

Emerging Trends in Social Responsibility

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- The topic of Social Responsibility is an urgent issue for many companies and nonprofit organizations as they face pressure from their Board, their employees, their customers, and their competitors.
- Social Responsibility initiatives have proliferated in recent years, and studies have shown that consumers are increasingly seeking out socially responsible companies that align with their values.
- This report provides the results of a study conducted with corporate and nonprofit executives. The survey explored emerging trends in the Social Responsibility movement in general, and specifically in the areas of ESG investing, foundations / endowments, and benefits to support the financial well-being of employees (retirement plans, financial education, etc.).

- An online survey was conducted in December 2021 with a national sample of C-suite and financial executives in organizations with annual revenues of \$25 million or more.
 - Respondents come from the general C-suite (e.g., CEO, President, Executive Director, COO) as well as high-level financial titles/roles (e.g., CFO, CIO, VP/Director of Finance).
 - Most of these organizations (95%) have annual revenues of \$50 million or more.
- A total of 240 interviews were conducted, divided evenly between for-profit and nonprofit organizations.

	Number of Interviews (240)
For-profit	120
Nonprofit	120

- Respondents represent a broad range of industries, including healthcare, higher education, insurance, financial services, technology, construction, human services, etc. A summary of respondent profile information is provided in the Appendix of this report.

Executive Summary

- This research covered a broad range of topics both directly and indirectly related to Social Responsibility from environmental sustainability programs to retirement plan assets. Importantly, this research found no universal approach to how organizations think about these different priorities or assets. About half of respondents say they think about these issues holistically, while one-third think of them as separate issues.
- However, when it comes to trends and timely topics, the energy right now is in Social Responsibility – including new initiatives related to sustainability and DEI, as well as a growing interest in ESG investing. This interest in Social Responsibility and ESG investing is found among both for-profit and nonprofit organizations.
- These executives view ESG investing as supporting and reinforcing their corporate values and Social Responsibility efforts. They believe that their Social Responsibility efforts and their ESG investing can and will make a difference in corporate behavior and have a positive impact on society.
- These nonprofit and for-profit organizations are looking for ways to invest their sizable assets more responsibly and often rely on outside advisors to help with their investment decisions.

Social Responsibility programs have proliferated in recent years, with particular emphasis on the environment and Diversity, Equity & Inclusion (DEI).

- Social Responsibility is a high priority for both nonprofit and for-profit organizations today.
- Driven by forces and stakeholders both inside and outside of the organization and a growing recognition of its importance among Boards and senior leadership, corporations and nonprofits are undertaking a range of Social Responsibility initiatives, with particular focus today on environmental sustainability and diversity DEI.
- Most organizations are setting target metrics for their sustainability and DEI programs and express confidence that they will meet their goals.
- These executives do recognize some drawbacks to Social Responsibility efforts, acknowledging that there is a risk of “greenwashing” and a potential to set unrealistic goals.
- However, they remain committed to their Social Responsibility programs and believe that their efforts on issues like sustainability and DEI can and will make a difference. They expect a continued emphasis on Social Responsibility in their organizations specifically, and in the country in general.

- Along with a rise in Social Responsibility, this study also finds a growing interest in ESG investing – investing with a lens toward Environmental, Social and Governance factors.
- Four in ten organizations are already investing with an ESG lens and nearly as many are planning to do so.
 - These organizations are likely to both proactively invest in companies that align with their values *and* avoid investing in companies that don't.
- As with Social Responsibility programs, these executives recognize the potential pitfalls and risks of ESG investing.
 - Most believe that ESG mutual funds often contain companies that are not really socially or environmentally responsible.
 - Many also say that ESG investments can be expensive and do not generate sufficient returns.
- Despite the downsides, these executives are optimistic about ESG investing and its potential to have a positive influence on corporate behavior.

Organizations with significant asset pools are largely satisfied with the management of their assets

- Most nonprofits and for-profit companies in this study have a foundation and / or endowment with assets of \$25 million or more **and** an employee retirement plan with collective assets of \$25 million or more.
- These organizations tend to manage these assets internally with help from outside advisors.
- They are generally satisfied with the management of their foundation / endowment and retirement plan assets. Though, as noted earlier, there is a growing interest in ESG investing.
- In addition to contributing to employee retirement plans, a slight majority also offer financial education to their employees through online financial tools, one-on-one meetings and webinars.
- While employee participation in their financial education programs is relatively low, these executives are largely satisfied with their financial education programs.

Research Findings

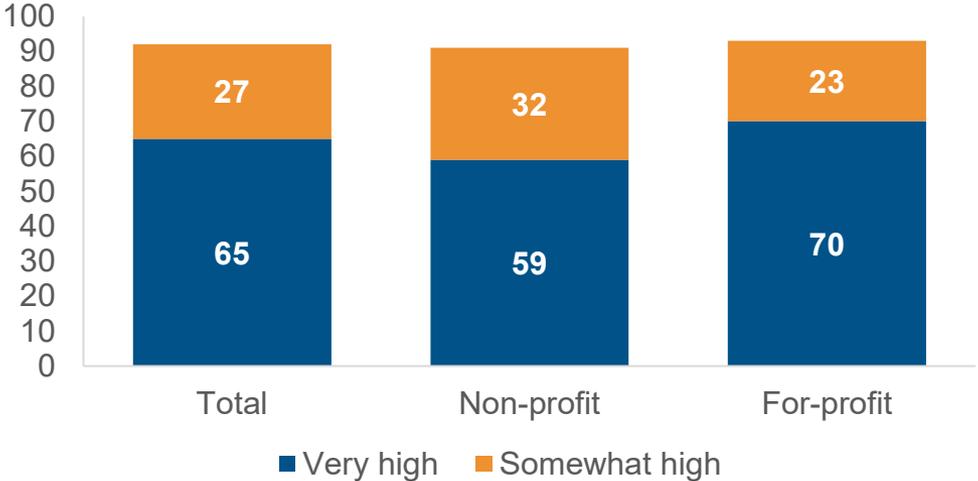
Research Findings

Trends in Social Responsibility

Social Responsibility is a high priority for most nonprofit and for-profit organizations today

- Social Responsibility is a high priority across the board and is perceived as becoming more important, and even essential for most organizations – whether for-profit or nonprofit.
- The vast majority of respondents (92%) say that (corporate) social responsibility is a priority for their organization today, with two-thirds (65%) saying that it is a “very high priority.”

How high of a priority is Social Responsibility?



Overall, how much of a priority is social responsibility / Institutional Social Responsibility to your organization today?

What's Driving the Rise in Social Responsibility Initiatives?

- Pressure is coming from all directions – starting at the top.
- When asked what is driving their organization's commitment to social responsibility, executives cited a number of internal and external forces, including direction from senior leadership (92%) and their Board of Directors (89%), alignment with their organization's mission (90%), pressure from their clients (91%) and the community (90%), and marketplace competition (86%).
- The majority also cite regulatory pressures (80%) as well as pressure from their employees (82%), investors (79%) and vendors (77%).

Factors influencing Social Responsibility initiatives (%)



A number of factors can influence a company or organization's Institutional Social Responsibility initiatives. How influential has each below been in driving your organization's Institutional Social Responsibility initiatives? (n=240)

Social Responsibility Program Priorities

Environment and DEI Top the List

- When it comes to specific social responsibility initiatives, organizational priorities run the gamut – from reducing their environmental impact, to improving employee wages and benefits, to promoting racial justice.
- Their number one priority today is environmental sustainability, followed by diversity, equity and inclusion.
- For-profit organizations are particularly focused on these issues – with one in three prioritizing sustainability and one in five prioritizing diversity, equity and inclusion.

Top Social Responsibility priorities

All who prioritize Social Responsibility	Total	Nonprofit	For-profit
Environmental sustainability	25%	19%	32%
Diversity, equity and inclusion	15	8	22
Employee benefits (e.g., healthcare, fair wages, retirement benefits)	11	9	13
Ethical business practices	11	10	12
Community development / outreach	8	10	6
Equitable access to services or resources (e.g., access to healthcare, education)	6	7	4
Philanthropy / charitable work	6	4	7
Racial / social justice	5	2	8
Positive impact on our community	4	4	3
Economic responsibility	2	2	2
Human rights	1	1	1
None / no Social Responsibility priorities or initiatives	5	7	3

What are your organization's top priorities when it comes to [corporate] social responsibility? Total (n=232), Nonprofit (n=113), For-profit (n=119)

Environmental Sustainability Programs Proliferating

- Three in four organizations (73%) currently have an environmental sustainability program or initiative. An additional 18% don't currently have one but are in the planning process.
 - For-profit organizations are more likely to have a sustainability initiative (79%) than are nonprofits (67%).

- Among those who currently have an environmental sustainability program or initiative, it is a more recent strategy with three in four (74%) saying that they launched it in the past three years.

All Respondents	Total	Nonprofit	For-profit	All who currently have an environmental sustainability program	Total
Currently has an environmental sustainability program or initiative	73%	67%	79%	<u>Launched program in the past three years (net):</u>	<u>74%</u>
Not currently, but in the planning process	18	24	12	2021	18
No / don't know	9	9	9	2020	30
				2019	26
				<u>Launched over three years ago (net):</u>	<u>22</u>
				2018	11
				2017	5
				Before 2017	6
				Ongoing / always evolving	3
				Don't know	1

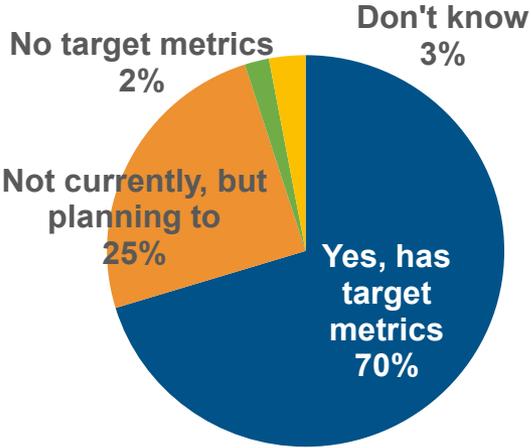
*Even if you have already mentioned it, does your organization have a program or initiative related to environmental sustainability? Total (n=240), Nonprofit (n=120), For-profit (n=120)
 When did you launch your most recent environmental sustainability program? Total (n=175)*

- Among those who have an environmental sustainability program, the majority (71%) say that they have target metrics or Key Performance Indicators (KPIs) related to their program.
- Target metrics relate to a broad range of activities, including being more eco-friendly, reducing emissions, waste, energy consumption, water, and increasing recyclables and the use of renewable energy.

Target metrics / KPIs for environmental sustainability efforts

All who have target metrics for environmental sustainability program	Total
Being more eco-friendly / reduce impact on environment	27
Reduce emissions (e.g., carbon footprint, net zero emissions)	21
Waste reduction (e.g., reduce plastic and other waste)	9
Reduce energy consumption	7
Increase recyclables / compostables	6
Sustainability practices of vendors / partners	5
Water usage / conservation	5
Clean / renewable energy (e.g., wind, solar)	3
Land use management / land conservation	2
Sustainable infrastructure (e.g., LEED buildings)	1
Developing environmentally friendly products	1
Other	6
Don't know	32

Target Metrics for Environmental Sustainability Program



Does your organization have any target metrics or key performance indicators (KPIs) related to its environmental sustainability initiatives? (n=175)
 What are those target metrics or key performance indicators (KPIs) for your environmental sustainability initiatives? (n=124)

Organizations are Confident They Will Meet Their Sustainability & DEI Goals

- Most companies and organizations (84%) believe they have made significant progress (7-9 rating on a 9-point scale) on their diversity goals, with one in four (25%) indicating they have already made “a great deal of progress.” Seven in ten (72%) are very confident that they will meet their target goals.

All who currently have a DEI program	Total
7-9 rating (net):	84%
“9” a great deal of progress	25
“8”	33
“7”	26
4-6 rating (net):	16
“6”	12
“5”	3
“4”	1
1-3 rating (net)	--

- Most companies and organizations (85%) believe they have made significant progress (7-9 rating on a 9-point scale) on their sustainability goals, with one in four (23%) indicating they have already made “a great deal of progress.” Seven in ten (72%) are very confident that they will meet their target goals.

All who currently have an environmental sustainability program	Total
7-9 rating (net):	85%
“9” a great deal of progress	23
“8”	36
“7”	26
4-6 rating (net):	14
“6”	11
“5”	1
“4”	2
1-3 rating (net)	1



72%
Are **very confident** that they will meet their goals

On a scale of 1 to 9, where “1” means “no progress,” and “9” means “a great deal of progress,” overall, how much progress has your organization made towards its current diversity, equity and inclusion (DEI) goals? (n=162)
How confident are you that your organization will meet its target goals or key performance indicators (KPIs) for its diversity, equity and inclusion (DEI) initiatives?

On a scale of 1 to 9, where “1” means “no progress,” and “9” means “a great deal of progress,” overall, how much progress has your organization made towards its current environmental sustainability goals. (n=175)
How confident are you that your organization will meet its target goals or key performance indicators (KPIs) for its environmental sustainability initiatives?

DEI Programs Have Proliferated

- Two in three organizations (68%) currently have a program or initiative related to diversity, equity and inclusion (DEI). 26% don't currently have one but are in the planning process.
 - For-profit organizations are more likely to have a DEI initiative (76%) than nonprofits (59%).

- In their DEI initiatives, these organizations are most likely to be targeting their workforce in general (75%), and their leadership / management (68%), though half are also targeting their vendor / supplier base (52%), and 40% are prioritizing the diversity of their board.

- Most DEI programs are new, with two-thirds (68%) saying that they launched it in the past three years.

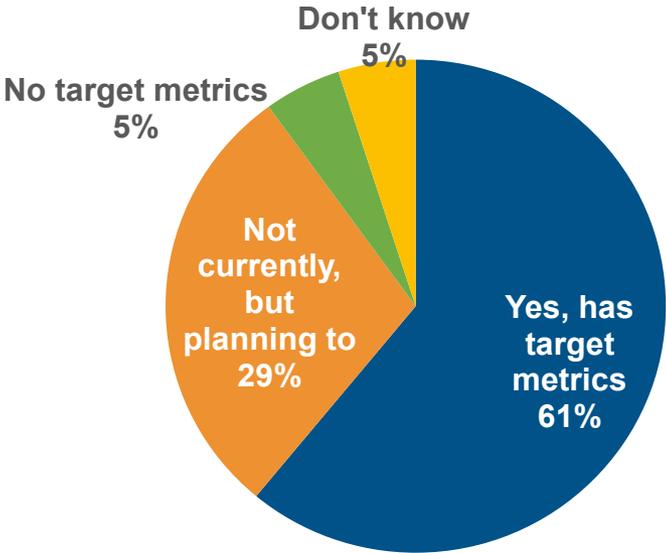
All Respondents	Total (240) 100%	Nonprofit (120) 100%	For-profit (120) 100%
Currently has a DEI program or initiative	68%	59%	76%
Not currently, but in the planning process	26	33	18
No / don't know	6	8	6
<u>Targeted group(s) for DEI program</u>			
Workforce in general	75%	66%	81%
Leadership / management	68	69	68
Vendor / supplier base	52	48	55
Board	40	42	38

All who currently have a diversity, equity & inclusion program	Total (162) 100%
<u>Launched program in the past three years (net):</u>	
2021	15
2020	34
2019	19
<u>Launched over three years ago (net):</u>	
2018	10
2017	4
Before 2017	8
Ongoing / always evolving	8
Don't know	2

Even if you have already mentioned it, does your organization have a program or initiative related to diversity, equity and inclusion (DEI)? What group or groups below do you target with your diversity, equity and inclusion (DEI) program? Total (n=240), Nonprofit (n=120), For-profit (n=120). When did you launch your most recent diversity, equity and inclusion (DEI) program? (n=162)

- Among those who have a diversity, equity and inclusion program, most (61%) say that they have target metrics or KPIs related to their program.
- Target metrics most often relate to the diversity of their workforce, followed by the diversity of their leadership.

Target Metrics for DEI Program



Target metrics / KPIs for DEI efforts

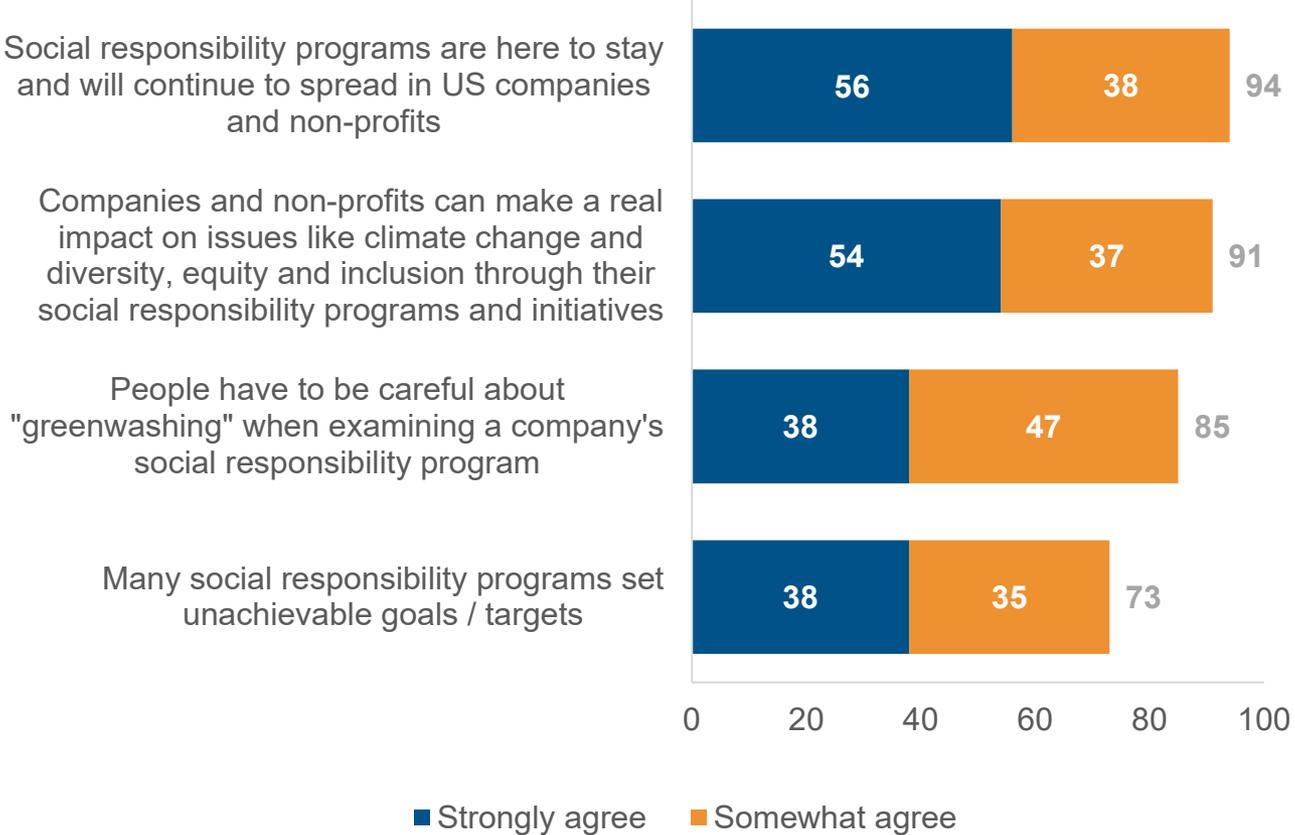
All who have target metrics for DEI program	Total
Diversity of workforce / fair hiring practices	56
Diversity of senior leadership	31
Fair employment practices (e.g., equal access to promotions, raises, salaries)	15
Other	6
Don't know	30

Does your organization have any target metrics or key performance indicators (KPIs) related to its diversity, equity and inclusion (DEI) initiatives? (n=162)
 What are those target metrics or key performance indicators (KPIs) for your diversity, equity and inclusion (DEI) initiatives? (n=99)

Executives Believe they can Make an Impact through Social Responsibility Programs

- The vast majority of respondents (94%) say that social responsibility programs are here to stay.
- Most executives (91%) also believe that companies and nonprofits can make a real impact on issues like climate change and diversity, equity and inclusion through their social responsibility programs and initiatives.
- At the same time, they recognize there are challenges and limitations related to Social Responsibility.
- Eight in ten (85%) say that you have to be careful about "greenwashing" when examining a company's social responsibility program.
- Nearly as many (73%) say that many social responsibility programs set unachievable goals.

Attitudes towards Social Responsibility Programs



Thinking again about the general concept of social responsibility, in surveys like this, people have expressed different opinions about social responsibility programs. Please indicate the extent to which you personally agree or disagree with each statement below. (n=240)

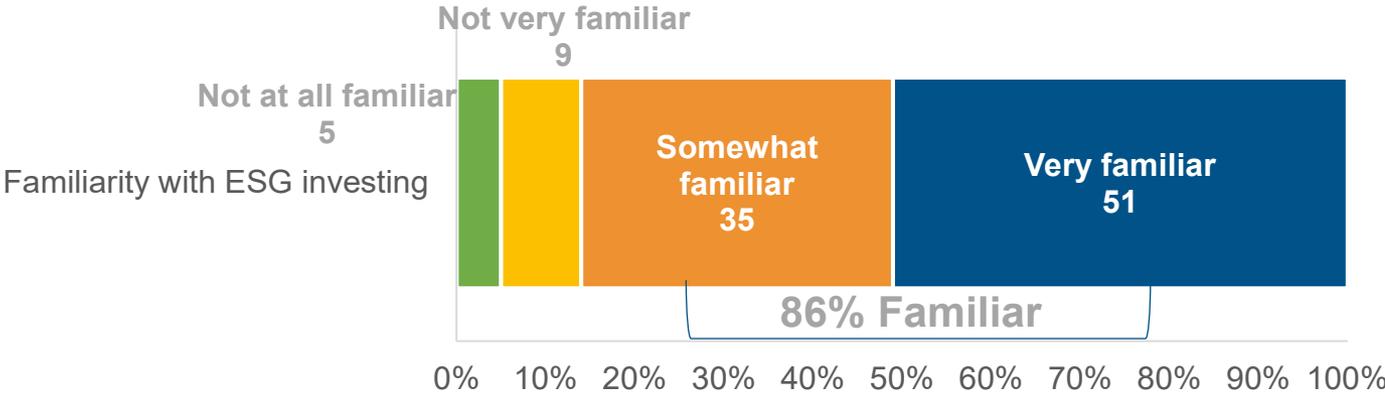
Research Findings

ESG Investing

Most Executives are Familiar with ESG Investing

- Most of these executives (86%) are familiar with the concept of ESG (environmental, social, governance) investing, with half (51%) who say they are very familiar.

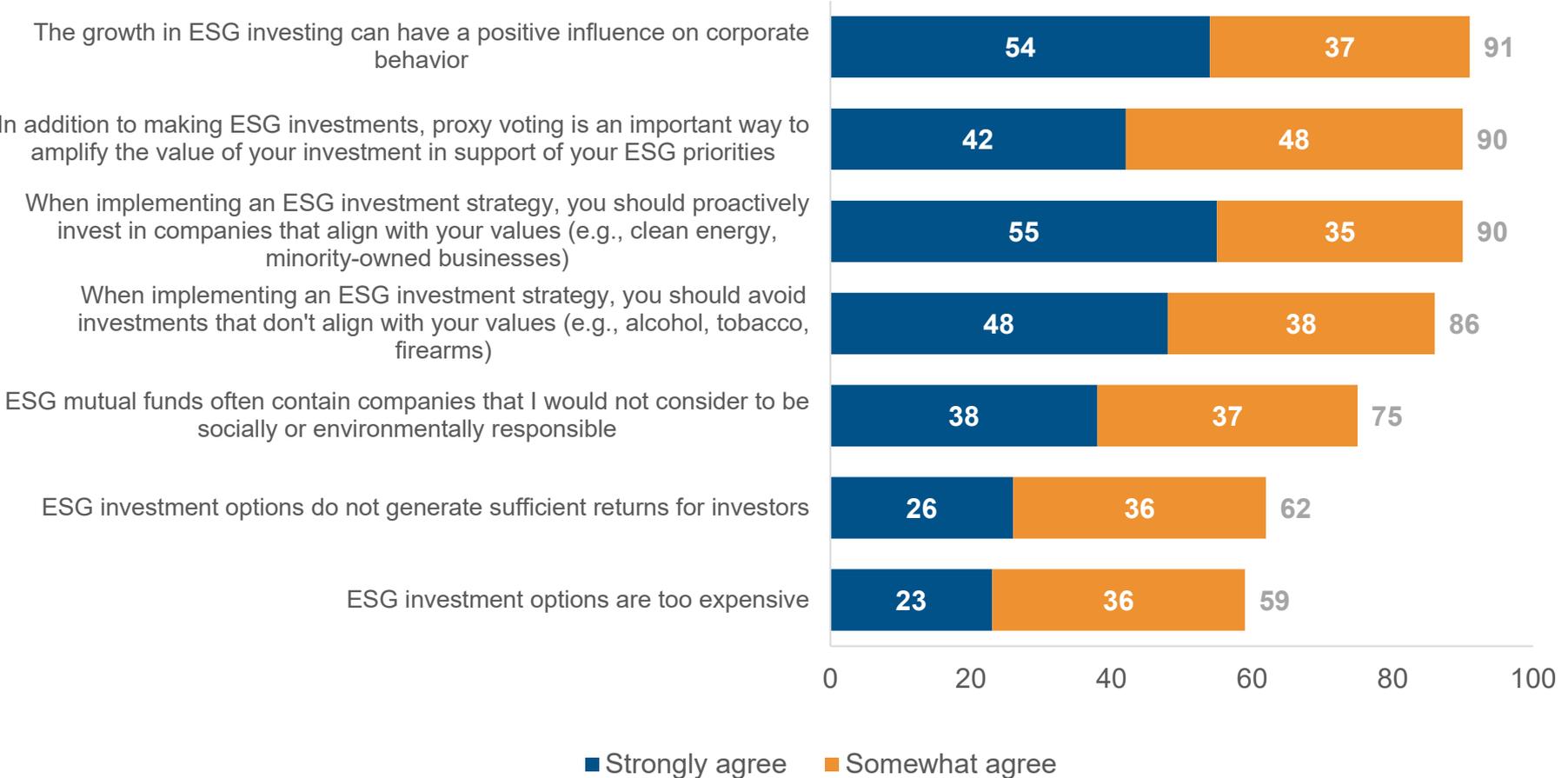
Familiarity with ESG Investing



As you may know, ESG investing refers to the use of Environmental, Social and Governance factors to guide your investment decisions. How familiar are you personally with ESG investing? (n=240)

Executives Generally Optimistic about ESG Investing, with Some Caveats

Beliefs about ESG Investing



In surveys like this, investors have expressed different opinions about ESG practices and investments. Based on what you know and have heard, how much do you personally agree or disagree with each statement? (n=207)

Executives Generally Optimistic about ESG Investing, with Some Caveats (continued)

- Most executives are optimistic that the growth in ESG investing can have a positive influence on corporate behavior (91%).
- The vast majority also say that proxy voting is an important way to amplify the value of your investment in support of ESG priorities (90%).
- When it comes to implementing ESG investment strategy, these executives say that it is just as important to avoid investments that don't align with your values (86%) as it is to proactively invest in companies that do align with your values (90%).
- At the same time, these executives say that ESG investing has its drawbacks:
 - 75% believe that ESG mutual funds often contain companies that are not socially or environmentally responsible.
 - 62% say that ESG investment options do not generate sufficient returns.
 - 59% say that ESG investment options are too expensive.

ESG Investing Appears to be on the Rise

- While four in ten (40%) executives say that their company or organization currently does at least some investing with an ESG lens, nearly as many (39%) aren't currently doing ESG investing, but are in the planning process.
- While most manage their ESG investing internally (69%), about half also rely on outside investment consultants (48%) or their bank (46%).
- Just one in three use an investment advisor / RIA (38%). Those who do say that the most important factors in choosing an investment advisor for ESG investing are having dedicated ESG strategies (70%), dedicated impact investing strategies (68%), and providing ESG analytics and reporting (68%).

All Respondents	Total	Nonprofit	For-profit
Currently does investing with an ESG lens	40%	37%	44%
Not currently, but in the planning process	39	43	35
No / don't know	21	20	21

Who manages their ESG investing

All who currently do any investing with an ESG lens	Total
Manage internally	69%
Investment consultant	48
Bank	46
Investment advisor / RIA	38
Don't know	1

Important factors when choosing an investment advisor for ESG investing



*Caution: small base size.

Does your organization currently do any investing with an ESG lens? Total (n=240), Nonprofit (n=120), For-profit (n=120)
 Who manages your organization's ESG investments? (n=97)
 What are the most important factors related to ESG investing that you look for in choosing an investment advisor? (n=37)*

Research Findings

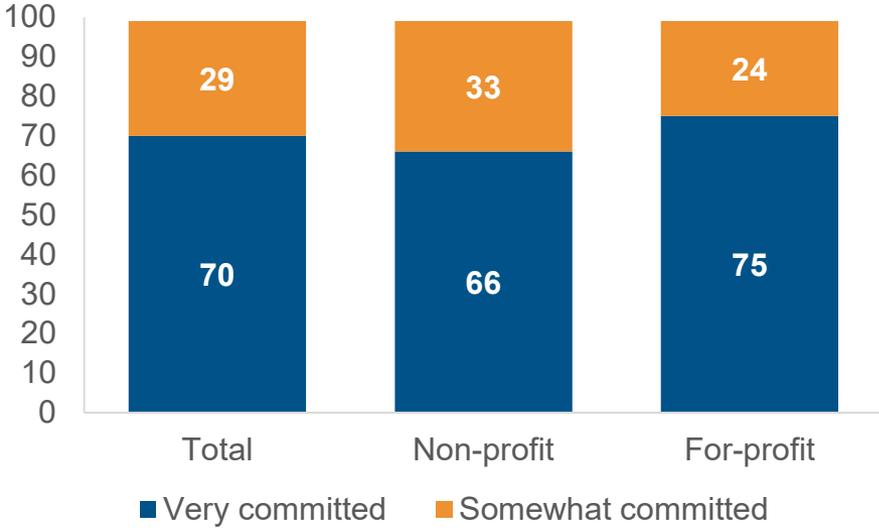
Retirement Plans and Financial Education

Commitment to Helping Employees Save for Retirement

- Nearly all of these executives say that their organization is committed to helping employees save for retirement (99%), and most back it up by making contributions to their employee retirement plan (86%).

- While high across the board, for-profit companies are slightly more likely to make contributions to their employee retirement plans (93%) than are nonprofit organizations (79%).

Commitment to employee retirement savings



All who offer retirement plans	Total	Nonprofit	For-profit
Currently makes contributions to employees' retirement plan	86%	79%	93%
Not currently, but in the planning process	11	18	4
No / don't know	3	3	3

*How committed is your organization to helping its employees save for retirement?
Does your organization make any contributions to your employees' retirement plan? Total (n=215), Nonprofit (n=105), For-profit (n=110)*

- Just over half of nonprofits (52%) and six in ten for-profit companies (62%) offer financial education to their employees.
- About half provide some financial education themselves (50%), but nearly as many rely on their plan administrator (47%) or investment consultant (42%).

All Respondents	Total	Nonprofit	For-profit
Currently offers financial education to employees	57%	52%	62%
Not currently, but in the planning process	29	36	22
No / don't know	14	12	16

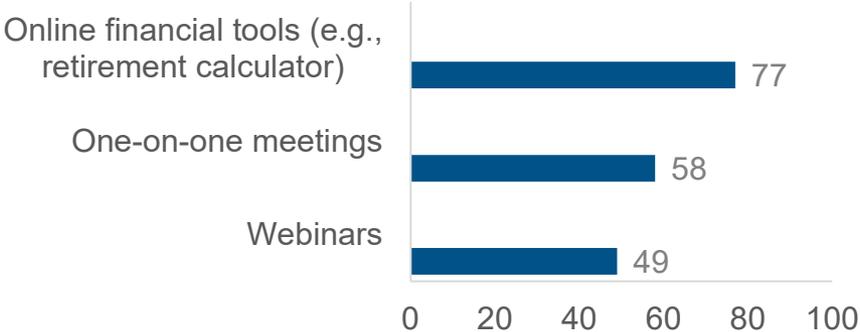
Who provides financial education to employees?

All who currently offer financial education	Total
Internal staff / department	50%
Independent plan administrator	47
Investment consultant	42
Bank	31
Investment advisor / RIA (Registered Investment Advisor)	26
Other	2
Don't know	--

Does your organization or retirement plan administrator offer any financial education to your employees? Total (n=240), Nonprofit (n=120), For-profit (n=120)
 Who provides the financial education to your employees? (n=137)

Format of Financial Education

- The majority offer online financial tools (77%) as well as one-on-one meetings with employees (58%).
- About half also offer webinars (49%).
- Despite the many formats offered, slightly over half of respondents (55%) say that less than 50% of their employees take advantage of their financial education programs.
- Nonprofits are more likely to report low participation (62%) than for-profit companies (48%).



Employee Participation in Financial Education

All who offer financial education	Total	Nonprofit	For-profit
<u>Less than 50% (net):</u>	<u>55%</u>	<u>62%</u>	<u>48%</u>
Less than 25%	20	19	20
25-49%	35	43	28
50 – 74%	32	25	38
75% or more	13	13	14

What format is this financial education offered in? (n=137)

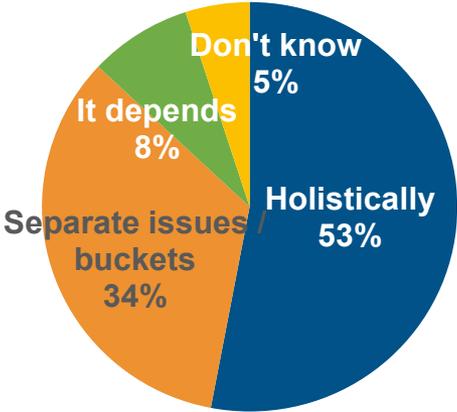
Approximately what percent of your employees participate in your financial education program? Total (n=137), Nonprofit (n=63), For-profit (n=74)

Research Findings

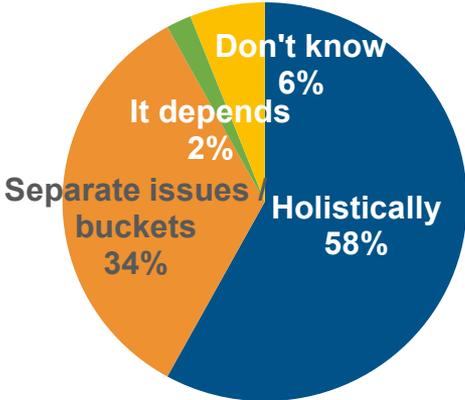
Decision-Making

- The survey covered a range of topics both directly and indirectly related to Social Responsibility, from environmental sustainability programs to their retirement plan assets.
- About half of respondents (53%) say that their organization thinks about these different priorities and assets holistically, while one-third (34%) view them as separate issues / buckets.
- Nonprofits are slightly more likely to view these issues holistically (58%) than for-profit companies (49%).

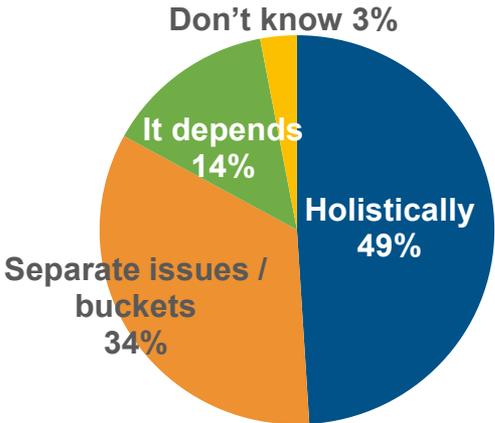
Total



Nonprofit



For-profit



Thinking about the various topics we've talked about today, such as environmental sustainability, DEI, ESG investing, and retirement plan assets, from a financial perspective, does your organization think about these issues holistically, or more as separate issues and buckets? Total (n=240), Nonprofit (n=120), For-profit (n=120)

Appendix

Respondent Profile Summary

Respondent Characteristics

All Respondents	Total (240) 100%
Job Title	
CEO (Chief Executive Officer)	33%
CFO (Chief Financial Officer)	22
VP / Director of Finance	20
Executive Director	7
COO (Chief Operating Officer)	7
CIO (Chief Investment Officer)	5
President	4
Treasurer	2
Years with Organization	
5 years or less	15%
6 - 9 years	44
10 - 19 years	31
20 years or more	10

Note: Table may not sum to total due to rounding.

All Respondents	Total (240) 100%
Age	
Under 35 years	22%
35 - 54 years	65
55 years or older	12
Gender	
Male	76%
Female	24
Race / Ethnicity	
White / Caucasian	87%
Black / African-American	8
Hispanic / Latino(a)	8
Asian	2

All Respondents	Total (240) 100%
Annual Revenues	
\$25 - \$49.99 million	5%
\$50 - \$99.99 million	32
\$100 - \$499.99 million	32
\$500 - \$999.99 million	19
\$1 billion or more	12
Number of Employees	
Under 100	2
100 - 499	14
500 - 999	32
1,000 - 4,999	35
5,000 - 9,999	8
10,000 or more	8

All Respondents	Total (240) 100%
Headquarter Location	
South	39%
West	21
Northeast	20
Midwest	19
Outside US	1

Note: Table may not sum to total due to rounding.

Non-Profit Executives	Non-Profit (120) <u>100%</u>
Industry	
Hospital / healthcare system	27%
Higher education	22
Human services	19
Environment and animals	11
Arts, culture and humanities	5
Other education	5
Other healthcare	4
Other	7

Note: Table may not sum to total due to rounding.

For-Profit Executives	For-Profit (120) <u>100%</u>
Industry	
Insurance	17
Manufacturing	12
Banking / financial services	11
Retail	11
Hospital / healthcare system	10
Computer software / hardware	10
Construction	9
Higher education	6
Professional services	3
Other	11
Publicly traded	
Yes	41
No	59

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