Communicating ESG

ESG is now an established measure of a company's ethical behaviour, community impact, net zero targets and investing performance. Companies, especially multinationals with global supply chains, can be held to account against ESG standards by investors as well as consumers and employees.

The challenge is twofold: not just having a strategy but being able to communicate this persuasively and effectively. Brands need to devise a communications and investor relations strategy that gets the right message across on ESG initiatives.

Corporate reputation can be undermined just as much from an ill-thought out and badly communicated ESG strategy as it can from having no strategy at all.

Perception & reality

It is no longer enough for brands to get by with being seen to do the right thing. They have to show leadership. Consumers want to see actions, not promises. ESG is a potentially controversial area, particularly in the environmental and sustainability area. Accusations of eco- or green-washing are to be expected.

In a global economy, companies can't limit their ESG responsibilities to their own office or factory operations. Multinationals, especially in the agri-food sector, rely on complex and extensive supply chains and most of their carbon footprint lands further down the chain. Legal obligations to limit greenhouse gas (GHG) emissions that are generated servicing a client cannot be passed on to suppliers.

Managing the messaging around a company's global carbon footprint, especially via Scope 3 emissions, is one of the key communication challenges. Reputational damage may be at stake. A company needs to control its own PR narrative, creating positive connections in stakeholders' minds before less sympathetic voices – e.g., environmental pressure groups – take control of the narrative.

Strong and consistent communication of ESG messaging is essential. There is such scrutiny that any ESG strategy that isn't deeply rooted in the organisation, will disintegrate under close examination. The reality must match the perception.

The ESG trinity

The central activity of the Blue Economy – broadly, the exploitation of ocean resources – has an intrinsic connection with sustainability. So having a fully developed **Environmental** strategy is essential for any company operating in this sector and seeking to reduce its GHG emissions and carbon footprint.

The **Social** part of ESG is equal in importance to the Environmental and Governance elements. A communications strategy can be strengthened by an emphasis on the Social in the sense of progress and aspiration.

Brands must beware the 'Do as I say, not as I do' trap, especially in the area of **Governance**. No business can afford to be seen as a hypocrite, championing values externally that they don't replicate internally, specifically at boardroom level.

Internal & external

Good internal communication is vital. Consistency of messaging, coherence of strategy, the importance of securing the buy-in of senior managers, lays the groundwork for the company's external messaging.

One of the main challenges of external communications is convincing critics and stakeholders that the commitment to ESG is genuine and not just a collection of token gestures in place of a strategy.

The Triple Bottom Line: People, Planet and Profits

Investors are stakeholders too, of course, and ultimately it's about the bottom line satisfying the capital markets. Shareholders know that companies that prioritise ESG strategies are more likely to reap long-term returns than ones that do not.

How can you convince stakeholders, especially investors, that your ESG initiatives will have positive results when they may take a long time to implement? And when green-washing is so prevalent, that your intentions are genuine.

Sources: Thoburns, Nucco, Cision, S&P Global