

# PURPOSE MEETS PROFIT:

## Are ESG strategies really worth it?



### OBJECTIVE

UNDERSTAND HOW BUSINESSES WITH PURPOSE CREATE VALUE AND TO ASCERTAIN WHICH ARE THE BEST PRACTICES AND RECURRENT ESG STRATEGIES TO ACHIEVE THIS

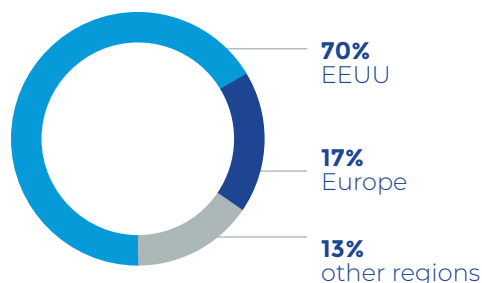
### BUSINESSES WITH PURPOSE

Financially self-sustaining enterprises integrating social missions into core economic objectives

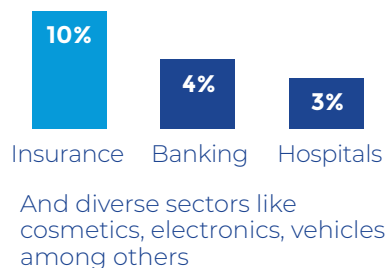
# 254

companies from Forbes's "World's Most Ethical Companies" (2012-2022)

#### Based



#### Industries include



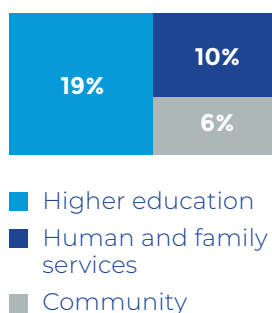
## 4 Key ESG strategies

# 1st



**ESG-Philanthropic Strategies:**  
Donations and charitable events

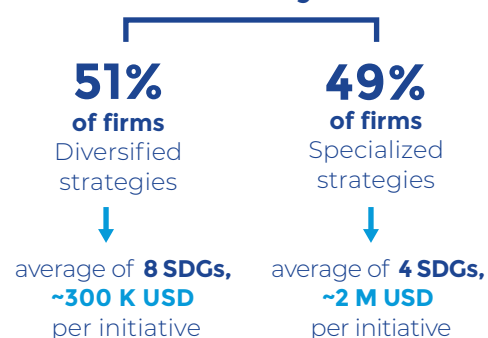
#### Major causes



#### SDGs targeted



#### Main strategies



# 2<sup>nd</sup>

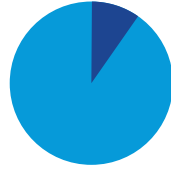


Innovation sustainable and social products associated with social impact

OUT OF **127,000** registered products

**11%**

are associated with at least one SDG



Main SDGs targeted

via social products and sustainable innovation



Main strategies

**Broad strategies:**

Investment across multiple SDGs

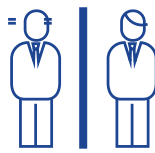
**Focused strategies:**

Prioritize specific SDGs

# 3<sup>rd</sup>



Governance-oriented ESG strategies: Investments to improve internal governance



**70%**

Separation between the CEO and the chairman



**97%**

Board members compensation policy



**84%**

Formal diversity policy



average of **24.5%** reaching a **66.7%**

Gender diversity in the board



**20.5%**

Cultural diversity of the executives



**35.9%**

Presence of women employees

# 4<sup>th</sup>



ESG strategies to create societal impact



Sustainability committee



Quality education (SDG 4)



Gender equality (SDG 5)



Human rights support

## Impact on key performance indicators

### Philanthropic ESG Strategies



Diversified and geographically close to the headquarters **increase in EBIT**, operating profit, and capital turnover

They are more visible, **target higher number of stakeholders**, create a better sense of community

### Sustainable Innovation & Social Products



**Decrease ROI and ROS** in the short term

**Increase sales growth** and firm's market value over time

Focused strategies **have a better impact**, they increase firm's identity with specialized market demand

### Governance-oriented ESG strategies



Increase **sales growth** and firm's intangible value

They generate employer branding, reputational capital and thus, **customers' positive perceptions**

### Social impact-oriented ESG strategy



**Increase in EBIT, operating profit, and capital turnover**

**Increase firm's intangible value**

They create employer and **consumer** branding and therefore, **legitimacy, reputational capital**