a network to share information and get support.

Being Clear About Your "Why"

Companies releasing ESG reports are encouraged to think about the "why" behind their initiatives. This is where an extensive materiality assessment aligned with your stakeholders' interests shows its true value. This information can be used to explain the link to value creation for your stakeholders, which can improve your company's reputation while remaining accountable to their needs.

"No stories without numbers, no numbers without stories."

Data to back up your narratives—and narratives to accompany your data—can transmit the significance of your impact in a way that can deeply resonate with your stakeholders. Incorporating impact data into your messaging adds scale and legitimacy to your company's efforts while the beneficiary stories behind the numbers add a human touch.

Recommended Resources

How Marketing Teams Can Tackle the Challenge that Is ESG by Forbes

Beware the Pitfalls of ESG Marketing by New Narrative

The ESG Marketing Model: 10 Business Crucial Best Practices by Reaction Power

Conclusion

ESG can be used to demonstrate the value of corporate citizenship to the health of your company. But unclear procedures, a lack of standardized, credible data, and the fear of backlash can make it challenging.

We hope this guide has given you ideas on tools, resources, strategies, and data you can use to prove and improve your social impact, and make greater strides towards achieving your company's ESG goals.

Citations

1. *C-Suite Outlook 2023: On the Edge: Driving Growth and Mitigating Risk Amid Extreme Volatility* by The Conference Board
2. *Global Impact at Scale: 2022 Edition by Chief Executives* for Corporate Purpose (CECP)
3. *Governance and Management of Corporate Citizenship: Evolving Role and Relationships of the Corporate Citizenship Function* by The Conference Board
4. *The Morningstar Sustainalytics Corporate ESG Survey Report 2022* by Sustainalytics
5. *Five Ways that ESG Creates Value* by McKinsey
6. *How to Audit ESG Risk and Reporting* by Deloitte
7. *Edelman Trust Barometer 2021: Institutional Investors Trust Report* by Edelman
8. *Global ESG from A to Z: A Global Primer by Bank of America Merrill Lynch*
9. *Edelman Trust Barometer 2021: Institutional Investors Trust Report* by Edelman
10. *2022 ESG Trend Report: The State of Play* by NationSwell
11. *Opportunity Knocks for Firms as ESG Reporting, Assurance Levels Rise* by The Journal of Accountancy
12. *Investing You Can Believe In: Investment-Grade ESG Data* by Forbes
13. *2021 Benchmark ESG Survey: Investor Attitudes on Company ESG Data* by Benchmark Digital Partners
14. *2021 Benchmark ESG Survey: Investor Attitudes on Company ESG Data* by Benchmark Digital Partners
15. *How Much Does the Public Care about ESG?* by PwC

Review our list of "Now do this!" and other tips to get started

Download **The Essentials of Materiality Assessment** for a guide to prepare your team for the materiality process.

Check with your legal, accounting, or finance departments to see which ESG frameworks are most relevant to the company. Bookmark **What are ESG Frameworks?** If none have been chosen yet.

Keep up with ESG regulatory compliance, especially if your company has a substantial presence in Europe or Asia.

Make sure your KPIs are in line with your company's **business strategy and CSR measurement goals**.

Bookmark **The Path to ESG Reporting and Attestation Readiness** for a guide to working with auditing and assurance providers.

Read **Inputs, Outcomes, and Outputs in CSR** for a guide about driving real change through your social impact metrics.

Learn more about how the **True Impact platform** can help your company get evidence-based impact data in four steps:

- Calculate all community investments (grants, volunteerism, pro bono, etc.)
- Support your nonprofit partners as they report results
- Have True Impact's experts review each submission
- Analyze results, share internally and externally, and act on data to improve impact

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Schedule a conversation to see how we can help substantiate the "S" in your ESG reporting.