Making sense of the ‘S’ in ESG: Breaking down Corporate Social performance

We see the social dimension as consisting of three major segments, each with distinct but interlinked areas of focus:

1. People: Employees and supply chain partners

Investing in people through fair work, inclusive practices, and ethical supply chains improves workforce stability and productivity, strengthening resilience and enhancing business performance. The ‘People’ segment includes everything a business does to support the rights, wellbeing and inclusion of its workforce and supply chain.

1.1. Employee wellbeing

- Focuses on physical safety, mental health, work-life balance and holistic wellbeing.
- Leading organisations go beyond the basics of Occupational Health and Safety (OH&S) to foster cultures of care and psychological safety. This includes investments in mental health first aid training, proactive burnout prevention strategies, and leadership accountability for wellbeing outcomes.
- Innovative businesses are also beginning to quantify wellbeing as an asset, using metrics like absenteeism reduction, productivity per full-time equivalent (FTE), and engagement scores to capture return on investment (ROI).

1.2. Rights and opportunities

- At the foundational level, this includes fair employment practices, secure contracts, living wages, and robust grievance mechanisms.
- Evidence shows that jobs with dignity and stability create flow-on effects for health, family outcomes, and local economies. Companies that offer living wages and predictable scheduling, particularly in casualised sectors, reduce turnover and improve brand loyalty.
- Leading employers also enable upward mobility through on-the-job training, innovating hiring pathways to reduce barriers for individuals historically excluded from the workforce, and targeted leadership development programs.

1.3. Diversity, equity and inclusion (DEI)

- DEI is no longer just about representation. It's about inclusive hiring, advancement and leadership practices and systems, including removing bias from hiring algorithms, normalising flexible career pathways, and rewarding inclusive leadership.
- Evidence from McKinsey and Harvard Business Review shows that inclusive teams outperform on innovation, revenue, and improved decision-making.
- Businesses are also beginning to understand the value of intersectionality, recognising that experiences of race, gender, disability, and socioeconomic background can all compound, and addressing them requires nuanced strategies.

1.4. Supply chain partners

- Building resilient supply chains requires attention to considerations such as ethical sourcing, fair wages, supplier diversity and capacity-building.
- Leading businesses view suppliers as long-term partners, not cost centres. This includes offering fair payment terms, co-investing in capability building, and reducing price pressure that undermines labour standards.
- Increasingly, companies are applying due diligence that extends beyond first-tier suppliers, recognising risks like modern slavery in upstream networks.
- There is also growing interest in supporting local or Indigenous-owned suppliers, creating shared value by keeping wealth and enhanced capacity within communities.

2. Product: Consumers and markets

Businesses create value, and risk, through the products, services and messages they put into the world. Those leading on social performance are designing with intention: improving access, minimising harm, and meeting the needs of diverse and underserved consumers. The 'Product' segment explores how responsible product design and market strategies can enhance trust, loyalty and long-term competitiveness.

2.1. Product and service responsibility

- Focuses on what business create or the service they deliver, including ethical marketing, product safety, inclusive design, data privacy and accessibility.
- Organisations can lead by embedding human-centred design to ensure products meet diverse consumer needs, including those with disabilities or low digital literacy.

- Companies are now also innovating with purpose-led product lines, such as banks designing credit products that minimise financial harm, or telecoms developing plans tailored to vulnerable customers.
- Privacy and data governance are also increasingly seen as social issues. Ethical tech principles emphasise transparency, consent, and giving users meaningful control over their data.

2.2. Market responsibility

- Focuses on who can access products and services, and under what conditions, with an emphasis on affordability, availability and equity of access.
- Leading companies recognise that access is about more than price: it's about design, distribution and trust. For instance, tailoring services for regional, culturally and linguistically diverse, or low-income communities. Examples include banks providing financial literacy training, retailers offering accessible packaging, or utilities offering repair services over replacement.
- Market responsibility also includes responsible exit planning and ensuring communities are not stranded when services are withdrawn or centralised.
- Some organisations are now piloting cross-subsidy models to enable access to essential services without compromising commercial viability (e.g., tiered pricing based on ability to pay).

3. Place: Communities and essential services

Businesses don't operate in a vacuum, instead they shape, and are shaped by, the communities and regions around them. Leading organisations are deepening their local impact by aligning corporate citizenship, community development, and infrastructure investment with business strategy. The 'Place' segment explores how place-based approaches can build trust, licence to operate, and long-term stability, resilience and value.

3.1. Corporate Social Responsibility

- CSR can include philanthropic donations, community sponsorships, employee volunteering programs, in-kind support, or environmental restoration initiatives. While often managed separately from business operations, these activities signal a company's intent to be a good corporate citizen and respond to community expectations
- Best-practice CSR aligns with business capabilities, such as an energy company co-investing in renewable energy access for remote communities, or a bank supporting financial inclusion through literacy programs.
- Leading companies embed CSR within broader ESG and business strategies, using consistent goals, tracking social outcomes, and forming long-term, mutually beneficial partnerships with community organisations.

3.2. Community engagement and development

- Community development focuses on how businesses engage with local stakeholders strengthen relationships, support regional priorities and shape community-led solutions.
- The best community investments align with business strategy and local priorities. Co-designed initiatives with First Nations communities or regional stakeholders lead to stronger trust and enduring impact.
- Businesses are increasingly exploring shared measurement frameworks with community partners to understand and report on impact.
- Beyond sponsorships and volunteering, businesses are acting as place-makers by supporting economic development through shared infrastructure, procurement pipelines, and skills-building.

3.3. Essential infrastructure and services

- This area covers direct business investment in infrastructure that supports broader community wellbeing, such as transport, health, digital, and social services. This could include sharing underused assets (e.g., buildings, vehicles, fibre networks), co-investing in digital access for remote areas, or embedding social value clauses in infrastructure projects.
- Forward-looking businesses partner with local councils and service providers to create multipurpose spaces, such as combining logistics hubs with health clinics or childcare.
- Some are even stepping into the role of trusted community broker by bringing together partners to address systemic community challenges.

A strategic, not charitable, response

What connects these segments is not charity or compliance, but strategy. Leading businesses are asking: Where do we have influence? Where are the risks? Where is the opportunity to lead?

Each of the People, Product and Place segments of the social can be approached at different levels of intensity:

- **Comply:** Meeting regulatory standards.
- **Respond:** Anticipating stakeholder expectations and acting accordingly.
- **Lead:** Making social performance core to how the business operates and competes.

By assessing their current initiatives through this lens, organisations can build clarity and confidence in where to focus effort. Done well, Corporate Social Performance enables businesses to:

- Attract and retain talent, and boost productivity.
- Strengthen supply chain resilience and operational reliability.
- Build deeper customer trust and loyalty.
- Unlock new markets and capital.
- Deliver measurable ROI and long-term enterprise value.

This is about future-proofing the business. It's about being people-first in a way that delivers back to the business.