

EMERGING TRENDS IN INSTITUTIONAL SOCIAL RESPONSIBILITY

New PNC survey validates the growing priority executives are placing on social responsibility.

This is the nineteenth in a series of informative monthly articles for North Carolina businesses from PNC in collaboration with *BUSINESS NORTH CAROLINA* magazine.

When PNC Institutional Asset Management recently published its inaugural Social Responsibility (SR) survey*, the findings validated what Simmi Prasad, PNC Institutional Asset Management director for the Carolinas, experiences daily in her advisory work with institutional investors. At the most basic level, the survey concluded that social responsibility is a high priority for executives across for-profit companies and nonprofit organizations – and that serving the social good is perceived as becoming more important.

“C-suite and financial executives in large for-profit and nonprofit organizations are increasingly and more purposefully looking to invest in socially responsible companies that align with their values,” says Prasad, who also serves as co-lead for PNC Institutional Asset Management’s enterprise-wide DEI council and co-chair for PNC’s AMG Responsible Investing advisory group. “The purpose of this survey was to help us get a better understanding of how organizations are thinking about investing for change.”

SOME KEY FINDINGS OF THE PNC SR SURVEY, RELEASED IN MARCH 2022, INCLUDE:

- The vast majority of executives (**92%**) rank corporate social responsibility as a priority for their organization, with two-thirds (**65%**) saying it is a “very high priority.”
- Both nonprofit and corporate leaders expect to see more SR-related policies in the workplace, with **94%** of respondents predicting that social responsibility programs are here to stay.
- Most executives (**91%**) also believe companies and nonprofits can make a real impact on issues like climate change and Diversity, Equity and Inclusion (DEI) through their social responsibility programs and initiatives.

“This survey suggests that internal and external pressures are playing a key role in the shift toward social responsibility, and we don’t expect that pressure to decrease anytime soon,” says Prasad. “Organizations are being asked to expand their missions and look beyond their balance sheets in how they measure success, and nonprofits and for-profit companies are taking that to heart by looking for opportunities to demonstrate their values and commitments in this space. This also means they are seeking guidance on how to most effectively implement these programs.”

TOP SR INITIATIVES

When it comes to specific social responsibility initiatives, organizational priorities run the gamut – from reducing environmental impact, to improving employee wages and benefits, to championing social justice.

The survey found that the environment and DEI, specifically, represent the greatest priorities for companies and nonprofits. Nearly three in four organizations (73%) currently have an environmental sustainability program in place. DEI programs are nearly as prevalent, with 68% of organizations saying they have one and 26% indicating they are planning to implement a DEI program or initiative.

GROWING IMPORTANCE IN ESG INVESTING

Together with a rise in social responsibility, the survey also revealed a growing interest in environmental, social and governance (ESG) investing. Four in ten executives (40%) reported their company or organization currently pursues at least some investing with an ESG lens, and nearly as many (39%) aren’t currently active in ESG investing but are in the planning process.

“These executives view ESG investing as supporting and reinforcing their corporate values and social responsibility efforts,” says Prasad. “They believe ESG investing can make a difference and have a positive impact on society and corporate behavior. They also recognize it is critical that these investment opportunities are fully vetted and aligned with their own values.”

There was a time not so long ago when the premise of ESG investing was perceived as an either-or proposition. The concept that an investor could introduce non-financial factors into the investment process – without negatively impacting financial performance – was novel and easily dismissed. In recent years, however, research findings from

top business schools have challenged that assumption, demonstrating that these investment strategies do not inherently require tradeoffs. Meanwhile, examples of institutional investors achieving both financial and values-aligned goals abound. North Carolina State University, for example, made national headlines in 2018 when its “socially responsible” fund outperformed its main portfolio.

“Social responsibility among for-profit and non-profit organizations is no longer a fad or a niche approach, and it is very much top-of-mind for our clients in North Carolina,” says Prasad. “Organizations recognize that applying a social responsibility lens makes good business sense and is critical for continued growth, and it is also the right thing to do.”

To learn more about how PNC Institutional Asset Management can help your organization invest according to its values, visit pnc.com/iam or contact Simmi Prasad at simmi.prasad@pnc.com.

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*This information comes from a national survey of C-suite and financial executives at for-profit and nonprofit organizations with annual revenues over \$25 million, conducted by PNC Institutional Asset Management (PNC IAM) in December 2021. The survey was conducted online and on an anonymous basis. Survey results represent responses from 240 individuals. The study was conducted by Willow Research, LLC, a custom market research firm and certified woman-owned business.

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