# GOOD ESG COMMUNICATIONS

**WHAT'S IT GOING TO TAKE?**

Teamspirit

# TEN TRUTHS FOR GREAT ESG COMMS

**01** Create a consistent narrative

**02** Align sustainability and marketing strategies

**03** Identify critical themes for your business

**04** Know your segments open to change

**05** Secure flagship operating practices

**06** Be transparent

**07** Collaborate

**08** Hero your people

**09** Make it measurable

**10** Engage with tools and education

# INTRODUCTION

With the UK having experienced the hottest days on record, and central Europe, Australia and the US battling wildfires, the need to protect and create a more harmonious balance between planet and society has never been more omnipresent. At the same time, the economic downturn means tough decisions ahead, as businesses plot a viable path that serves all stakeholders.

As a financial services specialist agency, we're often a barometer of the industry's communication ambition and challenges, and ESG remains integral to most of the briefs that we're working on.

While the industry's awareness raising of ESG commitments has been good, we are challenging that ESG communications are not yet good enough. With the UK's ambition to become the world's first net zero financial centre[1] and green finance leader,[2] and the FCA now ready to regulate[3] to stop greenwashing, there remains a huge disconnect between ambition and action. Latest consumer research reveals that 53% of consumers can't name even one brand that does well on sustainability and equality, and 80% of consumers admit to not taking action on climate or equality.[4] Clearly more needs to be done.

Which is why, a year on from our Net Zero Report,[5] which assessed how advanced financial services firms are in their plans for net zero, we've taken a look at what good ESG communications need to be looking like for 2023.

Broken into four sections, we start with an overview of the current situation, with almost neo-institutionalism around commitment pledging, before exploring the varying ESG appetite by audience. We then look at best-practice examples of ESG-related comms with real impact and accountability. Finally, we propose ten key truths that need to underpin good ESG comms in the year ahead.

> "Here's how to make the leap from commitment sign-up to becoming a recognised ESG comms leader"

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# THE CURRENT CONTEXT

With COP26 having galvanised commitment sign-ups around the E of ESG, we've reached almost peak sign-up. 700+ of the 2,000 largest public companies have made net zero commitments, and two thirds of the S&P have set emissions targets.[6] But the headwinds of greenwashing, lack of ratings alignment, data assurance and data overload are inhibiting progress for those making genuine change to get their message heard.

## A shift to action

Firstly, commitment isn't the problem; the shift to delivery and action is. As our Net Zero Report in September 2021 flagged, 48% of financial services business leaders had made commitments, but 28% had no strategy in place for delivery.[7] That's why strategies for delivery are becoming the focus, with the likes of the Glasgow Financial Alliance for Net Zero (GFANZ) now reporting on their progress to date[8] since COP26. Their Call to Action[9] outlines the urgent policy changes and pathways needed to enable private finance to move from engagement, through to providing the capital and real economy transition plans to ensure success.

## Greenwashing

Greenwashing is one of the key barriers to successful ESG comms, with over half of financial services professionals claiming greenwashing is rife within the industry.[10]
A Harvard Business Review paper into how greenwashing affects the bottom line, has found that companies that fail to meet their stated social responsibility goals, are perceived to be greenwashing by customers and are judged harshly.[11] It not only affects reputation, it negatively affects perception of the customer experience. The paper also found that having a reputation for high product quality or innovativeness can provide a bit of a buffer in depressing experience satisfaction scores. But it doesn't negate that ESG goals need to be matched by delivery.

## Non-standardised frameworks

Ratings alignment, as well as a more standardised ESG framework with harmonised benchmarking metrics, would help to cut down greenwashing accusations. This absence of a common ESG 'ecosystem' adhered to by all, was cited in our own net zero research as one of the major stumbling blocks in the bid to meet net zero.[12] For 93% of financial sector leaders, a lack of common frameworks and standards for reporting among businesses is seen as holding back progress; 38% would like to see greater implementation of one reporting framework; and 34% would like to see the current different types of reporting narrow to just one for consistency. In the void of alignment, many are developing their own approach, adding to the proliferation of options and furthering opaqueness.

## Incoming regulation

As ESG investing is becoming more mainstream, accounting for nearly 40% of AUM,[13] the FCA has now indicated that it is pushing for stricter regulation for ESG data and ratings, to ensure that it is accounting for the full impacts of the businesses it assesses.[14] This regulation is much needed, to mitigate the criticism that ratings agencies receive for using their own methodologies in the absence of a formal, nationally universal definition of ESG. The call is for the methodologies to account for the most material impacts to, and of, a business, to avoid scenarios such as S&P's 500 ESG Index removing Tesla, but keeping companies that have historically impeded the low-carbon transition, such as Exxon.[15]

## Data overload

Available data is ensuring far greater transparency than ever, with the likes of WHEB's impact calculator, to demonstrate the expected carbon saving of an investment within one of its funds.[16] Big data is also big business, which is why the future of ESG ratings[17] is likely to see the big credit ratings agencies also moving into ESG, with Fitch and Moody's now publishing scores that quantify the impact that ESG factors have on their opinion. However, with even more data, often AI-powered, the issue of data overload is appearing. In our podcast series Stand and Deliver, The ESG Activists,[18] we heard from more than one podcaster that the investors are having to look beyond ESG ratings. Forward-looking indicators that provide an indication of company health and direction, rather than retrospective year-old ratings figures, are where the analysts are moving to. Which makes information about how ESG is impacting the business, the material effects and plans to future-proof the business, the key information to surface and communicate.[19]

In summary, what the current context underlines, is the need to go beyond commitments and ratings data. It requires a compelling story to tell how ESG considerations are embedded in business strategy, that the business is equipped to tell the story and to deliver meaningful change through sustainability-inspired products and services.

# DEGREES OF ESG APPETITE

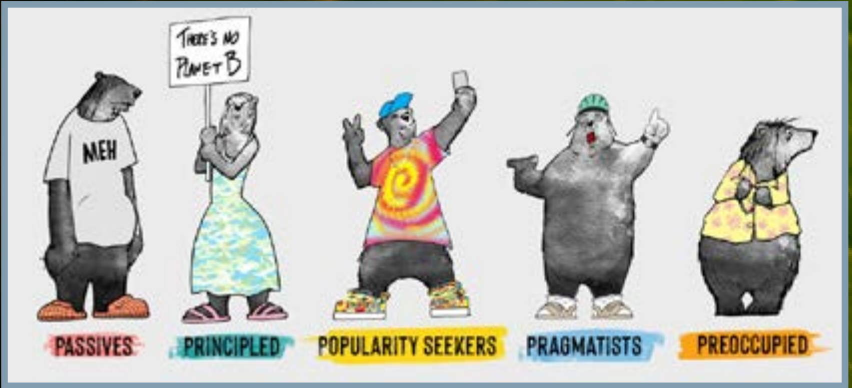
**Before looking at examples of good ESG communications, it is worth recognising how the appeal and appetite for ESG-related products and services differ by audience. Even then, strong appetite isn't necessarily correlating into engagement and action. Here's an overview of sentiment and known barriers to behaviour change.**

## Consumers

**Our sister agencies, VCCP and Watermelon, have launched a new UK-based segmentation identifying five personas that characterise the UK adult population's sustainability appetite and motivation. There is clearly an increase in desire to live a more sustainable life, accelerated by Covid and the increasing cost of living. Yet the segmentation reveals that 53% of consumers can't name even one brand that does well on sustainability and equality, and 80% of consumers admit to not taking action on climate or equality.[20] The economic worry is also having an impact on action, with recent research from Tandem Bank estimating that 19 million Brits are unaware, uninformed, unwilling and unsupported to live a greener life, which it points to as evidence that Brits will struggle to hit Britain's net zero targets, and will prioritise cost of living crisis over reducing their carbon footprint.[21]**

> **"With almost half of UK consumers having a low capacity to change, companies need to focus in on opportunity segments.[23]"**

### VCCP / WATERMELON SEGMENTATION REVEALS THREE CONSUMER AUDIENCE SEGMENTS ARE MORE CAPABLE OF CREATING CHANGE




**When it comes to finance, Prudential's findings in their Power of You report mirrors the gap between desire and action.[22] Key findings include:**

- 75% of people believe it is everybody's responsibility to live a conscious or sustainable life and the same percentage of people think that children should be taught about sustainable investing.
- More than half (57%) of people say they would avoid investing in a company, shopping at a store or banking with a company if they knew they acted in an environmentally irresponsible manner.
- 44% believe that investments should have to include a portion within sustainable funds.
- 30% say their investments are already sustainable.
- The main influence on people wanting to invest sustainably is their own moral compass (44%), ahead of friends (16%) and wider family members (13%).

**Barriers to action:**

- When asked 'what would encourage you to invest more sustainably', those with investments said knowing that it will not negatively impact their returns (33%) was the key consideration. Developing their knowledge of the options (28%) and knowing their investments will make a difference for the better (27%) were also popular.
- Those that don't invest sustainably say they need more information to be able to make a decision (22%), or they don't know how to go about it (19%). More women than men say they don't know how to go about it (22% vs 14%).

**Marketers need to be understand that the appetite isn't the same for all consumer audiences or age groups. Some segments are more engaged and motivated to live a more sustainable life and to make a positive change in the world. Identifying those most interested and 'nudgeable' is key, as is providing further education, help and tools to move from desire to make a change into personal action.**

## Investors

Overall, investor ESG appetite abounds with the continued inflow of money into ESG-related funds. In addition, the plethora of fintech and AI-led solutions is now allowing individual investors unprecedented control of, and influence on, where their money is invested.

Professionally managed assets with ESG mandates swelled to $46trn globally in 2021, representing nearly 40% of all assets under management.[24] According to Bloomberg, ESG assets are forecast to hit US$53trn by 2025, representing a third of global assets under management.[25] Europe continues to lead this trend, followed by the US and then Japan.[26]

More recently, the market context is changing, with investment flow slowed by recent changes in energy prices and falling tech valuations.[27] The recent introduction of the green Inflationary Reduction Act in the US is likely to boost appetite once again, particularly in the region.[28] But for now, the largest institutional investors, such as BlackRock, are starting to pull back on supporting overly prescriptive shareholder proposals that fail to recognise the progress being made, particularly in the energy sector.[29]

According to EY, globally 71% of individual investors want to make a positive social impact as part of their investment objectives.[31] With the dominating theme remaining funds related to climate,[32] the majority of broad awareness campaigns have been focused on the E.

With increasing regulation around directors' duties to consider the ESG implications of their decisions, and the fiduciary duties of funds to do the same, internal communications and employee-focused campaigns are likely to increase. Financial investors will be expected to provide regular training for their staff, and develop crisis management plans to mitigate the risks associated with climate-related litigation and stakeholder activism.[33]

The result is the industry itself is sending mixed signals[34] about the benefits of ESG investing, with controversy over ratings, results and impact adding barriers of noise and trust to progress in this area.

> **"66% of European institutional investors planning to stop investing in non-ESG funds by the end of 2023.[30]"**

## SMART TECH IS PROVIDING GREATER CONTROL OVER POSITIVE INVESTMENT DECISIONS. LEADING EXEMPLARS INCLUDE:


**GOALSFIRST** enables investing for returns and impact with an SDG-mapped portfolio.


**iclimaEarth** provides climate fighting indices, investing only into companies that reduce carbon.


**Clim8** Invest allows direct investment into companies fighting climate change.


**Cultivo** offers investment into natural capital projects globally, providing forecasting and assurance through satellite data and remote sensor technology.


**Tumelo** engages investors by giving a transparent view of the companies they own and a shareholder voice on issues they care about.

### Brokers/advisers

With the UK adapting to various EU directives (including the Task Force on Climate-Related Financial Disclosures (TCFD), Sustainability Disclosure Requirements (SDR) and MiFID II[35]), advisers and brokers are under increasing pressure to be compliant with disclosure and reporting standards, as well as being explicit in communication of responsible investment products' performance.

Positively, 61% of advisers have an ESG process as standard in onboarding new clients, however the same process is rarely used with existing clients. [36]

In August, Oxford Risk interviewed 457 investors managed by wealth managers, and found that almost half (46%) of respondents have never been contacted to discuss their attitude to ESG and responsible investing, while only 37% said that their own portfolio reflects their views on sustainable investing.

The report highlights that advisers are missing out, with 31% of respondents responding that they would invest more if their portfolio better reflected their views on ESG and responsible investing, which rises to 59% for those under 35.[37]

Clearly the adviser audience has a greater role to play in meeting investor appetite, as well as complying with increasing regulation. Trusted information sources are required, along with supporting profiling tools to help demonstrate the sustainability of portfolios.[38]

### Media

Media coverage in ESG has surged in recent years, and with ambitious climate targets set by governments and policy-makers across the world, the topic has become a lot more mainstream. The climate issue is one of the most pressing challenges we face, and thus is reported as such. But with so many moving cogs in the ESG conversation, the risk of 'information overload' is a real one.

Reporting on the subject spans physical environmental issues – such as the UK's recent summer drought – government policies, business and investment strategies, governance and accountability, as well as people's day-to-day behaviours and sentiments towards ESG themes.

To cope with this, there has been a rise in specific ESG-focused trade publications, and focused regular features in industry titles. Contrastingly, while national and consumer journalists were happy to take relatively general thematic stories, or to cover 'ESG fund launches' a few years ago, they have become far more selective with the types of story they tell their readers. This is more true than ever during the cost of living crisis, which has prompted a reticence to focus on investment stories. Which reinforces that those businesses looking to speak to consumers about ESG, need to have a fool-proof strategy, with a focus on nuance and education.

### Employees

In the context of the current Great Resignation, where the war for talent has never been higher, ESG is increasingly a workforce strategy, and ESG performance a source of competitive advantage. It's a key differentiator in meeting Millennial and Gen Z expectations.

According to Mercer research, ESG performance can help companies both improve employee satisfaction and attract prospective employees. Positive employee sentiment about ESG performance leads to satisfied employees who work harder, stay longer with their employers, and seek to produce better results for the organisation.[39] As Millennials and Gen Z come to make up 72% of the global workforce by 2029 (compared to 52% in 2019), employers can expect ESG performance to be even more important in attracting and retaining talent. These generations expect to experience, hear and read more about their employer's action on these topics.

> **"Top employers by employee satisfaction have average ESG scores 14% higher than the global average, likely due to their strong environmental scores.[40]"**

# CURRENT BEST-PRACTICE COMMS

**WORKING ON NUMEROUS ESG-RELATED BRIEFS FOR OUR CLIENTS, IN THIS SECTION WE SHARE SOME OF THE BEST-PRACTICE EXAMPLES THAT WE EITHER FREQUENTLY CITE OR HAVE HAD THE PLEASURE OF HELPING TO CREATE.**


**Environmental campaigning – Axa Climate School**

Committed to reducing the carbon emissions of its portfolio to net zero by 2050, Axa has doubled its green and clean investment target from €12bn in 2020 to €24bn by 2023. It's also created a Climate School, an online learning experience, made up of 150+ microlearning chapters, 100% customisable, to engage and upskill employees in the sustainable transition.


**Educational content – PGIM's Greenium**

PGIM, in partnership with Reuters Plus, has thought-leading content on how to understand the duality between greenflation and greenium (the green asset premium). Providing analysis and insight into the impact by different sectors, the content helps to demonstrate PGIM's commitment as an active investor to embed ESG best practices throughout its investments and management processes. Proof that doing the right thing for clients, people and communities, delivers performance and leads to better results for all stakeholders.


**Societal campaigning – Monzo Gambling Blocker**

Started in 2018, Monzo was the first to introduce a gambling block tool to help people with gambling addiction to self-exclude. Now about 60% of banks offer this feature, and over 300,000 Monzo customers have used it. The campaign continues, with recent years now leading to collaborating with charities, academics and NHS clinicians to ask the government to make sure everyone can access a gambling block, no matter who they bank with.


**Societal campaigning – Fidelity Women in Money**

Now in its fifth year, we've developed this long-term campaign to help Fidelity unlock the financial power of women. With women less likely to invest, feeling the investment market isn't for them, this award-winning, multi-market campaign has turned Fidelity's female fund management expertise and propositional strength into a campaigning platform, #investlikeagirl, and helped to mobilise industry, government and investors. Because change won't happen without collaboration.

**Societal campaigning – HSBC's No Fixed Address**

Supported by a TV campaign, HSBC UK's No Fixed Address initiative is a specialist service available in selected branches, to help those without a fixed home address to open a bank account. In partnership with Shelter, and other UK and local charities, the objective is to break the viscous cycle of financial exclusion. Further initiatives include Change Please, with buses transformed into mobile support centres for people experiencing homelessness, providing education resources, helping them re-enter the financial system and get back on their feet.


**Inclusive communications – Mastercard's True Name cards**

True Name cards were a hugely significant step towards social inclusion. The cards are designed for nonbinary and transgender customers, whose chosen names can differ from the ones they were legally assigned at birth. According to the company's research, one third of these individuals run into trouble (and may even be attacked) when they try to make purchases and the card name doesn't align with their gender presentation. Displaying users' chosen names on the front, True Name is available for debit, credit and prepaid cards.


## Inclusive communications – Greenwood Bank

The neobank positions itself as an alternative to traditional banks, which have been known to reject low-income applicants, or charge Black and Latino consumers more. Named after the historic Black financial district and speaking to 'the Culture' it speaks to an older audience who will know the history of the name, and the younger audience by using colloquialisms and creating a feeling of inclusion. From product to branding and communications, Greenwood is addressing the hesitancy this community can feel towards traditional providers.


## Inclusive communications – RJS's monthly moral boost

Australian based RJS Accounting is passionate about making a difference. A partner in the global giving initiative known as Buy1Give1, it means that every time it interacts with clients, it makes sure something great happens in the world. At month end, RJS analyses its monthly sales, and a percentage gets distributed to a cause or project that is making a positive impact in the world. With projects chosen by different team members on a rotational basis it is highly motivational; small can indeed be mighty!

## Environmental and societal campaigning – Make My Money Matter

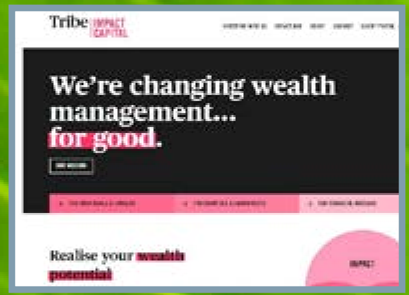
Founded by screen writer Richard Curtis, Make My Money Matter is a people-powered campaign fighting for a world where we all know where our pension money goes, and where we can demand it's invested to build a better future. Using powerful, emotive facts and statistics, the campaign uses a collaborative approach across the industry, with easy-to-engage tools that pack a mighty impact punch – such as pre-written email sign-ups to apply collective pressure on individual pension companies.

## Flagship governance – NatWest exec pay link to ESG targets

Just 25% of the world's 100 largest banks by assets link CEO compensation to environmental targets, compared to 45% of the FTSE 100. Disclosure is often patchy, and impact unclear. That's why NatWest CEO Alison Rose's equal weighting of 50/50 split between financial and ESG-linked compensation targets is noteworthy. Dividing the variable pay into four equal categories targets are also broken down into values, such as being a 'guardian for future generations'. Transparent and detailed, the targets also link compensation to portfolio emissions.[41]


## Flagship governance – BlackRock stance on board diversity

Larry Fink's annual letter to CEOs of global businesses challenging for more responsible behaviour, always makes headlines including BlackRock's stance that the bank will not take public any companies without women directors on board. Creating a halo effect on the brand's reputation it also makes good business sense - companies with one diverse board member saw a 44% jump in their average share price within a year of going public, while those with no diverse board members saw only a 13% increase.[42]




## Flagship governance – Tribe Impact Capital's transparency

Tribe solely invests in businesses working for the benefit of society and the planet. Its focus on impact investing and hence ESG runs across everything, from product to educational tools, branding and communications. Clearly visible processes and standards, including prominence given to B Corp, SBTi and even website carbon output figures, results in an approachable brand that will inspire confidence for investors seeking to express their personal values through their investments: using business to solve social and environmental problems.


**Purposeful branding – Ecclesiastical's shining light**

Both Benefact and one of its companies, Ecclesiastical, have rebranded to reflect their modern remit, yet respect their heritage. Making their purpose meaningful and relevant for today's world was the balance to be found. For Ecclesiastical, the result is a guiding light logo, and brandworld that protects the core church audience and emerge as an inspiring brand, both internally and externally. As one employee said, 'Makes you feel proud of working with a forward-thinking company – new look but same reason for being here – giving back.'


**Purposeful branding – Brunswick's human and planet-centred identity**

With the built environment responsible c.40% of global carbon emissions, Brunswick Real Estate, the leading Nordic real estate investment manager, took the bold decision to put environmental and social sustainability at the core of its business model, and to overtly reflect it in its brand identity. Wearing its ethical credentials on its sleeve, the identity includes Data Art, daily data of different energy productions, and air quality of across the Nordic region. A truly unique, differentiating identity with human and environmental impact at the heart.


**Powerful partnerships – Atelier's Carbonlite Challenge, with RIBA**

Creating systemic change can't be done alone, which is why Atelier, the specialist property finance, sought recognised third-party partner credibility and assurance for its NPD. The Carbonlite Challenge provides up to 5% rebates for developers who meet a series of sustainability metrics set in partnership with the Royal Institute of British Architects (RIBA), with EY providing the assurance. For Atelier, the initiative creates a financial bridge between global net zero targets and the development of greener homes, and underpins Atelier's positioning: better finance, by design.


**Powerful partnerships – Aviva: inspiring action through music**

With climate change remaining a communication challenge that's still failing to secure action, Aviva Investors has tried a different tack, working with music and the Scottish Chamber Orchestra.[43] Music has a way of connecting with a deeper part of our being, of conveying multi-layered messages that stir and tug on our emotions. It can speak to the heart when the head refuses to co-operate. Symbiosis is the resulting accessible score, created to evoke emotion and trigger action.

**Impactful comms – Triodos harnesses music**

Using social well, Triodos has teamed up with acclaimed musical comedy duo, and Triodos Bank UK customers, Harry and Chris, to perform their take on the impact of choosing a sustainable bank. Combining jazz and rap, the honesty and integrity of the performers are a perfect fit for the ethical bank.


**Accessible detail – Aviva's ambition and roadmap**

Sustainability and ESG needs to emerge from the shadows which is why Aviva has made website navigation obvious, opening up to layers of detail easily navigable by audience. Starting with ambition, the pillars of the ESG strategy allow users to move from top line into detail. With the best annual reports now incorporating material ESG risk and mitigation updates.[44] Aviva's annual and sustainable reports provide detail, proof of sustainability knitted into the business strategy and relevant metrics, including immediacy to search requests.


### Societal campaigning – Bank Green's fossil fuel pledgers

Simple yet so effective, Bank Green is on a mission to give power to the people to force banks to change. Allowing anyone to put in the name of their bank, to see the degree to which consumers' money is funding fossil fuels, it is campaigning for banks to stop funding fossil fuels. Using a pre-populated letter, the consumer can send a message directly to the bank, and sign a pledge as part of the fast-growing movement of consumers standing up for climate action and using their money to do good.


### Impactful products – Coutts' energy performance-related mortgages

Becoming a B Corp in 2021, Coutts has put responsible lending and investing at the core of its business. This includes metrics to secure change, such as its ambition that 50% of its mortgage book is secured against homes with an Energy Performance Certificate (EPC) rated C or above by 2030. Clients who improve their EPC after choosing a mortgage with Coutts, are eligible for a discount on their arrangement fee. Strong actions to deliver against its commitments, aligning sustainability and marketing messages.


### Impactful products – Backstage Capital

Backstage has built one of the largest portfolios of underestimated founders in venture capital, by investing in 200 companies led by women, people of colour and LGBTQ+ founders. Investing in companies that it believes have potential but have been overlooked it is now attracting institutional investment from the likes of Bank America. Recognising that Backstage Capital is a catalyst for minority entrepreneurs to launch and scale their business ideas, Bank of America's investment is part of $300m funding across minority-focused and minority-led equity funds.


### Impactful comms – ABI Pension Attention Rap

Campaigning for greater engagement with pensions sees the ABI and PLSA turn to rap artist Big Zuu to spearhead their campaign this autumn. Recognising that traditional methods to reach the hard-to-reach 'gone-away' audiences have failed, the campaign challenges the senses with an infectious earworm that can be heard even on the 48-sheet posters. Proving creativity in execution and media buying in financial services is alive and kicking.

# 10 TRUTHS FOR GREAT ESG COMMS

Behind our podcast series Stand and Deliver. The ESG Activists[45] is the recognition that the raised awareness of ESG is not being met with sufficient delivery and real change. That the gap between words and action needs to be bridged, with bolstering targets a critical focus for COP27 in November.[46] As the earlier sections of this report have shown, the appetite for sustainability is not universal; greenwashing is rife, and the economic downturn is affecting sentiment. That's why marketers should hone in on those segments with the capacity to secure change, and make the ESG journey and key transition dates widely accessible.

> "The key is not just 2050 targets, but meaningful interim targets in order to ensure that the plan is on track.[47]"

Here are our recommendations – ten critical truths – that need to underpin great ESG communications. That will move companies from intent into recognised action, and make the shift from lone initiatives into movements with impact.

## 01

**Create a consistent narrative.** The plethora of ratings and rankings and the lack of alignment or of a single framework have created a sea of greenwashing, where figures and results can appear massaged to fit the desired message. Add in data overload and the result is a desperate need to go beyond data and top-line commitments. The answer is a clear and consistent narrative that the business aligns behind and measures itself against. Don't try to do everything. Do decide where you can and should have the biggest effect. What's material to your business and what do your stakeholders expect? Then create consistent, integrated marketing across all channels, and the business will start to attain the recognition it deserves.

## 02

**Ensure authentic, credible communications by aligning sustainability and marketing strategies.** Closer alignment between the sustainability and marketing teams is now required. Marketing has always been based on meeting and supporting customer and employee expectations, while Sustainability teams understand material risks to the business alongside expectations and pressures of wider stakeholders. Working together enables: a richer picture of expectations and needs; a shared understanding of reality and ambition; and underpins credible communications along a recognised journey of change. Our 4Ds for successful ESG comms – Data, Daring, Disclosure and Dialogue – provide a proven process to achieve this alignment and ultimately authentic, credible communications.

## 03

**Identify critical ESG themes for your business.** Part of creating a consistent narrative, and ensuring collaboration to effect change, is the adherence to relevant themes for the business. For example, coming out of the G7 Summit in Cornwall in 2021, the first G7 Nature Compact commits to protecting 30% of the global ocean, and this commitment and framework will be furthered in December this year, with the UN Biodiversity COP15 in Montreal. Support for living in harmony with nature and protecting the planet is leading to more mainstreaming of natural footprint reports, with leading companies now widely reporting on biodiversity. Expect the theme of deforestation to appear even more prominently towards the end of this year.

## 04

**Know your segments open to change.** The recent VCCP / Watermelon Sustainability consumer segmentation report details the three segments with the greatest capacity to change and influence society.[48] Rather than relying on an inside-out approach to ESG communication development, companies that infuse outside-in perspective are more likely to develop bold, relevant and motivating sustainability and ESG communications, as well as ESG product and services.

## 05

**Secure flagship operating practices.** Category-defining initiatives can create a halo effect that cascades across the business, such as Goldman Sachs' stance on board diversity. Most likely, these initiatives will hurt. They will cost the business money. But these will be worth it in the long run. So publish your red lines. Articulate your ethics and principles. Agree your definition of a Just Transition, or what equity means for your business. Make marketing a catalyst for business change, by working with the COO and Head of Talent to agree noticeable and desirable operational practices that will enhance reputation. It will both future-proof the business and secure talent.

## 06

**Be Transparent.** Help counteract the greenwashing, by publishing a view on the ratings and rankings that you align with, and why those were chosen. Be honest about what they help the business achieve, and overtly state what more needs to be done. Don't be afraid to publish roadmaps that show the journey that the business is on for the E, S and G. Provide easy access to the data that different stakeholders may require; as our media appetite overview reveals, honesty really is the best policy. The business is likely to have different divisions and markets moving at different speeds. That's also ok. Recognition of the journey to be made is now expected, and being transparent even regarding imperfect results adds trust.

## 07

**Collaborate.** Systemic change for the benefit of society and the planet cannot be achieved by one business. As Covid revealed, wonderful things can happen when we are more open to working together. Find partners who share your ambition, and those who enhance credibility by having reputations that they also want to uphold. Brainstorm for unusual collaborations that competitors could surprise you with. Get there first. And be in it for the long haul. By the time the companies involved are starting to feel bored by it, it might just be being recognised by your target audiences.

## 08

**Hero your people.** Attracting and retaining talent is now a material risk for most businesses. Allowing employee voices to be heard and teams to contribute to ESG solutions, not only makes for a responsive culture, but proves the importance a business places on retaining and securing talent. In addition, recognise the value of responsible leadership and the value of being seen to lead, with personality-driven actions such as Larry Fink's annual CEO letter, garnering greater share of media coverage.

## 09

**Make it measurable.** Vague targets are no longer good enough. ESG investors and analysts are expecting more specific targets that are meaningful, material and measurable.[49] This is particularly true when linking sustainability targets to executive pay. With the current concentration on tactical, short-term targets, such as operational efficiency, those looking in detail are now seeking to see executive incentives linked to securing the more strategic, long-term goals such as emissions reductions. Introducing climate conditions into executive pay is a new frontier, with appetite greater in the UK and Europe, and as per the NatWest example, some brands are starting to show leadership in this area.[50]

## 10

**Engage with tools and education.** With the appetite for sustainability and ESG-related financial services continuing, providing tools and education is going to help both allay fears and boost confidence in the impact that can be made. More detail is wanted, and the leading firms are making it easy, such as Aviva with its ESG profiler for advisers to use with investors.[51] From demonstrating how portfolios are aligned with SDGs[52] and even the ability to vote on AGM proposals of the companies you are invested in,[53] tools and education help your audience to take their own next step.

# CONCLUSION

The desire to live a more sustainable life in harmony with society and the planet has never been more vital or sought-after. While the ambition of business to meet stakeholder expectations is being increasingly well stated, the marketplace shift is towards evidencing action and real change.

For marketers, the imperative for ESG communications is to tell a whole story, with a consistency of narrative backed by supportable evidence for all stakeholders.[54] Showcase how ESG is at the heart of business strategy and the transition to date. Work with the audience segments with the greatest capacity to change and influence wider society. Ensure the ESG strategy and communications are meaningful and measurable.

Following our Ten Truths for Great ESG Comms will help those businesses wishing to make the step up from commitment to action, that inspires investment and customer loyalty.

Strong ESG communications are, quite simply, good business.

Teamspirit

**If you'd like to discuss how to make your ESG communications the difference between lip service and real action, contact us at hello@teamspirit.co.uk.**

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