

COMMUNICATING YOUR ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) STRATEGY:

how to get started

Written by

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The current environment is placing huge pressures on companies to upskill, prioritise and act on sustainability and climate. At the same time, the Gen-Z workforce and ethical consumers are demanding that the social and governance components of ESG are not forgotten. There is no avoiding these pressures. Communications teams have an important role to play in meeting these pressures, assessing messages before they reach an increasingly ethically-minded audience.

All of this means that many communications professionals are being stretched across multiple skill areas and expected to become 'ESG pros' alongside the day job of managing social media, communicating with stakeholders and press and much, much more.

This pressure, when combined with the complexity and nuance of these myriad issues can lead to missteps or accidental greenwashing, or inaction for fear of error. But doing nothing is not a viable option.



This e-book is designed to help your business's PR, communications and marketing team to harness the opportunities that ESG and Sustainability PR offer.

At AMBITIOUS PR, we want to share our expertise and support you on your ESG communications journey. Read on to find out more about why it matters, how to get started and how to make the most of the tools available.

What is ESG? And what is the business case?

ESG as a term has its origins in the investment sector, but for 2022 we are seeing a shift in the use of the framework into the mainstream. Fundamentally, this is logical: environmental, social and governance policies cover a huge range of issues of relevance to any business.

With consumers, shareholders and regulators placing increasing pressure on organisations, companies will need to prove they are embracing ESG as a part of their business strategy, and ESG communications are set to be more important than ever.

To develop your ESG messaging, a deep understanding of what these letters mean as a policy framework is essential.

What is ESG?

ESG refers to a set of criteria considered by organisations when developing a sustainable business strategy. There are three elements to the ESG framework:

Environmental: what your business does to preserve our planet and ecosystems. This includes your position on climate change and carbon emissions, pollution and land use, and an understanding of how your supply chain impacts the environment too.

Social: the impact of your operations on people. This includes employees and the wider community and covers issues around mental health, diversity and inclusion and human rights.

Governance: the governance part of ESG looks at the processes you use to run your company, touching on issues around anti-corruption, the composition of your board and how you report on ESG issues to your stakeholders.



Understanding ESG: What it stands for and how it applies to businesses and organisations



How does ESG impact operational performance?

Studies suggest that companies that incorporate ESG policies into their business practice outperform those that don't.

Oxford University and Arabesque Partners conducted a meta-study of over 200 sources, including academic studies, industry reports and media articles. They found that nearly nine out of 10 (88%) of the sources it reviewed showed companies with strong sustainability practices demonstrated better operational performance. And this ultimately translated into improved cash flows.

Based on the economic impact, the report also concluded that "it is in the best interest of investors and corporate managers to incorporate sustainability considerations into their decision-making processes".

The benefits of embracing and communicating ESG

So, how exactly do clearly communicated ESG policies translate into better operational performance overall? Here are some of the benefits of investing in an ESG strategy that might explain these improvements:

1. Mitigating Risk

ESG has traditionally been seen through the lens of risk and linked to company behaviour and reputation.

One of the most famous cases is BP's Deepwater Horizon oil spill in the Gulf of Mexico in 2010 when a failure to consider environmental responsibilities resulted in fatalities, hugely costly legal settlements and massive financial repercussions for the business. Arguably, the company's reputation has never recovered.

Despite this being perhaps the most high-profile corporate mishandling of environmental responsibilities in recent history, it illustrates the importance of pre-emptive action regardless of the size of your business.

Whatever the nature of your company, a skilled PR professional should be considering potential risk scenarios as part of the ESG process. This advanced planning around issues management will help to mitigate those risks.

2. Increasing investor interest

For both institutional and private investors, ESG and ethical credentials are becoming increasingly important when deciding where to invest. The 'Responsible Capitalism' survey found that for 88% of institutional investors, ESG plays a central role and is even seen as more important than traditional financial metrics. Meanwhile, an MHP Engine survey found that 60% of those polled would pull out of a fund that was not living up to its own sustainability credentials.



3. Retaining talent

The pandemic has highlighted the importance of employee wellbeing, and young people increasingly want to work for companies whose values resonate with their own.

In Deloitte's 2021 Global Millennial and Gen Z Survey, which asks respondents from these generations on their views of business, fewer than half from both groups believe that business is a force for good in society. Shifting this mindset to attract and retain the workforce of tomorrow should be at the top of your business' agenda. According to Escape the City research, 80% of professionals polled see having a social impact in their career as one of the most important factors. As Gen Z enter the workforce this drive will only increase.

4. Improved sales growth

More consumers look for shared values in the companies they buy from. The same logic applies to service businesses and B2B, with business owners seeking to trade and do business with others who share their ethos.

2018 research found that B Corp businesses, who have undergone the stringent certification process which assesses their transparency and social and environmental performance, grew 28 times faster than the national growth rate. This can be explained in part by the community of like-minded businesses that B Corps join as they embed ESG principles into the very structure of the company.

So, organisations expressing these shared values using ESG communications and a thorough sustainability strategy will likely see strong sales growth compared to those who do not.

To discover more of the benefits of communicating ESG, contact us at hello@ambitiouspr.co.uk.

Buy in or lose out?

Regardless of whether you are an SME or a large organisation, and whatever your sector, the benefits of defining and communicating your ESG policies can be felt very quickly.

The operational success of companies embracing ESG indicates that 2022 is the right time to start developing and communicating ESG in your corporate strategy. Otherwise, you risk sending investors, employees and customers to a business that already has.



Kickstarting your ESG communications: drive strategy first, but don't let PR lag behind

Perhaps, like many businesses, you've decided to make environmental, social and governance (ESG) issues central to your business planning and strategy in 2022.

For many companies, charitable giving and a commitment to responsible behaviour are part of their DNA. But embedding ESG principles takes this even further, requiring a more wholesale view of how your company operates.

Before developing an ESG communications plan, there is likely to be a considerable amount of work required internally to assess or redraft existing policies, map your supply chain, or set science-based decarbonisation targets.

While these changes must be driven across all business areas, incorporating PR and communications early is critical. In fact, these best practice tips demonstrate that the disciplines are closely linked, and help us to understand why nearly one in five (19%) of organisations expect their head of communications/PR to lead on ESG.

Kickstart your ESG comms journey, contact us at hello@ambitiouspr.co.uk.



Top tips to enhance your PR and ESG strategies

1. Connect your E-S-and-G

While dividing ESG into themes is a helpful structuring mechanism, there is nothing to be gained by keeping them separate as you enact new approaches. For society, the urgent need to decarbonise represents a huge opportunity for employment – what is often called the ‘green economy’ or the ‘just transition’. Clearly, businesses have a part to play in this, and finding and articulating this role will provide ample opportunities for external communication.

Equally, reviewing governance structures, including more diverse voices and improving lines of communication between the board level and your employees can have tangible benefits which will help to meet targets under the ‘social’ component of ESG.

2. Find the approach which fits your business’ story – but stay within the rules

Even large scale multi-national businesses cannot afford to reform and communicate every single component of ESG at once. This is a basic principle that would apply to any new business initiative or product – rely on your expertise and market position to determine your focus and prioritise what is already underway or can be expanded.

At the start of your ESG journey, this may mean focusing on the actions you’re already taking, such as charitable donations or work in the community, to avoid greenwashing or making statements that cannot be substantiated. This is particularly crucial as the Competition and Markets Authority (CMA) begins to enforce the [Green Claims Code for businesses](#).

3. Do your internal due diligence and know your limits

As the Warren Buffet adage goes, it takes 20 years to build a reputation and five minutes to ruin it. Online records take much longer to fade than memories, so if your business has a skeleton in the closet, or you go public with messaging that is not credible, the impact could be long-lasting.

This is closely linked to finding the approach which rings true with the business and should be part of the overall ESG mapping exercise.

Recently, a Twitter bot undermined many corporates' International Women's Day social media statements by noting significant gaps between hourly median pay for men and women. The account extracted publicly available data, and the backlash was immediate, and highlighted the importance of checking that your statements align with actions.

For businesses with complex supply chains, or exposure to contentious issues such as artisanal mining, transparency and clear policies should be at the forefront. A sweep of all your senior leaders' social media channels for potentially contentious comments that may undermine ESG messaging should also be on your to-do list.



4. Internal communications should come first

Research by Escape the City found that 49% of respondents want a clearer sense of purpose in their professional life as a result of the pandemic, and as the research notes, that sense of shared purpose allows connections to be rebuilt – after months of home-working - within teams and between employer and employee.

So, defining your ESG strategy and mission is vital for employee retention and recruitment. Unfortunately, far too many businesses communicate externally first around ESG, for example, setting and publicising their carbon reduction targets, without explaining what this means for employees' travel policies.

5. Employ outside experts

There is nothing to be gained from going it alone, and a collaborative approach will also benefit your PR strategy. Working with external sustainability advisors, PR consultants and industry partners will also help you to validate your - ESG approach, avoid groupthink and ensure you're keeping up with the most important trends.



The tools at your disposal for your ESG and sustainability PR plan

You've decided that you need an ESG and sustainability communications plan, and you've secured senior buy-in and begun engaging the wider team.

Maybe you've already started collecting data and mapping your existing CSR initiatives and company policies against the ESG framework. Or perhaps your product team have shared details of a new offer with strong sustainable credentials.

The nature and extent of this information will vary hugely depending on your business – there is no one size fits all approach. However, there are a few guiding principles to help you go from aspiration to action in communicating your ESG approach.

At AMBITIOUS PR, we talk about the [PESO framework](#) as a guiding model for all forms of media.

Put simply, each letter represents a different channel and the action it takes, P is for paid, E for earned, S for shared and O for owned.

When it comes to ESG communications planning, start with 'owned'. ESG goes to the very heart of your business and so you need to use your website to be transparent. This also ties into the importance of keeping employees engaged and informed on these policies.

As with small steps to reduce our carbon footprints, like reducing meat intake or cycling to work, there's no need to be perfect before you start communicating on ESG.

For many businesses, the stories are already there to be told; from demanding a living wage across your supply chain to a apprenticeship scheme that has transformed lives.

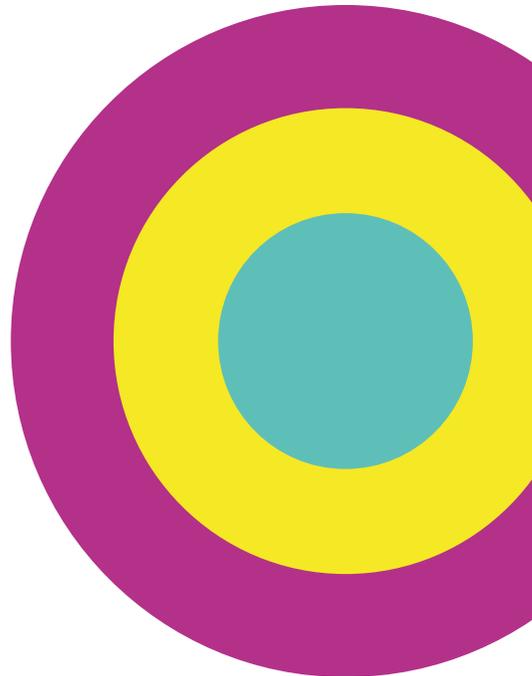
Recent research from the World Benchmarking Alliance showed that across a sample of 1000 of the largest multi-national companies, 99% were failing to demonstrate the fundamentals of socially responsible business conduct. At the same time, 64% of US adults think companies' "primary purpose" should be making the world a better place, as well as making money for shareholders.

This fundamental mismatch highlights the opportunity for those who have a positive story to tell to shout more loudly about their impact.

CEO and employee brand

ESG policies are fundamental to the essence of your business. This applies to B Corps and explicitly purpose-driven organisations just as much as profit-led multinationals.

Therefore, it follows that your leaders must be able to communicate authentically about ESG as it applies to your business. If they can't yet, specialist training may be needed to bring them up to speed on relevant issues. But if they can, they can be an asset, for example using their social media platform to comment on industry-relevant ESG issues and push out thought-leadership.



The Governance component of ESG is certainly the hardest to communicate about, as topics such as board composition and affiliation or CEO-Chairman independence are less likely to speak to your audiences, especially for smaller businesses. However, this challenge represents an opportunity to get on the front foot, getting structures in place early and crafting the messaging for leadership before your competitors catch up.

Employees outside of the C-suite can also be powerful voices on ESG topics, and there are significant benefits to having a range of spokespeople to draw on. Equipping employees at all levels with the right information on your policies and relevant environmental terminology around your products will help them to be advocates, as well as boost employee engagement.



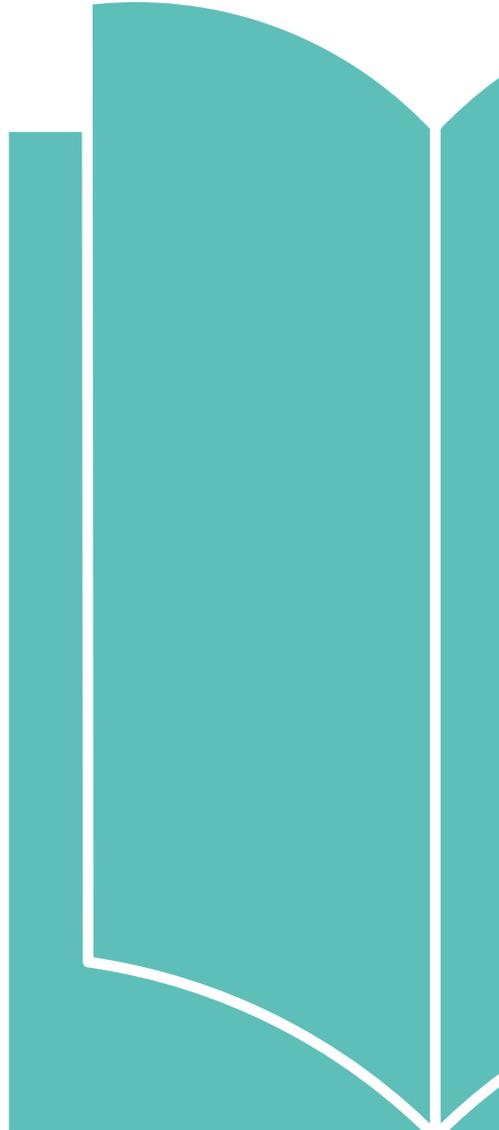
ESG reporting

The push for transparency and openness which underpins the ESG trend means that corporate reporting is also becoming more and more important. [EY research](#) found that 66% of European C-suite leaders and boards think that the pandemic has increased stakeholder expectation around ESG and the “need to measure and report on these issues”.

ESG reporting can take many forms, from self-produced Impact Reports to full-scale Global Reporting Initiatives (GRI) standards-aligned reporting. Understanding the best practice for your sector is essential, but so is allowing your company story to shine through.

Increasingly, businesses are seeing how ESG reporting can move beyond dry data tables and be used to engage new audiences interested in sustainability and social impact, as well as providing a bank of assets for use across your social media channels.

[Book a strategy call with us to discuss which tools are right for your ESG & sustainability strategy.](#)



Digital communications

Digital communications is vital for helping your target audiences find your business, through link-building and generating authoritative links.

There are many reasons why you should consider digital communications as part of your sustainability communications strategy. As more companies discuss these topics the space will become even more crowded, meaning considering your SEO will be crucial. As customers and potential clients become more informed on the environmental impact of their decisions, they will also pay more attention to whether the information comes from a credible source.

Finally, as we've noted, the Green Claims Code sets out that all 'green claims' must be substantiated and must not hide information. This means reviewing links across your entire digital and marketing footprint.



This exercise can also be an opportunity to evaluate the underlying digital communications strategy.

Social impact communications, employee and CEO brand, ESG reporting and digital marketing for ESG are just a handful of the potential tools in the arsenal. Our House in Order projects help businesses to stress-test their messaging and identify the right avenues and tools.

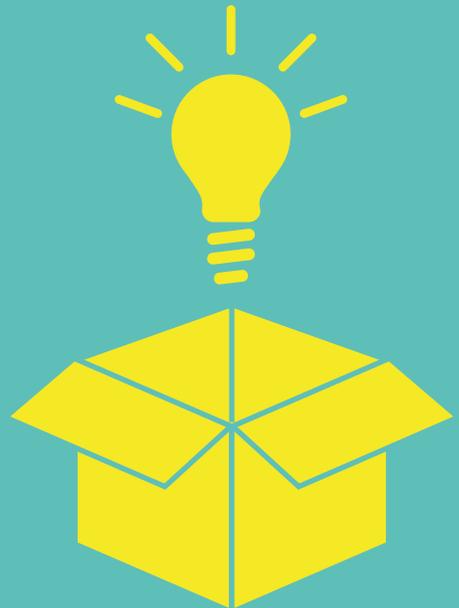
Thinking outside the box: how to progress your ESG & sustainability communications

We have taken you through the importance of ESG, why it matters and hopefully provided some ideas on how to get started with communicating on environmental, social and governance issues.

As we've seen, corporate responsibility, 'purpose' and a clear strategy around ESG policies need to be firmly embedded in company culture, and the full range of communications tools deployed to get the story out. The PESO model provides a helpful structure, and messages must be cascaded through sales, marketing, and recruitment too.

ESG and action on climate are becoming the new normal for businesses. Best practice, industry standards and expectations are constantly evolving which means that communications strategies and approaches need to be agile to keep up.

The tools and avenues we've included here are all ways to bolster your current communications channels, find inspiration and network with potential partners and allies. When harnessed, they can help you retain that agility and make a positive contribution whilst also supporting your communications.



Accreditation

It's all well and good to say that ESG is a part of your business strategy, but accreditation gives external verification and reassurance. Businesses want transparency on other companies' stances and actions on sustainability and social equality. By pursuing accreditations such as [BCorp](#) or setting emissions reductions targets via frameworks such as the [Science Based Targets Initiative](#) or providers such as the [Carbon Trust](#), you give that clarity and transparency as well as structuring your efforts internally.

Government tenders and procurement opportunities with large companies are increasingly demanding evidence that suppliers are good corporate citizens, while BCorps demonstrate above-average growth. These factors demonstrate the mounting business imperative behind accreditation.





Networks

Sectoral, regional and business organisations have long been a tool in the arsenal of senior leaders as a forum for discussion, to network and influence. Sustainability and ESG-focused organisations and networks are now springing up to meet a growing need. The most relevant ones will vary hugely depending on your business. You might want to start local, joining something like the [Bristol Green Capital Partnership](#), or [Grow Green](#). Sector networks range in scope and scale but there is almost certainly one to cover your industry – from the national [UK Green Buildings Council](#) to various ‘For Good’ campaigns and groups spanning Tech, [Fintech](#) and much more.

Conferences

Securing attendance, sponsorship and speaking slots at industry conferences certainly isn’t communications rocket science. However, at a time when budgets are tight and employees may be selective about in-person attendance, prioritising sustainability-focused conferences may well give the best ROI, giving employees the opportunity to combine learning with networking in a focused way. Flagship events include [FutureBuild](#) for the built environment sector or [Edie’s Sustainability Leader’s Forum](#).

Awards

Bringing employees with you during the process of seeking external accreditation is crucial, but most of the work will be done by a small team focused on gathering data. Many awards are now including environmental policies and social impact in their categories. So, awards represent another form of accreditation and opportunity for employee engagement. If you win the most sustainable business or the best place to work then that proves your commitment to supporting your employees, community, and planet. They also provide a great avenue to champion individuals and teams making a significant contribution to the company's ESG policies.

National and international milestones

International and national milestones are a key part of marketing in ESG, and relevant ones for your business and ESG strategy should be incorporated into your planning calendar, particularly for content and social media. Your messages will fall flat if you jump on any old 'World Day' without due consideration, but if you have the examples, visuals and content to back it up, then don't be afraid to use these to put out your ESG messages.





Your next steps...

With any luck some of these tips and ideas will have provided inspiration for your business' ESG and sustainability PR.

There is no one-size-fits-all approach, so get in touch to discuss a bespoke communications programme or House in Order project to help you get started.

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