



The E in ESG



What is the E in ESG?



The 'E' in ESG stands for Environment. It looks at an organisation's use of natural resources and the impact of their operations on the environment, both in their direct operations and across their supply chain. The aim for managing the 'E' is to globally align with the recommendations of the Intergovernmental Panel on Climate Change (IPCC) to reduce global temperatures in an attempt to limit the harmful effects of climate change.

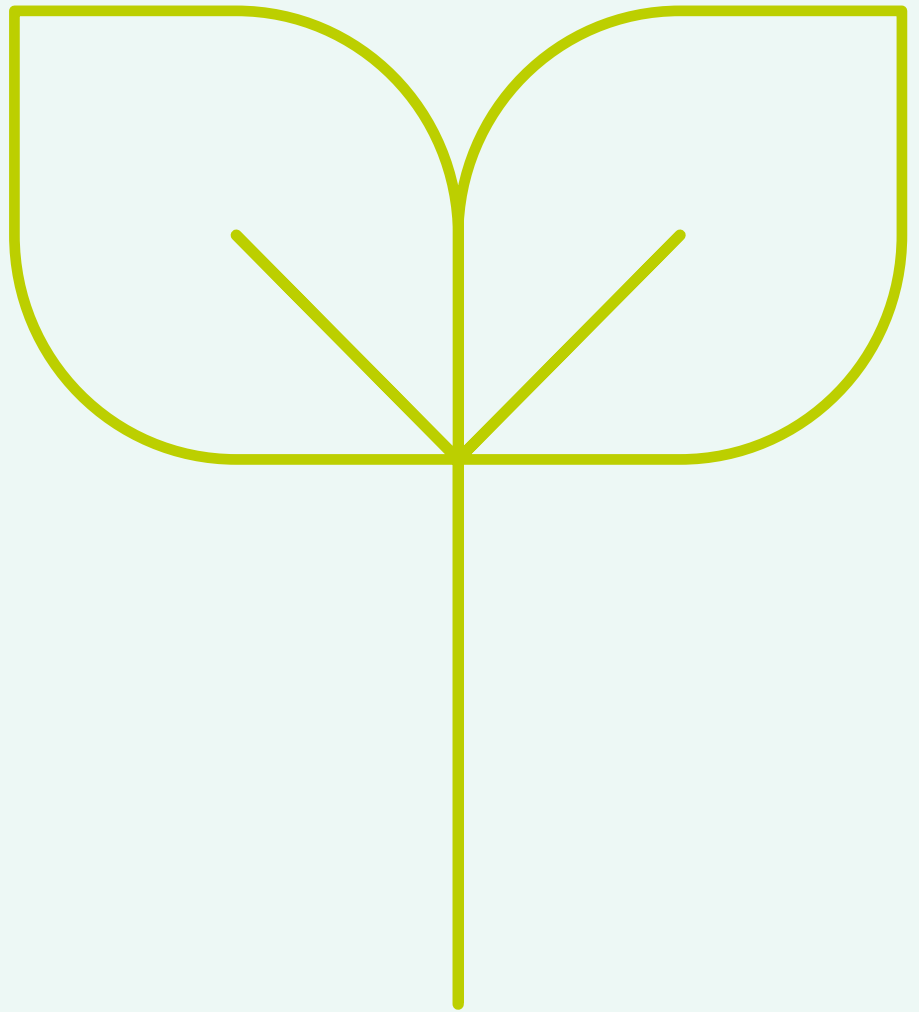
Strong environmental practices ultimately make for better businesses. They are more sustainable and resilient, and therefore carry less risk, which is aligned with investor interests.

In addition to the need to de-risk business, there is growing pressure from customers, regulators, employees and investors to stay within environmental limits. These stakeholders also find it easier to monitor a business' activities and are therefore increasingly holding them to account.

There are several different ways organisations can build environmental considerations into their practices, for example:

- reducing carbon emissions and adapting energy use to more renewable sources (e.g. mitigation and adaptation)
- working towards greater supply-chain transparency in environmental areas
- understanding the impact of their operations on biodiversity (e.g. pollution)
- minimising waste (e.g. responsible water use)
- integrating environmental considerations into products and services

You may notice there is specific terminology used when discussing environmental impacts, some of them include: GHGs, net zero, carbon neutral, carbon offsetting, carbon footprinting, and science based targets. As a communicator, understanding the difference between some of these terms is essential in supporting wider strategic communications about environmental commitments.



How do you know what your impact is?



In assessing the impact of your organisation on the environment, the first thing you need to understand is what your GHG emissions and environmental impact currently is. The Greenhouse Gas Protocol (1) categorises GHG emissions into 3 scopes:

Scope 1:

Direct emissions from sources you own and control

Scope 2:

Indirect emissions from the electricity and energy you purchase for heating and cooling buildings or powering electric vehicles owned.

Scope 3:

All other indirect emissions which occur in your value stream – which could be through the goods you purchase, your employee travel, how you dispose of waste and your investments.

To establish your current emissions, you need to decide which year you will base your calculations on and then you will need to look at what kind of data you have. This will often involve different parts of your business and processes you might not have had to carry out before.

Increasing environmental regulations



There are a number of frameworks which help organisations to identify and measure the right data and one of the most widely used is the Global Reporting Initiative (GRI) (2)

There is an increasing requirement for organisations to publish their environmental data and there are a number of regulatory requirements which will compel many organisations – whether private or public - to disclose their information. These may be different depending on the geographical footprint of the company, but more information can be found about both EU, UK and US frameworks through the following links:

- **CSRD** – This stands for the ‘Corporate Sustainability Reporting Directive’ and is effective from 2024 for many companies within the EU. This significantly expands sustainability reporting requirements for EU companies and non-EU companies with substantial EU operations. CSRD as a whole mandates more detailed ESG disclosures, and introduces the concept of double materiality (looking at the impact on your company as well as the impact your company has on those you interact with). There is a substantial set of requirements under ‘E’, which includes aligning operational targets with the Paris Agreement.
- **ISSB** – The International Sustainability Standards Board is a set of standards aimed at producing a global baseline of sustainability disclosures which are focused on the needs of the financial markets. They include general disclosures as well as specific climate-related disclosures which will assess a company’s financial risks in relation to the impacts of climate change. This means the ISSB is now taking over the work previously done under the TCFD (Task Force for Climate Related Disclosure).
- **SEC** – The US Securities and Exchange Commission adopted new

climate disclosure regulations in March 2024 which requires all publicly listed US companies to provide climate related financial disclosures in their annual reports. The first of these reports must be published by the end of 2025, however expect to see a change to these regulations given the impact of the new Trump Presidency.

- **Climate-related Financial Disclosure Regulations 2022** – The UK's Companies Climate-related Financial Disclosure regulations require certain UK organisations to disclose climate-related financial information. Since coming into power in 2024, the Labour government has also published 5 principles for voluntary carbon and nature market integrity and Keir Starmer recently pledged to cut UK emissions by 81% by 2035.
- **TNFD**: The Task Force on Nature-related Financial Disclosures is a set of recommendations and guidance to help and encourage organisations to assess, report and act on their nature-related dependencies. Ultimately, it is to encourage companies to integrate nature-positive strategies into their business operations and, for the time being, is voluntary.

When understanding environmental regulations and disclosures, it's important to distinguish between the concepts of *a sustainability strategy* and *a climate transition plan*. A sustainability strategy will include environmental targets, often with a commitment to achieve net zero at a date in the future. Many companies produce a separate climate transition plan which is focused on how a company will transition to a net zero operation, incorporating the financial risks associated with both their physical assets as well as the costs associated with the transition.

There are specific climate transition frameworks which companies use to assess their risks and progress in this area, for example the TPT Disclosure Framework, which is now part of the ISSB regulations, and the CDP, a not-for-profit organisation which runs a global disclosure system for companies and investors.

Once you know your impact – what do you do with it?



Stakeholders increasingly want to know the details of your environmental impact. There are several ways organisations use the information they gather on their environmental impact. Some of them include:



Prioritise your action – use the data to understand where you need to reduce environmental impacts (e.g., water wastage or carbon emissions)



Track your progress – to understand whether the actions you are taking are working, you need to have a baseline impact which you can track your progress against



Reporting – many businesses will need to disclose the information to ratings agencies, investors or government offices, voluntarily or mandatorily. Many investors will use the environmental data to assess you, and this will dictate how well you can attract investment



Communicate it publicly – many businesses release annual reports, sustainability reports or update their websites with information on their current impact, actions and future goals

How do we know if the 'E' is being communicated correctly?



As companies are working to understand their environmental footprint, they are also trying to positively communicate the good they are doing in the world. Often in the race to communicate a positive purpose, companies can fall foul of greenwashing.

Companies 'greenwash' when they either exaggerate or fabricate the environmental impact of their company, services or products in order to make the company or product appear more attractive, or to deflect from potentially environmentally harmful operations by focusing on activities which are more environmentally friendly.

Basing our environmental narratives in fact and science-based targets is a clear way to make sure we are not greenwashing. Companies who are not clear how to do this can seek help from external organisations who specialise in this type of work and can ensure that the methodology being used to calculate an organisation's environmental impact is accurate.

As communication professionals, being an advocate for transparency will put you in a strong position to support your organisation. Making sure that there are proof points for the claims your company makes is the best approach and provides a wealth of content to create credible communications from.

A good working relationship between your marketing and communication team is essential when communicating the 'E' in ESG, as well as the oversight of your legal team to ensure the claims being made in communications are accurate.

Best practice in demonstrating your environmental impact:



Some key things to consider when communicating about your environmental impact are:



Know your audience – communicate what is relevant for your business and for them. If you work in fashion, it's probably your supply chain emissions. If you work in energy, it's how you are moving from fossil fuels to renewables



Be consistent across all of your communication channels – does your website, social media and sustainability report all have consistent claims and case studies?



Train your internal stakeholders so everyone is aware of your environmental commitment. This includes leadership as well as people in customer facing roles



Don't be afraid to communicate your impact – even if you are still on the decarbonisation journey. This is a marathon and not a sprint and there is a need to continually update your story as you progress along the journey to net zero

An example of an **ESG report** which communicates ESG data through a consistent narrative is Vulcan Energy, a zero carbon lithium company: [2023 Sustainability Report](#).

An example of an **ESG website** which communicates the purpose of the firm, their sustainability strategy and also links out to their reporting is Unilever's website which can be found [here](#).

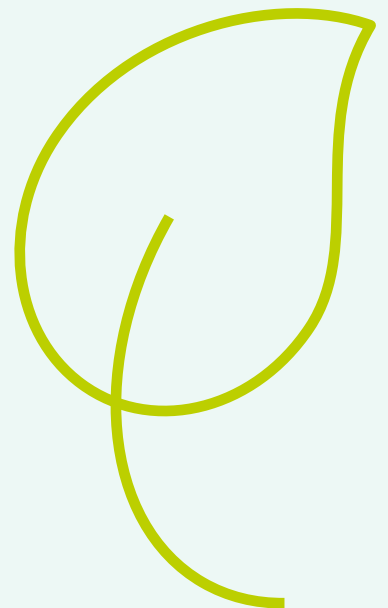
Some useful resources to help you keep up to date:

- ESG today – you can sign up for the free e-mail alert with up-to-date global ESG: www.esgtoday.com/
- Edie – UK focused, free newsletter with a round up of energy news: www.edie.net/
- [Business Green](#)
- [UN's Race to Zero campaign](#)
- [The Sustainability Institute](#)
- The International Energy Agency <https://www.iea.org/>
- The Greenhouse Gas Protocol <https://ghgprotocol.org/>
- The Sustainable Development Goals: <https://sdgs.un.org/goals>
- The Global Reporting Initiative <https://www.globalreporting.org/>
- EU Green Claims Directive [https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI\(2023\)753958](https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2023)753958)

Introduction to the ESG Panel

ESG is now at the top of boardroom agendas everywhere. Organisations are expected and required to communicate and report on their environmental, social and governance activities. The impact for the communication professional working in this environment today is significant. The journey to becoming a more sustainable organisation cannot be managed by one department but the role of public relations will play an increasingly important role.

The CIPR's Environmental, Social and Governance (ESG) Expert Panel brings together public relations and ESG specialists to articulate and reinforce the role of communications in shaping, delivering and expediting organisational sustainability, while combating greenwashing. The panel aims to identify and promote the roles and responsibilities of the public relations professional, support the industry with continuing professional development and understanding of ESG and build key networks between stakeholder groups and markets.



Contributors to this guide

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Suzy Giles is an ESG communications professional who is Managing Director of Giles Global Ltd, a communications and change management consultancy specialising in ESG. Suzy was previously an Associate Partner in ESG Communications for ERM, the world's largest pure play sustainability consultancy, where she still works as an independent advisor. Suzy works with clients globally to deliver ESG communications strategy and branding, supporting senior leaders on their approach to internal and external engagement around their sustainability strategy. Suzy has 20 plus years' experience in communications and marketing, many of those years served within the education sector working with climate scientists. Suzy chairs the CIPR's ESG Expert Panel and is a member of the UNDP's Climate Communications Task Force.

Sneha Patel

Sneha is Senior Vice President, Corporate Affairs for Blackstone in Europe, where she leads on ESG, Internal and Strategic communications for the firm across the region. Prior to this, Sneha worked extensively in political communications advising senior politicians on marketing, digital, and media relations. This includes as Senior Adviser for External Affairs for the Mayor of London, as the Head of Tax Communications for HM Treasury, and for the Chair of the Home Affairs Select Committee. She is passionate about creating inclusive places to work and is proudly part of the Women in PR committee and the CIPR's ESG Expert Panel.

- Footnotes: <https://ghgprotocol.org/> (2)

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