



How can you future proof corporate responsibility in times of uncertainty?

Insights for corporate responsibility professionals in the financial sector

Financial services have always played a vital role in philanthropy and corporate responsibility (CR). Political and economic uncertainty in the UK and key markets, coupled with trust in “crisis” with business “on the brink”¹, have created greater uncertainty for businesses and their approach to CR. In recent times CAF’s analysis suggests that corporate giving is relatively robust. At the same time long term materiality drivers exist for CR and sustainability in financial services: the UN Sustainable Development Goals (SDGs), inequality, reductions in state expenditure and the need to build productivity to name a few. Some argue that the need to attract and retain talent on the one hand, and calls for a “new social contract”² between business and society on the other, have created a more urgent sustainable business agenda. What is needed is a more purpose-led, integrated approach that covers the entire business, not just CR teams. How will financial services respond?

This year’s [Edelman Trust Barometer](#) identifies a widening of the gap of trust in business, between those who have thrived in an era of globalisation and those who have not. This is part of a long-term decline in trust in traditional sources of authority and is closely linked to the recent rise in populist and protectionist sentiment. For companies, trust matters: not only are people more likely to buy and recommend products from trusted businesses, trust underpins a company’s licence to operate and innovate.

Nick Barron, MD of Corporate Reputation at Edelman, recommends that businesses build trust through demonstrating how purpose is integral to their business, adding “Increasingly, your audiences trust people like themselves, above all others. To earn trust, therefore, companies must demonstrate that they stand for something and share their key audiences’ values, connect at a local level and lead “human” conversations with all stakeholders”.

We have distilled our insights into “future proofing” CR strategy in financial services, based on CAF’s research, our work with clients and also recent discussions with CR professionals in the sector.

¹ Edelman Trust Barometer

² [Business and Sustainable Development Commission](#)

What is 'future proofing'?

Future proofing aims to ensure your business strategy remains effective and resilient to change. For CR this means focusing your strategy on what is important in the future, building trust and resilience through **long-term integrated business and social purpose**.

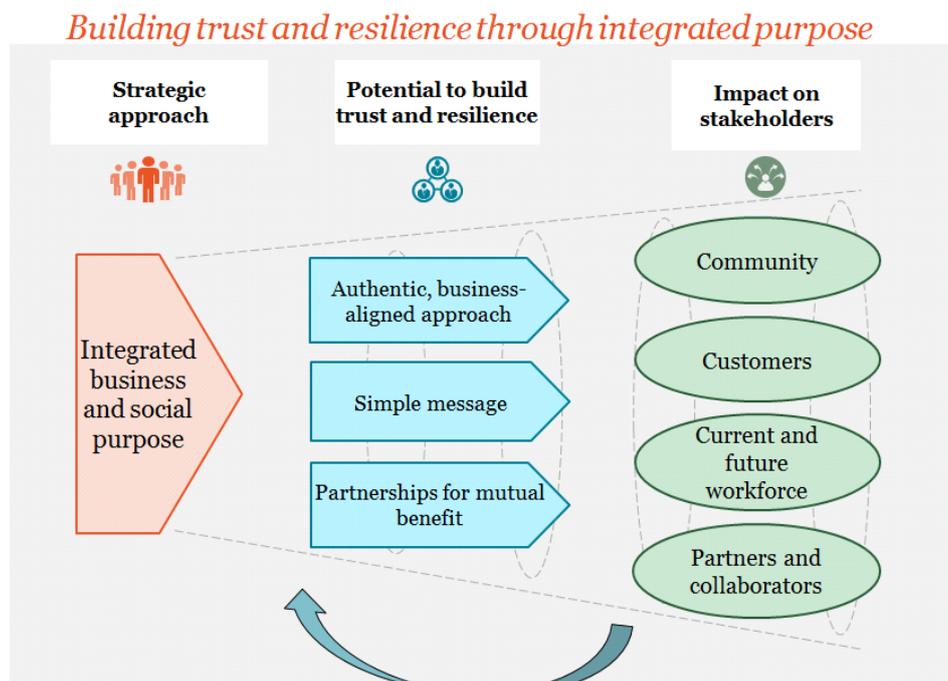
CR is becoming increasingly business-aligned and integrated into the purpose and values of the whole organisation. We are seeing an increasing trend of CR moving beyond ad hoc philanthropic initiatives to mainstream business operations. This is based on the recognition that "doing the right thing" through integrated social purpose is important to stakeholders and should lead to longer term sustainability for the business. CR therefore aims to influence the culture of the organisation and achieve consistent responsible business practice across all activities.

With this shift in focus comes a change in the way CR professionals need to operate. There is now a need to develop long-term sustainable strategy models, identify and deliver on social as well as commercial outcomes. Professionals therefore need to engage a wider range of stakeholders both within and outside the business.

We have therefore focused our insights on the key role of strategy, partnerships and stakeholder engagement in future proofing CR.

How can you build resilience?

Building trust and resilience for the financial services sector will require a long term approach. The key insights are captured in the diagram and then discussed in turn below.



- 1. Design a resilient strategy** that takes full account of your environment and short and long term drivers for responsible business. This needs to take account of material social issues for the business and reflect local and global agendas, such as the UN's SDGs. Making the business case needs to speak to business as well as social results. This will include building a new relationship of trust, with strategies and programmes that achieve a new level of performance and transparency to an ever widening group of stakeholders. Developing a business-aligned approach, drawing on a deep understanding of business purpose, assets and their specific expertise, will enable businesses to differentiate and build an authentic strategy. To deliver on this CR teams and programmes will need to influence the whole business and not just rely on often small teams at the centre.
- 2. Create sustainable charity partnerships** that are mutually beneficial. Finding the right partner to deliver your social purpose can be a huge challenge. Charities are coming under more pressure to find funding and businesses face pressure to reduce costs. There is more and more need to make sure you have a sustainable rationale and ensure you are both benefitting from the partnership. Ad hoc donations to charities that do not reflect a company's purpose and values may not be beneficial to the company. Likewise placing too many requirements that are in the company's interests on underfunded charities may not be core to their mission. Partnerships should aim to be more sustainable, engaging in mutual benefit and sharing a long term view, aligned with the values of each organisation. To operate best they need to fit with the business model, seeking to harness both individual enthusiasm and corporate vision. Risk and compliance remain a concern for the financial service sector and there is untapped potential for collaborations to remove barriers and enable engagement with a wide range of potential social purpose partners.
- 3. Leverage your stakeholders** through focusing on what's important to them. Understanding their motivations and developing relationships is one of the most challenging and under invested areas in CR. This applies not just to internal stakeholders but to their stakeholders as well – such as clients, investors and external partnerships. At the same time, outside influencers are just as important as your internal stakeholders. Long term impact can only be achieved by getting “close to the hearts” of all stakeholders and achieving genuine change in your workforce and communities that can be replicated and achieve scale. This wider notion of stakeholder engagement is essential to delivering impact, but must start with internal stakeholders first. CAF works with many clients on strengthening employee engagement and morale with a view to building social impact. Capacity for business leaders to engage in CR is often cited by clients as a constraint to delivering CR strategies as is the need for internal stakeholders to see the value and business case for CR. Likewise CR professionals need to have a simple, clear and consistent message on this case to succeed in engaging them.

Where does the conversation go next?

At CAF we have an unique perspective on both CR and charity sector. We want to continue the conversation within our network and deepen the insight on how to ensure that CR contributes to sustainable business and social purpose. We believe this conversation should focus on achieving a shared understanding of the social needs that are material for the financial services sector now and in the future, thereby building a case for the business role in social change and associated investment.

Future analysis needs to take account more explicitly of the global SDGs agenda and could usefully explore when financial services companies should seek to advocate and catalyse change and when they should aim to collaborate and achieve collective social impact. Partnerships should reflect a deeper understanding of the challenges faced by the social sector, which currently faces its own trust challenges as well as increasing demands to demonstrate accountability and impact.

We believe an exciting opportunity is emerging to create more value through understanding future needs, networking, collaborating and developing an authentic voice to start to demonstrate impact and rebuild trust within the financial services sector and society at large.

CAF is already investing in new insights on future financial services CR agendas through our hub: [Spotlight on the City](#) and research, such as [how business can strengthen civil society](#), [understanding the social landscape](#) and trends in [UK giving](#) and [Global giving](#).

If you would like to join the conversation and discuss our insights further please contact our corporate clients financial services team.

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