



FOURTH DAY

PUBLIC RELATIONS

Don't be shy: it's ok to say you're ethical

How small and medium-sized businesses
can communicate about ESG





Most business leaders want to do the right thing.

The majority of owners, directors and managers try to behave correctly towards employees and to limit their company's contribution to global warming. Some go further and actively implement measures to improve diversity and inclusion, treat their workforce better or adopt more sustainable working practices. Yet when it comes to talking about this, many people find themselves tongue-tied. Accusations of greenwashing or virtue signalling loom large enough to make it seem safer to remain silent.

The trouble with this approach is that not talking about your environmental, social and governance (ESG) credentials can come at a cost to your business. If you are seen to be a responsible employer you will find it easier to recruit, particularly if you are trying to attract a younger demographic. More of your potential customers are also likely to care about your position – any organisation tendering for a public contract, for example, will now be expected to have policies in place covering all three aspects of ESG. For larger organisations dealing with the EU, the Corporate Sustainability Reporting Directive will soon require a minimum level of reporting on environmental impact.

So how do you strike the right balance between communicating your ethical approach and puffing hot air?

It's vital that your team, your partners, your customers and your investors understand what kind of organisation you are. At the same time, nobody wants to be seen as the company that's always talking about its own good works.

This is an area where Fourth Day has been doing a lot of work recently. In addition to drawing up our own ESG strategy, we've been helping other organisations to create and communicate their own. This guide is partly based on our experience but also incorporates the advice drawn from conversations we've had with sector experts, clients and partners. We hope that it will provide you with a practical guide to help you manage ESG communications for your own organisation.

We're grateful to the companies who shared their priorities and concerns with us, and to sustainability experts Phil Pratt and Adrian Segens, along with Tiia Sammallahiti, CEO of whatimpact, and Carmel Giblin, CEO of the Ethical Supply Chain Program, for their insight.

Contents

Where it begins: the ESG strategy	04
<hr/>	
Creating your strategy: practical tips	05
1. Think about the individual categories	06
2. Don't reinvent the wheel	06
3. Be realistic	07
<hr/>	
Talking about ESG	08
1. Start with your team	09
2. Choose your messages and channels carefully	09
3. Be honest about your achievements	10
4. Make your reporting mean something	10
<hr/>	
Conclusion	11
<hr/>	



Where it begins: the ESG strategy

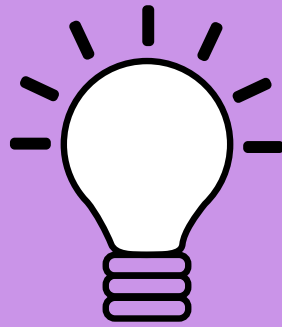
You can only communicate what you are actually doing, so the first step has to be the creation of your strategy. That means deciding what matters to you, then putting in place a plan to make your vision real.

This needn't mean drawing up a revolutionary charter to change the world. Often, it's simply a question of setting aside some time to reassess priorities for you and your stakeholders. The result should be a set of achievable, measurable targets.

Stepping outside of your day-to-day operations isn't always easy, however, and is one of the main reasons why many small and medium-sized businesses simply don't get round to it. To build a picture of how SMEs are approaching ESG we spoke with 20 businesses within our own ecosystem and found that although

19 of them agreed that ESG is important to the future of their business, only eight had published strategies. But it's worth the effort. Clarifying the position of your organisation with regard to social and environmental matters, while tightening up your corporate governance, can invigorate your business and give your team a better sense of purpose and motivation.

Below we have provided some guidelines for creating your strategy, before we move on to the business of communications.



Creating your strategy:

Practical tips

01.

Think about the individual categories

ESG is a term that may not last forever, but the three components of it – environment, social and governance – provide a helpful framework to work from when goal-setting.

It is likely that you won't be able to impact all three categories equally. As a PR agency working from serviced offices, for example, our ability to make an impact on global carbon emissions in our daily business is limited. Instead, we have set targets that relate to the environment through the companies we work with. This includes our desire to work with clean-tech companies. In a social context, homelessness is an issue that we care about as a team, so we have directed our existing annual pro-bono scheme to support an organisation operating in this area.

Of the three categories, it's important not to neglect governance, even though processes don't often set the pulse racing. The way a business is run day-to-day can deeply affect the ability of its employees to engage with management, express opinions and simply to understand the operations of the business. While you may not want to go as far as applying for ISO 9001 certification, the ISO website can provide you with some useful checklists.

02.

Don't reinvent the wheel

If you want your goals to resonate with stakeholders, your primary objective should be to find out what they care about. A materiality assessment is a good way to do this. This will require you to survey internal and external stakeholders to find out which issues matter most to them and then map these out in order to set priorities. There are plenty of good examples of materiality assessments that can help you, such as this Unilever materiality matrix.

Sustainability specialist Phil Pratt believes that the flexibility of this approach works well.



"There's no 'right or wrong' when it comes to sustainability. It's evolving all the time, but a materiality assessment helps to explain what you're currently focusing on and why. You can't do it all, but this exercise will give a rounded view as to where you can make the biggest impact."

Phil Pratt

Another point of reference is the United Nations' set of 17 sustainable development goals (SDGs), adopted by all UN member states in 2015. SDGs are commonly used as a backdrop for corporate ESG goals and can help to focus social and environmental objectives in particular. When we asked our survey respondents, almost half of them said that they were already mapping their business activity against relevant SDGs.

03.

Be realistic

When you set your goals, bear in mind that you'll be held to account for your success in achieving them. It's tempting to set "stretch" goals, but overblown promises have a propensity to backfire.

Sustainability tech expert Adrian Segens suggests that you focus on where you can have the highest impact.



"If you use lots of steel in your manufacturing business, you can't claim to be able to change the steel industry. But you can choose very carefully where you source your steel from. Or perhaps you need to focus more on the lifecycle of your products. Look at where you can make small changes, that will add up over time.

It's not a question of setting easy goals that mean nothing – simply of knowing your limits. Not every organisation can have a major effect on the environment or society. Sometimes it may just be that you have to choose the 'least worst' option."

Adrian Segens





Talking about ESG

01.

Start with your team

Sustainability impacts the whole business, so to communicate your goals, progress and results effectively, you need everyone to be aligned. Not everyone may be an instinctive supporter of ESG initiatives, but you need to ensure overall buy-in – or there's a risk your communications could be undermined by your own colleagues.

The materiality assessment can play a big part in getting everyone on the same page from the start, as it invites everyone to contribute. When people have been consulted they are more likely to accept the final decisions, even if they didn't choose them. Now is the time to look at your internal networks and to identify your key communicators. Setting up advocates across all pockets of your organisation can help to bring about real change.

Whatever you do, make sure that you have acknowledged the input of your team and partners and that they are the first to be informed of your new strategy. Nobody wants to find out that their organisation has just launched a big new campaign, announcing new goals and initiatives, via a third party.

02.

Choose your messages and channels carefully

With any communications campaign, getting your messages straight is right at the top of the list. This means taking into account the nature and needs of each of your audience groups. Only tell people about your new initiatives if it's relevant to them – and use the channels they use.

If you've just achieved a specific certification such as B-Corp status, for example, potential customers, employees and investors are all likely to be interested. In this case a newsletter would be appropriate along with sharing the story on your social channels and with the media. If on the other hand you are simply announcing the introduction of volunteer days for employees, your most interested audience, outside your own organisation, is likely to be potential recruits. Here, a news release probably wouldn't be an appropriate tool unless it's a particularly unusual move in your industry but it's something to share on your website and social channels – and for recruiters to highlight when they communicate on your behalf.

Your ESG messages may also require nuancing for particular audiences. As an example, Phil Pratt suggests that rather than simply talking about emissions reduction to people whose responsibility is operations, you might also emphasise the associated reduction in costs. For instance, LED lighting might save an operations team 60% on their current annual lighting bill, making it possible to achieve 100% return on investment quickly, along with an ongoing reduction in costs.



"This is a far more compelling incentive than explaining the potential for lowering emissions, but it helps to achieve your sustainability targets as well as improving the bottom line."

Phil Pratt

03.

Be honest about your achievements

Consumers are becoming increasingly savvy in spotting attempts to make unfounded or inconsistent claims, and we've seen many high-profile exposés of companies which have failed to live up to their own publicity. This has led to an element of fear around reporting on ESG initiatives; several of our survey respondents expressed concern about perceived greenwashing. Anyone working in communications and marketing will sympathise.

Yet the answer is relatively straightforward. Be transparent and clear in your communications. The fact that you have published an ESG strategy doesn't mean you are claiming divine status – it means that you are trying to do better. Carmel Giblin, CEO of the Ethical Supply Chain Program, which helps manufacturers to maintain ethical working practices throughout their supply chains, encourages organisations to be honest about how their activities positively or negatively impact society.



"All companies will have some element of negative impact, and they shouldn't shy away from that. Explaining the necessity of their operations and what they are doing to reduce or remove any harm helps to build trust." Carmel Giblin

04.

Make your reporting mean something

Not all organisations are currently required by law to report on their environmental impact, but it's still important to share your progress in order to maintain your credibility. Whatever cadence you choose in your reporting, stick to it. If you pledge to report every quarter, don't decide not to simply because you didn't hit your targets.

As mentioned in relation to greenwashing, honesty is key.



"Be consistent, share data and don't be afraid of saying something didn't work. Sharing failures helps others and builds your capability. It's okay to test and learn but you should communicate the results of any pilot programmes, explain what you have learnt and outline what you intend to do to scale or revise the plan."

Carmel Giblin

Reporting also gives you an opportunity to review whether the actions you have invested in are having an impact. Tiia Sammallahhti, CEO of whatimpact.com, provides a platform that matches government suppliers with local charities, voluntary, community and social enterprise organisations. The platform offers verified data on real-life outcomes to back any monetised social and environmental claims.

Tiia recommends reviewing the vast range of ESG calculators with caution, as their valuation methods and monitoring measures vary. Tiia also advises against using calculators that reward practices that are essentially just basic business practices e.g. allocating points for companies that offer free fruit to employees.



"It is not a given that having fruit in the office will generate wellbeing, unless there is evidence that someone ate it – and that they would not have eaten fruit otherwise." Tiia Sammallahhti

This is a prime example of how ill-considered claims can undermine, rather than boost, credibility. It is essential that ESG reporting related to monetised measures and targets are backed by truthful, verified qualitative data.

And remember, it's progress we are aiming for, not perfection.

When it comes to setting targets and reporting on ESG, the rewards far outweigh the challenges. The process of drawing up your strategy will itself bring benefits for your business, as it requires you to look at your organisation from a different perspective. Reviewing the positive and negative impact that you are having on the world around you is something that everyone should do regularly. While communicating your progress renders you accountable for your pledges, it can serve to build stronger relationships across your network.

Adrian Segens sums it up well.



"By being proactive and reporting what you're doing, you're giving yourself a differentiator – whatever the size of your organisation. With the right communications tools in place and the support of your stakeholders, you can start to make changes that benefit the planet, your people and your business performance."

Adrian Segens

Useful links

[Fourth Day's ESG strategy](#)

[How to avoid claims of greenwashing](#)

[An interview with Carmel Giblin, president and CEO of Ethical Supply Chain Program](#)

Contributors

Phil Pratt, Adrian Segens, Carmel Giblin and Tiia Sammallahhti.





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Get in touch

If you have any questions about ESG strategy, or if you would like to discuss how our services can help you on your own sustainability journey, we'd love to hear from you.

www.fourthday.co.uk/get-in-touch

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