NEWS RELEASE

ESG-driven philanthropy could reduce charitable giving

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For Immediate Release

VANCOUVER—Corporate charitable giving driven by ESG could produce more harm than good when it comes to overall charitable donations, warns a new essay released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“While charitable giving helps organizations that receive donations and improves the image of corporations, there’s a downside to corporate philanthropy,” said Dr. Marvin Olasky, a Discovery Institute and Acton Institute fellow, and author of Corporate Philanthropy: Stay in Your Lane, the latest installment from the Fraser Institute’s essay series on the ESG movement.

Environmental, social and governance (ESG) is a growing movement designed to pressure businesses and investors to pursue larger social goals including philanthropy. ESG advocates argue that greater corporate philanthropy will increase public awareness of non-profit organizations and encourage donations of money and time.

However, research suggests the opposite—that people chose to give less money to non-profits with corporate sponsors. Basically, corporate donations may replace, rather than add to, donations by individuals because people often chose to support other non-profit organizations not supported by corporations. So the overall effect of corporate giving could actually be a net loss for non-profits.

While it’s too early to know whether or not increased corporate philanthropy, spurred by ESG, has reduced the charitable giving of individuals, some trends are worth tracking.

For example, in 2020 the United States, always in the top 10 for charitable giving, fell to 24th of 114 countries surveyed. Canada, also usually in the top 10, fell to 25th. And in 2019, the latest year of available data, only 19 per cent of Canadian tax-filers claimed charitable donations—down from 25.5 per cent in 2000.

“The increased emphasis of ESG in the corporate world may have unintended consequences in terms of decreasing the overall amount of charitable giving,” Olasky said.

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