

Hello and thanks for tuning in to a new episode of Engage, a podcast from the Chartered Institute of Public Relations. Our host for this episode, Kate Ferguson, explores the role of PR and communications professionals in advising their organisations to lead a credible and successful approach to communicating their ESG strategy.

Doing business responsibly is an important priority for many organisations as they're increasingly held to account by all their stakeholders. Our panel of ESG experts discuss challenges organisations face, from 'greenwashing' to 'greenhushing', and share their advice for a more effective approach.

Kate: Hello, my name is Kate Fergusson and I'm Head of Responsible Business at Irwin Mitchell.

I'm delighted to have been invited to host our discussion today and that's going to focus on the growing importance of environmental, social and governance ESG issues for businesses and the important role that PR communications professionals can play in helping businesses to deliver their ESG strategy effectively.

I'm pleased to be joined today by three fantastic speakers. I'm going to ask you each to introduce yourselves, please. So, Gihan, if I can come to you first.

Gihan: Hi, hi everyone, and thank you, CIPR, for inviting me. I am Gihan Hyde and I am the founder and CEO of a consultancy called CommUnique. What we do is we offer ESG business model integration. In other words, we help companies to change their business models to become more people- and planet-focused. We are a B Corps certified consultancy, making us the first Arab-African-black-owned business to be so in the world, and we're very proud of that. We are based in the UK and, yeah, my background is marketing and internal communications.

Kate: Thanks, Gihan. Ivano?

Ivano: Hello, everyone, I'm Ivano Iannelli. I'm a development economist, currently the advisor to the CEO of the world's largest aluminium manufacturer. In my previous role, I

was the CEO of Dubai Carbon, the CO2 emission regulator in Dubai, and I spent a lot of time with the United Nations in the post conflict and developing economies.

Kate: Thank you. Alex.

Alex: Hi, everyone. Thank you very much for the invite. My name is Alex Malouf, based over in the Middle East, but with a very English accent. Been in media and communications for 20 years, working with companies like ABB, PNG and Schneider Electric, and I'm currently now based in Riyadh in Saudi Arabia.

Kate: Thank you and welcome, everybody. So, to set the scene for today's conversation, doing business responsibly and embedding ESG considerations into your business model has become a strategic priority for many organisations, with a growing recognition, that to be effective, this work has to be authentic. It has to be aligned to your organisational purpose or your values.

Businesses are increasingly being held to account by their stakeholders and that includes clients, consumers, their own employees. And of course, there's also a regulatory framework around ESG issues that businesses need to work around.

There are opportunities here for businesses too. Doing business responsibly can be good for business in terms of creating value and sustainability, and a business's reputation and brand can be greatly enhanced if it's regarded as being responsible and committed to doing the right thing.

But of course, the reverse is also true. And we've seen many examples of organisations and their comms around ESG not landing quite as well as they might have hoped, with accusations of greenwashing, et cetera, in recent months.

One of the key things that I've learned around working in this area is that doing business responsibly is really everyone's responsibility within an organisation.

It's important that it's not seen as an add-on or something that's delegated to the ESG or responsible business team to look after.

So what role can PR professionals and communications professionals play in advising their organisations about leading a really credible and successful approach to ESG?
Alex, I'll come to you first on that.

Alex: In terms of one of the issues that our stakeholders are most concerned about, it's issues relating to ESG. Now, first of all, let me make a very simple point. ESG is not simple. It's not easy to understand even what is defined by ESG, so environmental, social and governance varies from region to regions. So what I normally do is I tell people to take a step back and look at the SDGs, these Sustainable Development Goals, which basically cover everything that we need to look at as organisations when it comes to change, sustainable change, development and progress.

Now, why does it matter to organisations? Because you just look around, you look at what is happening in the world today, be it environmental issues, be it with climate change, be it with societal issues, be it with issues around governance and ethics. It is something that people care a great deal about, and as the window to the outside world, as a voice for what our stakeholders are saying to us, we've got to raise the issues to our leadership, to our employees, and say, 'we'll ask the question, what are we doing in terms of these issues?'; and then communicate back to our stakeholders to actually say, 'this is what we are doing, this is what we've done and this is what we will be doing in the future'.

Kate: Thanks, Alex. Gihan, do you want to come in there?

Gihan: Yes. And I also wanted to add to Alex's point is that we need to be very careful not to mix and confuse ESG with sustainability. When we hear the term sustainability, we...it normally want... 90%, when we hear that term, it is related to climate.

Whereas ESG encompasses both... three aspects, as Alex said, the environmental issues, the social impact issues and the governance issues. So we, as communication professionals need to understand the difference and we need to understand the difference when it comes to audience sustainability. When we use it, we tend to speak to customers and we tend to speak to shareholders about it.

When we're talking about ESG, our audience are mainly investors who are interested to invest in companies. So it's a set of data that they look at to figure out what are the opportunities and what are the risks associated with a certain company. So I just wanted to make that clear so we do not confuse between them both.

Kate: I think that's such an important point and I think there's such a complex overlay between environmental, social and governance in terms of how we communicate and help people to understand, you know, what exactly we're talking about and how that fits with strategy. So, yeah, I absolutely agree with that.

Ivano, do you want to come in on that point?

Ivano: Well, I would start by saying that I agree with the description that Gihan has provided, although I don't see it as distinct. But having said that, I'm not here to distinguish between ESG and sustainability. Gihan nailed the target groups perfectly. What I want to comment on is the fact that, to me, both ESG and sustainability is very much about storytelling, trying to build up the vision of the enterprise from where it is to where it wishes to go.

ESG is a very structured approach, so by all means it fits that model better. But there is a little element, which is very not known. There is this community of practitioners, like me, for example, that looks at ESG reports, that looks at sustainability reports and picks those elements which are not stated. So it is very important for the PR community to understand that auditors, rating agencies, consultants are paid FT fees to research companies based on their public information.

So I'm not going to have access to every company's internal policies, so I have to leverage what is out there and build the story as it can be translated for the investment community.

Gihan: I love what Ivano was saying about the information not being publicly available. But also one of the challenges with ESG – and sustainability, to be honest – is the lack of standardisation when you are talking about it.

There are certain frameworks that organisations follow, such as the GRI, which stands for the Global Reporting Initiatives, such as SASB, that stands for – oh God, and I really hate the amount of acronyms out there – but the SASB stands for Sustainability Accounting Standards Board and it's, again, it's a type of report that organisations use.

So to give you a very simple example, GRI, they...when you are talking about employee trainings, for example, they would like you to report on how much capital have you invested in employee training, whereas SASB, they would like you to talk about the time spent per employee on training. So us, as communication professionals, when we're looking at these two reports, we will not be able to compare apples for apples, but we're actually comparing apples with peaches.

So we need to be very careful to look at the data and take a step back, as Ivano was saying, to really look and understand what are the differences, what are the stories that are coming up from these data sets.

Kate: It's such a good point. Somebody working in responsible business, you know, within an organisation can lead a responsible business team. I would say that is one of the biggest challenges that we face around the consistency or the inconsistency of measurement frameworks and being asked by different stakeholders to report in different ways. So I think staying on that point and the difficulty in trying to assess and benchmark the impact that you're making, what advice would you all give to organisations that are seeking to, kind of, measure and communicate in the best and the most effective way possible?

Alex: So I think, first of all, and this is also where we get into more complexity with ESG, is ESG means different things, different people, in different regions. So, for example, you look at much of the Gulf, there's a big focus on the E and there's also focus on the G. The S isn't there in the same way that you'd find in Europe or North America.

For example, we don't have unions, we don't have trade unions. The concept in terms of minimum wage doesn't exist here as well. So you'll see this with different companies, with different stakeholder groups – they will prioritise issues which are relevant to them in their region.

And this is obviously a big challenge for ESG because what we're looking at really is trying to develop a global framework when we have so many cultures which are incredibly different, another one which is rights around gender and sexuality. Again, that's also another big issue which is going to vary markedly, drastically, from one region to another. And if you're in a multinational, you know this because you know the pain and trying to do events and taking a local concept and trying to either do it really well or just trying to... I'm not to say... and bury it, but trying to minimise it because, again, it goes against local cultures and local dynamics and even local laws as well.

Same with governance. You know, you look at governance issues, they are not universal everywhere you go. We don't have one set of governance standards which organisations can abide by. So the first thing you've got to really think about: what matters to your stakeholders? What are they asking you for? If it's the E, if it's the S or the G, you've got to define that internally. And then you've also got to think, okay, so how does this align with our strategy? With our organisational model? With our business model? What are our targets? Because you've got to really define what you want to achieve and when do you want to achieve those targets by. And then bring the stakeholders in like you would with anything which is long term and which is going to be impactful for both the organisation but also as well the outside world – what you want to do and how you want them to be part of it as well. So it's not a simple thing by any measure, but you've already got to think this through properly, so you make sure that you do a thorough job.

Kate: Thanks, Alex. I think, that point around engaging your stakeholders and identifying what's material for your business. You know, sometimes it's important to take a step back and do that because it...what you focused on might not necessarily still be, you know, the most material things and where you can make the greatest impact as an organisation around the E, S and the G, really.

Ivano: Many of these frameworks obviously do not fit every environment as we've just seen. And there is also an element of compliance from the other parties because many companies will outsource specific segments.

So, for example, labour force might not be directly within the remits of HR officers, so to say, but it's a contract. Even in those cases, there is an intent from the company to continue to follow the social and governance element, but it might be a lot more difficult to implement simply because, although they will sign your form that says, 'yes, we will respect ABCD policy', the reality is: they don't. However, in the face of the public, this is still my labour force and I'm still responsible to ensure compliances wherever feasible.

Gihan: If whoever sees me right now, I'm just nodding and smiling at what Ivano was saying because if you ask me personally, I actually would love, rather than it being called ESG, I would love it to be GES. Governance is the foundation.

And I was the Head of Compliance... Change Compliance and Change Risk Communications for HSBC and Barclay's, so governance for me is key when I am communicating, when I am looking into the messaging and clarifying if the message is clear or not.

The reason I believe that governance should come ahead of the E and the S is because governance is going to change and shape the different initiatives that organisation will embark on. So, for example, there is the EU taxonomy that's taking place at the moment and it will be rolled out by next year. The EU right now – there is only 11,000 organisations who are reporting on their environmental impact and social impact. From next year and the year after, 50,000 companies will need to report on that. For them to do so, because now it's a law, they will need to figure out what initiatives apply to their sector versus what initiatives apply to their business model, versus what initiatives could be done depending on their budget as well.

So because of the change of law, .i.e., the governance, initiatives were shaped, and this is why I think it also shapes the trends as well. So that's when it comes to my opinion on ESG.

But my advice as well for communication professionals, based on what Alex has said – which has set the scene: figure out what the priorities are – based on what Ivano is saying from a governance point of view and what applies to you and not. There is also something called a materiality assessment that not all communication professionals are involved in when it is being built. And that literally is a document that tells you: what are

the key priorities of each organisation? So, what is the most important versus medium important versus important? Use that as your guide to shape the type of campaigns, the type of themes and the type of initiatives and messaging – when you do see it. So that would be my advice when you're starting out as communication professionals.

Kate: Thanks Gihan. You have a really good advice from everybody there. I talked a little bit at the start of the conversation around the importance of ensuring that environmental, social and governance considerations are really authentic and properly aligned with your purpose and all your values. But how can organisations ensure that they get that right? And what benefits should they see as a result of that?

Ivano: Well, in premise, the element of sustainability is.... it's multidisciplinary. So it's very rare to have a communication department that can master it all.

And one of the greatest pieces of advice that I've always given is try to involve as many stakeholder – internal and external – as possible. Just test it out, don't be afraid.

And on the subject of being afraid, many companies, many entities are shy to release areas where they are weaker or less developed. That's exactly the opposite of what you should do. If I am good, my shareholders would want to see me better. So improvements over time are always more costly, more complex and more difficult to implement. Whereas it's all about the journey, it's about involving your stakeholders, whether you're talking about your social requirements, your governance – this is the areas where everyone should collaborate. And again, differently from Gihan, I do like it called ESG, but that's because I'm a carbon emission person!

[Laughter]

Kate: Yes, such an important point there around collaboration as well. And this is, you know, I think one of you mentioned earlier on about the importance of case studies and sharing stories and obviously from a communications perspective, that's a key area where RB and ESG professionals really need support in getting those messages across.

But the more we can inspire and share with our stakeholders, I think that, you know, better chance we have of finding solutions to some of the critical ESG challenges that we're all facing, so...

Gihan: I think what Ivano is also referring to is called greenhushing...

Kate: Yes...

Gihan: ...and that is when you are doing... and I see that a lot with my clients. So the majority of our clients are tech and fintechs – not by choice, we are sector agnostic. But I see that a lot where they're doing brilliant in saving people on planet thanks to the technology, but they are so worried that they'll be criticised or they'll be attacked that they just choose not to. And we've seen it lately. I don't know if Alex and Ivano or even Kate, if you've seen how the US largest banks have now... are thinking of pulling out for Mark Carney's Green Finance Alliance because they are so worried to be sued in case the data is incorrect for their climate impact. And they think that there is a lot of...a big ask of them to report on their climate impact and they're really not sure if the data is correct. Hence they are now threatening to leave the alliance which was born out of COP26. So that's what Ivano was referring to.

Alex: There's so many interesting threads and points here. When Ivano was saying about companies focusing on areas of strength and not areas of weakness, I can actually take a report, a GR report, something else, and I can tell basically where their areas of weakness are because they're the things they just don't talk about.

And again, people are going to ask, so it's basic communications. People are going to ask; just explain what you're doing, we can't do everything perfectly. Tell us where you're going to focus, tell us what you want to do and how you want to do it. And again, if you achieve those targets then fantastic, we can't do every single SDG, one to 17. Focus on where you want to achieve something.

And yeah just say, say 'look, we are going to do something here, but it's not our priority', for example – that's okay.

I also think as well, you know, one big area, and this really is Gihan's piece, is the internal element. What do your employees want to do? They are going to be one of the main drivers of change. And it's amazing, you know, when I was at Schneider, for example, we did so many events and we actually got the families involved and the kids involved. And there was such passion for doing this work, and you saw it flow through the energy and, and... I'm even going to say love for what they were doing into their faith in the company, its mission and vision, which neither it was...they were in a good – or they are in a good – place because very much their focus is on sustainability and sustainable development through the energy transition.

But again, I think the employee element is such an important piece here and internal comms really should be at the top of the list when it comes to thinking about what you want to do in relation to ESGs and how you want to do it. Because again, these are the people who are going to be pushing things.

As Ivano said, often organisations don't have a sustainability function. You see sustainability and the ESGs embedded in different functions. So you've got to get everybody moving in the right direction. You've got to get them on green on those big goals, those big aims, and then once you do it, let them go and measure it and see how far you get. But involve your people, make them feel as if they own it, because they do own it.

Kate: Yeah, that's such a good point. And I think from my perspective, I'm leading a responsible business team. So, you know, we're lucky that we've got, you know, professionals brought together to kind of lead on the strategy. But I've always thought it's so important that we have a close working relationship with our communications team because they are so key to everything we do. And what we've been talking about today is around how we engage with stakeholders and bring them on the journey – we'll use that word again – bring them on the journey with us, really.

And, you know, whether that's kind of around cultural change or whether it's around communicating the impact of the work that we're doing, it's just so important that communications teams are working with those who are leading the ESG strategy.

I just wondered, from your perspective, what are the common mistakes that you've seen organisations making when they're trying to communicate their work around responsible business and ESG?

Alex: I think, again, it's this need to jump on the bandwagon and to be seen to do something which, you know when something is authentic, you know when it comes to the heart, you actually see players who are leaders in this space and I'll call them out: companies like Unilever have been doing this for years and you see how engaged they are on an issue versus others who may jump on an issue because it's popular. I think of Pepsi and Black Lives Matter on that horrible ad which they did, which still is in my mind, it was that bad. So, again, do something because it's part of the company organisation's ethos and what your people believe in. So that's one.

Please, please, please do not use jargon. The amount of jargon and rubbish I see around ESGS is crazy. And, again, people will call you out on this, so please put it in simple, easy-to-understand language.

And again, three, don't greenwash, don't over-promise. If you want, under-promise, over-deliver, but don't over-promise, because even if in my part of the world, the media may not call you up, but people will remember. So, again, be very straight, be very transparent and be clear in terms of your goals and make your goals, you know, they can be stretched goals, but make them achievable.

Gihan: To add to Alex, I think, my three advice or three mistakes, I see, and that's what I share with my students. Actually, they're not students – my peers who are taking the CIPR ESG strategy course. The three mistakes that organisations are doing: number one, they're overusing the word 'purpose', I think, and they're purpose-washing. I.e., they talk about their purpose without actually talking about how would they bring the purpose to life. What is the plan? So that feeds into what Alex was saying: give us a plan, tell us what you're doing.

The second one: focusing on shocking information. So Greenpeace, for example, if you look at their advertisements – don't get me wrong, they're brilliant, but they focus on shocks. They focus on shocking me and putting me to tears and bringing me to tears, that's not going to have an effect on me. It will have an effect on me at that moment but

then, as human beings, we are wired to forget and to protect ourselves from being hurt. So, of course, we're going to be moving very quickly away from it.

And number three, not testing it before going outside. I see a lot of the messaging not being tested and I always say to my mentees and my peers is, before you go out, get your house in order first.

Test it with three different personalities internally. Test it with your cynics who don't believe in what you're doing, because they are going to figure out all of the mistakes that you've missed. Test it with the poets who are the dreamers, who want the perfect world. And test it with your advocates who believe in you, who will help you shout. And I don't see that happening because, unfortunately, as communication professionals, we work in silos – PR doesn't speak to marketing, doesn't speak to internal comms, for example, and definitely they don't speak to investor relations. So we need to align that before we go outside.

Kate: Such good advice. I'm going to write that down, the three stakeholder groups. I really like that idea. That's such a great advice.

Gihan: Yes. Cynic, poet, advocate.

Kate: Brilliant. Thank you. Ivano, do you want to come in on that point?

Ivano: No, I think a lot has been said. The only thing make it interesting, you know, just last week, I had a company telling me about their office recycling programme. I think I've heard that over and over again for the past 20 years. I cannot hear another office recycling programme story. I mean, if you're not doing it, then that's something pretty bad. I mean, there is what we call a baseline, and this can be used in carbon emissions. In ESG, a baseline is what you should be doing. And if there is not a way to deal with your office recycling policy, well, just research it, engage other people.

In one of the entities, they put one central printer far, far away from everyone. The consumption of paper dropped dramatically overnight.

Gihan: That's amazing!

Ivano: That's an interesting approach.

Kate: Yeah.

Gihan: That's a nudge approach!

Ivano: That would bring forward not under the office recycling programme, but under the resource consumption patterns and how humans behave and change, adapt to the location of the printer.

Gihan: Ivano, do you know, I'll tell you one thing: so what you've just described is called a nudge. They're nudging them because it's so far so you're being lazy and you're not going. Just to give you an interesting fact, during one of my....during work with my clients, one of the ways to nudge employees to become more healthy in their choice for lunches is we put the salad bar at the front when you just come in, so you're forced to get a salad first. And we reduced the size of the plates so people will not put a lot of food on their plates. And you know what? It worked! It really did work!

So I would love to see your face when someone talks to you about recycling again, Ivano!

[Laughter]

Kate: I think, you know, as we come towards the end of our discussion – and there are so many more things that we could talk about – I wondered if I could ask each of you to share a top tip for PR and communications professionals who might be listening to this and want to get started working in this area, or just want to support the effective delivery of the ESG Responsible business strategy within their own organisation. Gihan, I will come to you first, if that's okay.

Gihan: My first tip is to upskill yourself. You have to upskill yourself because, believe it or not, and this might sound harsh, you might find yourself out of a job if you don't,

because this is not something that's going away. This is going to become the new normal now, moving forward.

Some people might say, 'well, where do we start? It's expensive'. I would say to them: 'it's not expensive. I am a living proof of it'. When I founded CommUnique, I had zero funds. So what I did was I went into Coursera, I looked at what I was interested to learn and I took these free six-to-eight-weeks online courses and I just took it from there. I didn't need to pay thousands and thousands. So it is doable.

My second tip is to surround yourself with the ecosystem of sustainability, and it's an echo chamber. So just you need to be aware: it's an echo chamber and don't be stuck in that echo chamber. Be stuck at the beginning of it to learn everything you need about ESG and about people and planet but then, after that, take yourself out of it. Otherwise you will not be able to think differently.

Kate: Thank you. Ivano, can I come to you next?

Ivano: Well, I'll just stick to one which give me the biggest, biggest headache a few months back. The ESG community comprises also of auditors and reviewers and this subgroup is relatively lazy, as in: they will not go through all your material and try to understand it, but rather it 'control F' and search for keywords.

So, despite how simplistic it is and just building what Alex mentioned before, do not use complex jargon and try to stick to the framework, to the language that is used within the indicators themselves, simply because on the other end someone reviewing might be like: Control F. Buzzword. 'Oh, they do not have a policy in place', despite the fact that you might have spent three or four paragraphs detailing how you're saving the world, specifically on that team.

Kate: Great, thanks, Ivano. And Alex?

Alex: Not surprisingly, I'm going to echo what Gihan said: Please invest in yourself. This is a huge issue. I'm even going to give a plug to CIPR. CIPR now has a specialist diploma in – this is obviously sustainability communications but it's a start. Look at the SDGs as well. Read about the SDGs.

And I think the second piece is: not just yourself, try and upskill as well those around you. This is an issue which is misunderstood by a lot of different functions in most organisations, finance will understandably focus on the financial aspects. You'll have others focusing on their own piece. This is a holistic issue that we've got to look at. We are looking at everything from end to end and basically it's about how organisations behave. It's not just simply about E or S or G, it's about the behaviour, it's about good intentions and it's about what you want to achieve and the impacts that you want to make. So, help those around you learn what the subject is about and make them your allies.

Kate: Thanks, Alex. Sadly, I've got to bring our discussion to an end and say a huge thank you to all of you for such a brilliant conversation.

A couple of thoughts that I wanted to leave you with today, and I think one of the things that we've heard, one of the themes that's come through in our conversation is around the role, the unique role that PR and communications specialists have to play in supporting responsible business, the delivery of ESG or responsible business strategy, supporting the teams responsible for that within organisations. And I think so much of what we do is around engaging with stakeholders and that's where we need that communications advice. And I really like Gihan's point about testing communications and using the expertise of your comm specialists to really, sort of, go through and think about – I think it was the cynic, the poet and the advocates – is that right, Gihan? I'm going to definitely take that one away!

So I think, you know, thinking about the role that you have to play within the organisation, particularly around stakeholder engagement, which is key to delivery of your ESG strategy.

And the final point that I wanted to make is around collaboration. And we've heard from all of you today and you've been brilliant at sharing your experience. And I think we find that around Responsible Business and ESG, that people are quite willing to share their stories, to share the journey that they're on. And it's where we benefit hugely from collaboration because, as I've said earlier on, and I think in the discussion, we're facing some really huge issues around environmental, social and governance. And the only

way that we're going to, you know, be able to generate innovation and find hopefully some solutions is by working together and sharing some experiences.

So, on that note, a huge thank you once again for being with us and, you know, like I said before, we could have gone on for so much longer. There's so much that this topic covers.

We hope that all of you who are listening enjoyed the conversation. Thank you for being with us and goodbye.

Thanks for listening to this episode on communicating your ESG strategy with credibility. We'll feature links to resources relating to the issues discussed in this podcast in the show notes. But remember, don't let the conversation stop there. If you have any tips or guidance for other practitioners or have any comments about the episode, share them on Twitter using the hashtag Engage.