

PULSELY SESSIONS

Driving ESG Progress Through DEI

Audience Questions

1. What should the relationships be, between DEI, ESG, CSR and Risk?

ESG refers to the examination of an organization's environmental, social, and governance practices, their impacts, and the organization's progress against benchmarks. An ESG program is a form of risk management. Corporate social responsibility (CSR) differs from ESG in specific ways. CSR initiatives are voluntary and tend to focus on improving a company's relationships with external elements (eg. corporate philanthropy or partnerships with community groups). ESG programs are generally implemented as a broader corporate strategy to address investor or regulatory demands and involve rigorous measuring and reporting. Essentially, ESG risks are regular business risks and ESG risk management should be part of a company's standard risk reduction practices.

While DEI programs are typically owned by HR departments, more and more companies have started incorporating DEI into their ESG strategy. By formalizing DEI initiatives as part of their ESG strategy these companies demonstrate a commitment to taking action on these issues and make them more accountable to stakeholders.

2. Should organizations focus on something specific within Environment, Social or Governance or is it fine to do many things well?

Most companies are exposed to a multitude of ESG issues, so it's important to determine which are most critical and understand how they impact your specific business. What is considered critical will differ depending on the industry and business model, so it's important to identify these critical issues as the first step when trying to understand where to focus company attention and resources by managing these risks.

3. How do we hold leaders accountable in ensuring we are prioritizing DEI in our ESG efforts?

A successful DEI strategy implementation within the scope of ESG requires ownership, responsibility and accountability at executive and leadership levels. One way to achieve it is through "consequential accountability". Consequential accountability means integrating DEI measures into performance evaluation,

requiring senior leaders to make meaningful progress against DEI goals as criteria of their own career progression.

Ultimately, DEI data is the best resource for creating leadership accountability, which in turn allows DEI efforts to translate into measurable success. DEI data provides a framework for knowing where to start, what questions to ask, what difficult conversations are needed and what are the inclusion gaps that are impairing your organization from thriving.

Read more:

[Using DEI Data to Ensure Leadership Accountability](#)

[Understanding DEI Data-Driven Strategy and Key Metrics](#)

4. Where does an entity go for practical tools to roll out ESG?

A great way to start is by reading through ESG reports from companies within your industry. Some good examples:

[Cognizant](#) (Tech)

[Nestlé](#) (Consumer Goods)

[Toyota](#) (Auto)

[Chevron](#) (Energy)

Another important resource is the [United Nations' Sustainable Development Goals \(SDGs\)](#), which are an urgent call for action by all countries - developed and developing - in a global partnership.

Other useful resources:

[Nasdaq's ESG Reporting Guide](#)

[IFC ESG Guidebook](#)

[World Economic Forum ESG Intelligence](#)

[International Sustainability Standards Board](#)

[Corporate Sustainability Reporting Directive](#)

[WEF Metrics](#)

5. Tips to start an ESG - framework and other resources

The first step to implement an ESG strategy is to have a clear definition of what ESG means for your organization and determine the level of interest in these efforts across the organization. This will guide your strategy and give you an idea of the end results you'll be able to achieve. It is also important to set measurable, trackable, and relevant ESG goals. There is no one-size-fits-all approach, but here are some questions you should ask at this stage:

- Who are the stakeholders, what are their goals and how will you communicate with them?
- What will a successful end result look like?
- How does sustainability create value for your organization?
- Who are your peers and what are their sustainability goals?

Here are some useful resources for those getting started with ESG:

[Getting Started on Your ESG Journey in 7 Steps](#)

[Where do you start with ESG reporting?](#)

[GRI Standards](#)

[GRI Academy](#)

[PRI Regulation Database](#)

[SASB Standards](#)

[SASB Materiality Map](#)

The absence of a generally accepted international framework for the reporting of ESG contrasts with the well-established standards that exist for financial performance reporting. The existence of multiple ESG measurement and reporting frameworks and lack of consistency and comparability of metrics can hinder the ability of companies to demonstrate the progress they are making on ESG. Hence, initiatives like the [World Economic Forum's "Measuring Stakeholder Capitalism"](#) can help shift the needle towards greater comparability and consistency to the reporting of ESG metrics and disclosures.

6. What is an early metric for success for an institution during the beginning stages of DEI work? Subsequently, what are some thoughts around how to set targets for such KPIs (eg/ the portfolio company should reflect the local area ethnic makeup +/- x % ?).

An early metric is representation of different demographic groups among employees. Many organizations compare the representation of their employee population to the representation in the available talent pool.

However, recognize that representation inequities can be masked when this data is reported at an aggregated organizational level. Most importantly, analyze representation by level and look for drop offs in representation up through the levels of the hierarchy. In addition, look at the patterns of representation among new hires, promotions and turnover. The goal should be **proportional representation** for each factor.

For example, if you currently have 20% women in senior leadership and want to increase that, hiring at the senior leadership level needs to be at least 20% women; you will need women to receive at least 20% of promotions into that

level; and no more than 20% of exits at that level should be women. Proportional representation is fair. To accelerate your progression toward gender equity, you will need to have hiring and promotions above current representation and lower than proportional turnover.

7. Have any firms set DE&I goals that explicitly hurt conventional short-term performance measures, in pursuit of greater equity? One example might be a goal to eliminate the gender pay gap.

DEI initiatives take dedicated time, energy, a realistic budget over multiple years, and an intentional commitment to the marathon and not the sprint that advancing DEI work requires. So if by short-term performance metrics we consider profit, for example, it might be affected by investments in DEI initiatives. However, in the long-term, it has been widely proved that the outcomes of DEI programs outweigh its costs through reduced turnover, lower talent acquisition costs, increased innovation and improved team performance due to higher engagement.

8. How do you assess someone for inclusion? It's often a subjective thing.

Compared to diversity, inclusion is a much more difficult topic to measure. Diversity is just representation. Inclusion is the real work of ensuring that all groups are equally valued, supported, empowered, able to be authentic and fulfill their potential in the workplace. Diversity may be easy to measure, but doesn't tell you much about the equity dynamics of your organization.

At Pulsely, we have found that an inclusive workplace requires both organizational and individual change, so the way we measure inclusion has two components:

Workplace Inclusion: reveals the patterns of inclusion experiences (how different groups experience your workplace in different ways) and sets the groundwork to create both targeted and measurable solutions. Most importantly, these differential experiences are correlated with Performance Indicators to measure how inclusion correlates with engagement, team effectiveness and retention.

Inclusion Competencies: recognize that inclusion is a net effect of everyday interactions, and evaluates individual manager and employee skills and identifies the gaps for actionably moving towards more inclusive leadership styles.

Combined, these two datasets allow you to identify the inclusion gaps and build an action plan to address those gaps.

Read more:

[Focus on DEI Analytics: How Do You Measure Inclusion?](#)
[Pulsely Inclusion Scientific Framework](#)

9. How to go around the legal restrictions on collecting data other than sex and age?

DEI data is essential for assessing the situation of underrepresented groups in the workforce and to effectively tackle the inclusion gaps that might exist in the workplace. When collected regularly and systematically, DEI data enables organizations to assess the current status of DEI, monitor the implementation of planned initiatives, and track progress in achieving goals towards equality.

However, employers need to consider a variety of data protection, employment law and legal regulations, restrictions and practicalities around collecting and processing diversity data. For the most part, collecting diversity data should be possible provided there is a relevant lawful basis for doing so and certain conditions and requirements are met. Global organizations should also consider cultural sensitivities that could impact the perception and trust of employees in the process.

In addition to the legal considerations, DEI leaders also need to select the best systems and technologies for the data collection and processing and carefully build a communications plan that increases employee engagement.

Working with a third party like Pulsely in this process can add an additional layer of trust besides providing you with guidance and expertise.

Read more:

[The Secret of Effective DEI Surveys](#)

10. What are some creative ways of promoting and holding accountable for "inclusion"? In this distanced/remote/ folks just feeling overwhelmed with general life.

Despite challenges and bias in the remote workplace, when it comes to practices core to inclusion, nearly 4x as many employees feel "work-life support" and "mutual respect" had improved rather than worsened, and even "team-building"

was more likely to have improved rather than worsened. And yet, the challenges of creating inclusion in a remote or hybrid working model are not small.

Here are some practical ways to create inclusion in a remote/hybrid workplace:

- Collect feedback on employee needs, preferences, expectations and experiences to regularly understand what is fostering inclusion - and what practices are inhibiting it.
- Broaden flexibility to allow different schedules/locations to meet employees' different personal needs and preferences.
- Encourage leaders and managers to signal accessibility whether in the office space or remote location.
- Encourage over-communication rather than under-communication within teams and departments to avoid misunderstandings and projections.
- Track data to know if the trend of those who are and are not getting promoted is directly affected by choices in the hybrid workplace.
- Build equity in team collaboration so that all employees have equal access to the tools and information they need to work together and be effective.
- Encourage familiarity with how others prefer to work and communicate, to help bridge the gap and reduce pressure to “appear” productive or be available 24/7, leading to burnout.
- Create community in diverse ways. Leverage infrastructure and groups (such as ERGs) that help employees to support each other to create more community within the larger organization.

Read more:

[Fostering Inclusion in Hybrid Workplaces](#)

11. In what ways does this organization support antiracism as a part of this solution?

Pulsely has conducted assessments for organizations with anti-racism initiatives. For organizations with race/ethnicity data in their HR data systems, we analyze the [flow of talent](#) by race, gender and level into, up through, and out of the organization to identify “leaks” and proportional inequities in the pipeline to leadership.

We also conduct [diagnostic employee experience surveys](#) to identify inclusion gaps by race. Race data is collected confidentially to enable this analysis. Racism can occur in many aspects of the experience but especially in career support, managerial relationships, equal opportunity and behavioral accountability.

Please see this [example](#) of an inclusion and antiracism strategy built by one of our clients, the United Nations in Copenhagen, based on their Pulsely assessment.



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