

An aerial photograph of a dense, vibrant green forest. A winding, light-colored path or road curves through the trees, starting from the top left and moving towards the right. In the bottom left corner, a dark blue body of water is visible, meeting the forest's edge. The overall scene is a lush, natural landscape.

vuelio

**The Environment, Social and
Corporate Governance (ESG)
opportunity for public relations**

Contents

1.0	Introduction	3
1.1	About the authors.....	4
1.2	About Vuelio.....	4
2.0	What is ESG and what does it mean for leadership, management and public relations?	6
3.0	ESG is a board level issue but work in progress for public relations	6
4.0	ESG frames of reference	8
4.1	UN Sustainability Goals.....	8
4.2	The Paris Agreement.....	8
4.3	COP26 catalyst for action.....	9
4.4	Action from the investor community.....	9
5.0	The practicalities of managing ESG	10
5.1	Governance.....	10
5.2	Greenwashing as marketing.....	10
5.3	The corporate journey from CSR to ESG.....	11
5.4	CSR was an initiative. ESG is everything.....	11
5.5.	Management and communications.....	12
6.0	The opportunities for public relations and communication management to contribute to management decision-making	13
7.0	Action to deal with new realities of leadership and management	14
7.1	Strategic approach to communication planning.....	14
7.2	Encourage an open conversation.....	15
7.3	Internal communications.....	15
7.4	Horizon scanning – listening, measuring and reacting.....	15
7.5	Improvements to decision-making.....	16
7.6	Planning and stakeholder engagement.....	16
7.7	Meaningful metrics.....	16
7.8	Reporting on targets.....	16
8.0	Glossary	17
9.0	References	18

1.0 Introduction

Environment, Social and Corporate Governance (ESG) is one of the most radical and transformative business developments within the last 50 years. It will shape the way both organisations and the communications sector evolve and operate for years to come.

But what is ESG? And how is public relations adapting to the opportunities and risks?

This report was designed to help define ESG for public relations professionals and chart its growth and impact on the communications sector.

ESG and the role of public relations is one of clear opportunity.

But organisations are moving at different speeds.

187 public relations practitioners were surveyed across a range of ESG issues in April 2021 to benchmark the sector's understanding of and readiness for ESG. Some organisations have a mature ESG strategy, with one survey respondent stating:

"We have a clear strategy, with 5 pillars that drive our activities and we report against it."

Many PR professionals understand the principles of ESG, but are yet to create clear frameworks for the business and the communications function

"It's the heartbeat of what we do, it just isn't defined correctly yet and explained internally in the right way."

"We understand its importance without putting an official framework around it. But we know we should."

And others have some way to go to develop their strategy and approach to ESG:

"Unclear – work in progress."

"A whole raft of new work!"

This report provides a useful reference for professional communicators across all sectors, specialisms and at different stages of their ESG journey

It provides summary insights on how organisations and public relations professionals can focus on the role they can immediately play to make improvements to ESG in their own public sphere.

This includes developing advanced techniques in issues management through horizon scanning and monitoring the organisation's media, political and stakeholder environment. It also includes understanding and tracking public sentiment across a complex array of social and online media platforms - and monitoring issues at the earliest possible point in their development.

We hope you enjoy it!

1.1 About the authors



Stephen Waddington

Stephen is a professional advisor to agencies and communication teams, author and teacher. His agency clients include: Allegory, Don't Cry Wolf, Lynn PR, Miramar Group, SourceCode, and Story Comms. He has also delivered projects for the Government Communication Service and the NHS.

Stephen is the author of the UK's leading blogs on communication and has written numerous books on marketing and PR including Exploring PR and Management Communication, Brand Anarchy, Share This and Chartered Public Relations. He is a Visiting Professor at Newcastle University and a former President of the CIPR.



Dr Jon White

Jon is a chartered psychologist and a chartered member and Honorary Fellow of the CIPR. He began his career in communication roles with the Government of Alberta, Canada, progressing through university positions in Canada and the UK to independent consultancy for organisations including large corporations and international government organisations.

The author of two books on public relations, he holds a doctorate in psychology from the London School of Economics and Political Science and is a Visiting Professor at Henley Business School, University of Reading and Honorary Professor, Cardiff University School of Journalism, Media and Culture.

1.2 About Vuelio

In the age of information overload when it's harder than ever to cut through the noise, Vuelio helps more than 3,000 organisations around the world by providing leading PR, communications and public affairs software and expert support.

PR software

Access the world's most comprehensive media database. Get the practical information you need to make your communications even more effective with insights, distribution, monitoring and engagement plus analysis and evaluation tools.

Public affairs

Influence the debate with strategic insights into the political landscape. Vuelio Political Services give you the tools to identify, understand and engage with the people and policies that make a difference.

Comms Management

Build and maintain strong relationships with a CRM developed specifically for a PR, communications or public affairs team. Our software keeps track of contacts received and any response made so your team can easily monitor, measure and manage relationships.

Vuelio is part of the Access Intelligence Group that includes [ResponseSource](#), a network that connects media and influencers to the resources they need fast; and [Pulsar](#), the advanced audience insights and social listening platform.

2.0 What is ESG and what does it mean for leadership, management and public relations?

It is our firm belief that ESG concerns and how they will be met present large opportunities for public relations to make a larger contribution to organisational decision-making and performance.

The COVID-19 crisis has been an awakening for public relations.

The role of practice in supporting management decision-making has been at the forefront of the response of many corporations. Public relations has supported business leaders in listening, planning and engaging with internal and external stakeholders in managing responses to the pandemic.

The crisis has accelerated many of the changes already underway in media, public engagement, and organisational communication, such as the role of communication as a strategic management function and a more human approach to communications by CEOs and management teams.

COVID-19 has also highlighted flaws in the use of financial metrics to measure the health and wellbeing of society. As society emerges from the pandemic, the need to measure corporate performance against broader metrics is an issue rising up the corporate agenda. Corporations are being held to account for their societal impact. This includes issues related to management, environment, diversity and inclusivity, and supply chains.

“Attitudes to ESG are rapidly changing because of the COVID-19 pandemic. Scrutiny is the single word that I’d used to describe what’s brought ESG to the fore as an issue. The pandemic has created an opportunity to think and act differently, and several industries have been shown not to be sustainable.”

— Rebecca Zeitlin, Head of Communications and External Affairs, Hybrid Air Vehicles

Any mismatches between public expectations and the behaviour of corporations may be serious enough to lead to crisis situations. High profile examples include Rio Tinto’s destruction of a sacred Aboriginal site in Western Australia and Uber’s poor record on employment rights. The murder of George Floyd by police in Minneapolis in May 2020 has also led to a heightened focus on social and diversity issues.

Investment and financial performance will drive the economic recovery following the COVID-19 pandemic, but it will need to be balanced with Environmental, Social and Corporate Governance (ESG) performance and risk. How responsibilities toward people and the planet are met will become important organisational performance indicators in the boardroom. They always should have been. ESG has become both a label and an organising principle that represents everything about the people and the planet.

ESG is a combination of environmental and social risks. For example, the business supply chain and its environmental impact, how a business treats its employees and its human rights acts compliance. It also includes business governance – from how legal issues such as bribery and corruption are monitored and managed through to ensuring that the board act fairly for all shareholders.

The term Environmental, Social and Corporate Governance’ or ‘ESG’ investing was first used in 2004 in the report from the UN Global Compact ‘Who Cares Wins’. In 2005 the UN Principles for Responsible Investment (UN PRI) were developed. The UN PRI were a voluntary set of principles designed to help institutional investors factor ESG concerns into their investment decisions to manage risk and generate sustainable long-term returns.

2020 was the year that ESG investing came of age. According to data provider Morningstar, by the end of 2020 total assets held in sustainable funds hit \$1.7trillion - a 50% rise on where they started the year¹.

For each company, ESG goals will be very different. ‘The Environment, Social And Corporate Governance (ESG) opportunity for public relations’ includes guidance on the practicalities, frames of reference as well as the implications for those at leadership and decision-making levels.

The explosion in data points and reporting standards driven by the investor community is both a focus and a distraction. At its core ESG is a call for companies to account for and report on their contribution beyond financial metrics within their scope of operation. Just as two companies have different goals, they will also have different ESG goals.

In this report we explore the relationship between ESG and public relations practice and set out practical guidance for practitioners to support their corporations. It is our firm belief that ESG concerns and how they will be met present large opportunities for public relations to make a larger contribution to organisational decision-making and performance.

“ESG has become short-hand for demonstrating the value a company or brand places on its stakeholder relationships, which in turn reflects how embedded a sense of purpose is throughout its operations and management.”

“Increasingly for investors – and arguably for employees, customers and policymakers – this all informs their assessment in how well a firm is run, how it manages risks, and how attuned it is to the world around it.”

– David Gallagher, author *Truth be Told* and President, Omnicom PRⁱⁱ

3.0 ESG is a board level issue but work in progress for public relations

Vuelio surveyed 187 public relations practitioners across a range of ESG issues in April 2021 to benchmark the PR sector’s understanding of and readiness for ESG.

The study found that three out of five (63%) public relations practitioners claim that they can confidently define ESG and its impact on their clients or organisation. The research shows the growing awareness of ESG as a corporate issue but also the opportunity for further education.

Could you confidently define ESG and the impact for your organisation/clients?

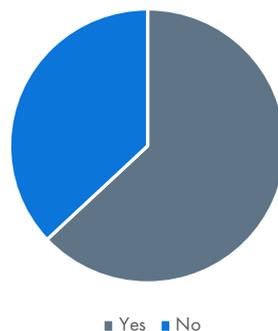


Figure 1: Vuelio’s ESG and the PR Sector Survey 2021: 63% of respondents can “confidently define ESG and its impact on their clients/organisation.”

A third (31%) of organisations reported that they have a policy in place to manage ESG, while 41% said that it was a work in progress. More than a quarter (27%) said that they had taken no action to assess and manage ESG risk.

Does your organisation have policies in place to assess and manage ESG risk?

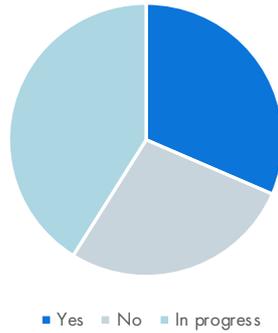


Figure 2: Vuelio's ESG and the PR Sector Survey 2021: 27% of respondents do not have policies in place to assess and manage ESG risk

Organisations recognise that they have work to do to manage the issues raised by ESG. Three-quarters report that they are somewhat prepared (63%) or not at all prepared (12%). Two-thirds of organisations reported that they do not report on their ESG performance.

There is a significant opportunity for public relations to support organisations and, in some cases, lead ESG. The research found that ESG is led by the CEO or another C-level function within 60% of organisations, indicating that ESG concerns are board level concerns. The head of communications or PR is responsible for leading ESG in 19% of organisations.

Who is responsible for leading ESG within your organisation?

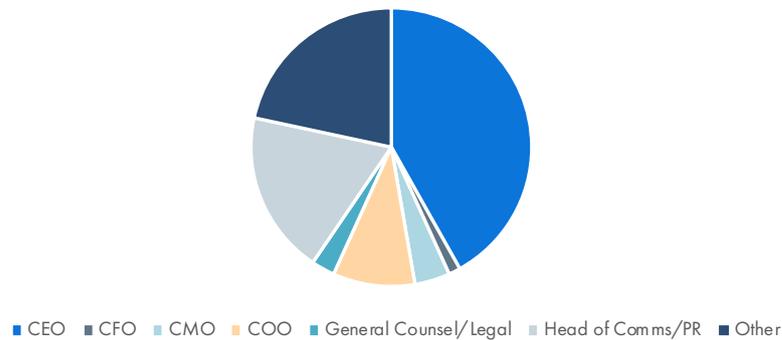


Figure 3: Vuelio's ESG and the PR Sector Survey 2021: ESG is led by the CEO or another C-level function within 60% of organisations. Head of Communications/PR is responsible for leading ESG in 19% of organisations

More than half of the agency respondents offer ESG support to their clients or are in the process of developing services. Half of public sector organisations reported that the increased focus on ESG in the private sector has had a positive impact on environmental and social policies.

A study in February 2021 by public relations and public affairs agency Grayling found that almost half (45%) of large UK and European organisations with more than 250 employees expect ESG to be more important in 2021 than the previous yearⁱⁱⁱ.

4.0 ESG frames of reference

No one single event has acted as a defining moment to bring ESG to the fore as an issue for management and leadership until COVID-19. Concerns for the environment, for the social impact of business and economic activity and the ways in which business activities should be conducted have existed for centuries but never bundled into a three-letter acronym as it is now. Nor, perhaps, have they ever seemed as pressing as now. Issues related to social responsibility and organisational governance can be traced back to the industrial revolution. Philanthropists took the health and welfare of their workforce seriously providing housing, schools, and amenities such as parks. The environmental movement has been especially active since the 1960s. Global warming and pollution have meant that need to protect and restore the environment has become unavoidable.

The conversation around ESG has been growing louder and louder in the past 18 months because of action on numerous fronts.

Legislative change by governments around the world is slowly forcing corporations to account for their environmental and societal impact. Employment and supply chain issues spotlighted by the COVID-19 pandemic have resulted in corporations being called to account to address their contribution to society beyond generating financial growth profit. These twin pressures are acting as a lever for corporate change.

4.1 UN Sustainability Goals

The start point for our conversation is the United Nations (UN) Sustainability Goals^{iv}. The UN is an international organisation founded in 1945 made up of 193 countries. In 2015 members ratified a series of 17 Sustainable Development Goals aimed at tackling poverty, inequality, climate change, the environmental, peace and justice by 2030.

Progress against the 15-year plan is slow. The UN's annual report in 2020 acknowledged that the world was not on track to achieve the Sustainable Development Goals, but it also said that the pandemic had made the plan more important than ever. Secretary General António Guterres called on members to prioritise tackling poverty, empowering women and girls, and addressing the climate emergency^v.

"Now, we face the deepest global recession since the Second World War and the broadest collapse in incomes since 1870. Approximately 100 million more people could be pushed into extreme poverty. Already in its fifth year of implementation, the 2030 Agenda for Sustainable Development remains humanity's blueprint for a better future."

The UN Sustainable Development Goals remain one of the single most important drivers in focusing action on ESG.

4.2 The Paris Agreement

UN members signed up to an international treaty on climate change called the Paris Agreement at the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC), typically shortened to COP21^{vi}. It set the goal of limiting global warming to under two degrees Celsius or below compared with pre-industrial levels.

In 2019 the UK became the first major economy to commit to reducing its carbon emissions to net zero by 2050 through changes to the Climate Change Act 2008^{vii}. This sets the government and UK companies on a long-term commitment to either reducing or offsetting carbon emissions.

The legislative change was followed by a policy paper called The Ten Point Plan for a Green Industrial Revolution published by the Department for Business, Energy & Industrial Strategy (BEIS) in November 2020. It sets out the approach the Government will take to build back better, support green jobs, and accelerate a path to net zero^{viii}.

Net zero: "Net zero means any emissions would be balanced by schemes to offset an equivalent amount of greenhouse gases from the atmosphere." — BEIS

4.3 COP26 catalyst for action

The Paris Agreement mandates a five-year cycle of increasingly ambitious climate action carried out by countries. COP26 in Glasgow in November 2021 will act as an important focus for discussion on progress and catalyst for future action.

The US pulled out of the Paris Agreement under the leadership of President Donald Trump in June 2017. Trump said that the agreement undermined the US economy and put the US at a competitive disadvantage.

The change of US administration saw the US promptly recommit following the inauguration of President Joe Biden in February 2021. The change of administration in the US is expected to bring about a favourable political climate to ESG policy. Biden has appointed politician and diplomat John Kerry as United States Special Presidential Envoy for Climate.

4.4 Action from the investor community

According to the World Economic Forum Global Risks Report 2020, "collaboration between world leaders, businesses and policy-makers is needed more than ever to stop severe threats to our climate, environment, public health and technology systems."^{ix}

The growing political focus on ESG corresponds with action from the investment community. Asset managers including Amundi, BlackRock, and Vanguard, have set out expectations for companies in their portfolio. They are among signatories to the UN-backed Principles for Responsible Investment (PRI) which commits to integrate ESG information into investment decisions.

In the US the Sustainability Accounting Standards Board (SASB) provides an ESG reporting standard for companies. Companies^x can use the standard as a reporting framework for ESG information in their annual report.

The EEO-1 report is a compliance survey that all US employers must file annually with the Equal Employment Opportunity Commission^{xi}. Investors have called on corporations to make these public. SASB currently has a consultation underway on this issue.

Voluntary reporting inevitably raises concerns over greenwashing and demands for regulatory intervention. The Sustainable Finance Disclosure Regulation (SFDR) introduced in March 2021 attempts to overcome these issues^{xii}. This requires companies with more than 500 employees in the European Union to disclose information on various ESG to potential investors, and on their websites.

Public companies on the London Stock Exchange fall outside of the reporting requirements of the SFDR. In October 2019 UK pensions funds were required to report on ESG investment and in 2020 the exchange called on companies to integrate ESG into investor reporting and communication^{xiii}.

The ESG standards outlined so far relate to large, typically public companies. B Corp provides a means of ESG accreditation for private companies. Certified B Corporations are businesses that meet the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose^{xiv}.

B Corp is a member of the Better Business Act coalition including Brewdog, the Institute of Directors, John Lewis and Patagonia lobbying to amend the Companies Act to make the directors of businesses legally responsible for social and environmental performance in addition to financial^{xv}.

“A change to the Companies Act would mark an absolute change. Companies would be required to change their article of incorporation to account for the triple bottom line. It would mark a clear shift from just financial metrics to people and planet.”

- John Brown, founder and CEO, Don't Cry Wolf

5.0 The practicalities of managing ESG

The leadership and management concerns grouped under the heading of ESG are not new. However, emphasis on them has increased and practical questions about how these concerns can be acknowledged and managed have developed.

5.1 Governance

Governance questions were the subject of a consultation run by the Association of Certified Chartered Accountants (ACCA)^{xvi} in 2014. This argued the purpose of governance is the creation of sustainable value. However, background material for the consultation suggested that governance had failed in preparation for, and management of the financial crisis in 2008.

Part of the failure could be attributed to the composition of decision-making groups with members coming from similar backgrounds and viewing problems faced from a limited number of perspectives.

The failings identified by ACCA showed again in response to the pandemic, which added urgency to the need to address them.

More recently, in 2019 the Business Roundtable in the US expanded the obligations for governance and management by restating the purpose of the corporation^{xvii}. Moving beyond the returning value to shareholders, the new commitment is to delivering value to all stakeholders.

This commitment extends the responsibilities inherent in governance, and carried by leadership and management, making these more difficult to realise.

Decision-making and management action are rendered more complex by these newly recognised obligations, and by current challenges in public health, opportunities presented by technological developments, social change, and the need to deal with climate change. The last is seen as an existential threat.

Concerns for the environment, and for bringing climate change under some control are also long standing. Shell, for example, was dealing with questions on its record on environmental protection in the Niger Delta in the mid-1990s.

5.2 Greenwashing as marketing

Companies have carried commitments to meeting broader social responsibilities for many years, acting on them with varying degrees of sincerity.

Critical commentary on corporate action on environmental concerns and social responsibility has labelled some of these actions 'greenwashing' or misleading. In these criticisms, corporate commitment to the environment or social contribution is seen as masking other activities.

In managing ESG concerns now, part of the difficulty lies in the need to show that decisions made on them, and the actions that follow, are genuinely intended to meet them.

Several approaches to their management have been taken over recent years. These have involved aspects of public relations practice. For example, issues management, developed in the late 1970s, recognised that corporate activity draws companies into environment and social issues. These must be anticipated and managed through work with groups involved and motivated to act on the issues. The tasks of anticipation and issues management have fallen to the specific units working in external or public affairs departments in larger companies, such as oil and chemical companies.

“One of the fundamental reasons why we talk about our own personal carbon footprint so much isn’t because of a profound sense of planetary purpose. Instead, it’s almost certainly as a result of a well-funded campaign from BP back in 2005 that sought to shift emphasis from the need for systemic change in the fossil fuel industry and instead focus attention on consumer carbon footprint.

“To put this in perspective, the campaign convinced us that it was more important to look at the carbon footprint of an average individual, (about 0.000000003% of global emissions) than the carbon footprint of the energy sector, which accounts for about 25%.”

— John Brown, founder and CEO, Don’t Cry Wolf

Early findings from research into the effective management of public relations found that companies working in controversial industries, such as the production and distribution of tobacco products or alcoholic beverages, would have the most developed approaches to issues management .

Techniques of issues management include scanning and monitoring the social environment to identify warning signals relating to emerging issues. Present day discussion of needs here focuses on requirements for adequate data and the means to interpret and draw conclusions from real time data.

5.3 The corporate journey from CSR to ESG

Corporate social responsibility has moved on from doing good works and seeking recognition for these to a realisation that corporations, business generally, must demonstrate that they exist to contribute to the creation of sustainable value, to broad social wellbeing.

The COVID-19 pandemic has presented a world-wide public health crisis, having economic and social impacts to be dealt with over the coming years, as the threat to public health recedes and becomes manageable. The pandemic has surfaced social inequalities and had differential effects on identified groups in society, nationally and internationally.

In the recent past, corporate social responsibility has also been managed through specialised units, often located in corporate communication departments.

5.4 CSR was an initiative. ESG is everything

In future, the complex of concerns grouped as ESG will need to be managed together. The investment community increasingly expects to be informed on company commitments to and actions on these concerns^{xviii}. Meeting these commitments and following through into real action will involve much more than ‘box ticking’ exercises.

The Business Roundtable restatement of corporate purpose points to a change in priorities in corporate governance. This will involve more than close attention to performance figures and financial analysis. Decisions will need to take these into account but will also have to consider environmental and social impacts.

To make these decisions, some have argued there will be a need for additional representatives at the decision-making table. In 2014, the UK business research organisation Tomorrow’s Company argued that decision-makers should be joined by a chief relationship officer, who would advise on how responsibilities to all stakeholders might be managed^{xix}.

In February 2021, Deloitte produced a report in conjunction with the Institute of International Finance on the role of the chief sustainability officer^{xx}, which argued the importance of this developing role.

“One of our central findings is that the firms which have appointed a CSO (and given them strong executive support as well as a broad, strategic mandate) see benefits from having at the top of their organisations a ‘sense-maker in chief.’

— The Future of the Chief Sustainability Officer, A Perspective from Deloitte and the Institute of International Finance

5.5 Management and communications

There are arguments against allowing ESG concerns to be delegated to specialist units rather than making them underlying concerns in all aspects of management.

Cadbury Schweppes, before its takeover in 2010 by Kraft, was regarded as a model of corporate practice as well as a company with a long history, since its foundation, of commitment to the well-being of the communities in which it operates.

Its approach to the management of what are now regarded as ESG concerns involved the company’s board in an assessment of the issues the company’s operations drew it into^{xxi}. A board committee assessed these issues, and ensured the company had a clear and defensible position on these issues and could demonstrate that it was taking steps to manage them.

Responsibilities for action were delegated through the company’s management structure – some to the company’s corporate communication department.

Ability to defend the company’s position on the issues and show action to manage them contributed then to the company’s reputation, continuing record on corporate social responsibility and market performance.

The approach to managing ESG concerns in future will, of necessity, require attention to questions of governance, practical action on environmental imperatives and broader commitments than now to resolving questions of social well-being.

“The opportunity for public relations is to help shape and inform a response to ESG, helping organisations understand their stakeholder landscape in the broadest sense. It also has the opportunity to inform and shape behaviour and support both organisational and stakeholder change.”

— Steve Earl, managing partner, BOLDT

6.0 The opportunities for public relations and communication management to contribute to management decision-making

In leadership and management terms public relations is seen as the management function which attends to, advises and acts on approaches to influencing (and being influenced by) important groups in the pursuit of specific objectives. The practice has developed expertise in risk, issues and crisis management, and the evaluation of ethical questions having to do with obligations in relationships. The practice draws on expertise in all forms of communication.

The practice is called into play in public, private and not-for-profit organisations, and also on behalf of specific groups and individuals.

In current discussions of value creation, it is recognised that public relations builds value for organisations through its contributions to intellectual, human, reputational and relationship capital, and through its contribution to risk avoidance, uncertainty management, high level decision-making and effective implementation”

(UK’s Chartered Institute of Public Relations’ response to the ACCA Consultation on Corporate Governance, 2014)

An important part of public relations practice is the more specialised practice of public affairs, which is focused on questions of public policy, relationships which develop around these questions, and issues management. Issues management has been a central concern since it was identified as a specific area of practice in the 1970s.

It is an “anticipatory, strategic management process that helps organisations detect and respond appropriately to emerging trends or changes in the socio-political environment.”^{xii}

Emphasised strongly in this paper is that the concerns now grouped under the heading of ESG have been dealt with by public relations and public affairs practitioners for at least 50 years. Arguments have been made over this time by practitioners that management decision-making has needed to broaden to include stakeholder concerns and broad social and environmental issues.

Now, as the need to act on these issues has been given added force by developments through the pandemic, political change and recent recognition that business governance needs to improve, new opportunities for public relations practice open up.

Calls for the establishment of new roles – chief relationship or chief sustainability officers – are often made without reference to the roles that have been played by public relations practitioners for many years. ESG is a much bigger issue for organisations than the public relations function but in dealing with ESG concerns public relations has a variety of roles to play.

In the final section we explore the areas where public relations can contribute to an organisation’s strategic response to ESG planning and risk.

Navigating ESG complexity at Hybrid Air Vehicles

The aviation industry is an example of the fundamental strategic decisions required for industries to decarbonise. It is one of the most intensive users of fossil fuels and is also one of the most highly regulated.

Industry debate within the aviation sector focuses on a shift to sustainable aviation fuel which would require industrial scale agricultural production, and the potential of hydrogen which itself leads to greenwashing.

Navigating this complexity is a daily challenge for Rebecca Zeitlin, Head of Communications and External Affairs, Hybrid Air Vehicles. She says that unless the industry takes a leadership position on these issues it will be forced to act by external impetus such as regulation or technology.

Hybrid Air Vehicles is among a new class of hydrogen-powered vehicles that offers the potential to disrupt the aviation industry but to succeed it will require a fundamental rethink of consumer expectation of modern aviation and supply chains.

Rebecca describes her role as balancing internal and external expectation. There are a range of ESG reporting standards and the business looks to the communication function to recommend the best means to transparently set out its vision and milestones.

A commitment to ESG is an investor requirement for Hybrid Air Vehicles according to Rebecca. It provides investors with an opportunity to balance risk in their portfolios.

www.hybridairvehicles.com

7.0 Action to deal with new realities of leadership and management

In this final section we set out the opportunity for public relations to contribute to an organisation's response to ESG.

"Plugged in to all areas of the business, the modern strategic communicator has a bird's eye view of the stakeholder environment and an unrivalled understanding of how a company's actions impact its stakeholders. That vantage point empowers public relations professionals to deliver tremendous insight to the C-suite that can help shape how a business thinks, feels and acts."

— Koray Camgoz, Director of Communications & Marketing, PRCA

ESG relates to people and the planet. There is no bigger issue. In this sense it is overwhelming but no one organisation can take responsibility for all 17 of the United Nations Sustainability Goals. These issues need a collective response.

Organisations and public relations professionals should focus on the role they can play to make improvements to ESG in their own public sphere.

7.1 Strategic approach to communication planning

Failure of an organisation to meet the expectation of its public in any of the three dimensions of ESG will result in reputational and investor risk. Communication planning should not begin and end with intent but instead demonstrate a roadmap of action along with evidence of progress. It should also take a long term view and truly consider an organisation's role within the publics that it serves.

7.2 Encourage an open conversation

Public relations as an internal communication function of a corporation plays a critical role in engaging employees in the conversation about ESG. This relates primarily to understanding issues but also supporting and framing a corporation's response. Open dialogue with internal and external stakeholders is critical to building advocacy to support long term goals.

7.3 Internal communications

There is an opportunity to engage employees is delivering solutions to reduce consumption in each of the areas of ESG. This includes energy, materials and waste management and addressing governance and transparency. It also provides a means of community engagement through platforms such as stakeholder panels, reference groups and volunteering.

The purpose of internal communication isn't telling people what to do, but to create a shared understanding and meaning. Only then can our employees align their efforts to our company purpose.

The same is true for ESG, if organisations are improving their work in this space, they need to be focused on providing consistency and clarity for employees.

This shows up in several ways, from defining and communicating what ESG is, to how behaviours at all levels of an organisation need to be in sync with the aspirations.

Companies need to ensure there's no integrity gap between what they say and do, as the first people to spot those gaps are your employees.

Done well, your people need to see how they fit in and the difference their work can make to your ESG ambitions.

— Rachel Miller, Founder, All Things IC.

7.4 Horizon scanning – listening, measuring and reacting

Key techniques in issues management include scanning and monitoring the organisation's environment and the concerns of stakeholder groups to identify and understand issues at the earliest possible point in their development.

Advanced audience intelligence and social media listening tools such as [Pulsar](#) enable organisations to research and understand public sentiment.

Environmental and social concerns increasingly start, play out and are amplified in a complex number of social media channels – Twitter, Facebook, Instagram, TikTok, Twitch, Reddit and other online forums. Conversations, content, movements and environmental and social activism in these social channels are lightning fast.

Issues, opportunities and public sentiment can be identified through research and through listening, and now by analysing patterns emerging in social media conversational data.

Media monitoring and media intelligence – tools that **Vuelio** provide for communications professionals - are key ingredients. Layering fast-evolving public opinion and sentiment, alongside tracking issues and share of voice (including competitor share of voice) in editorial online, print and broadcast media content is an essential, not a nice-to-have for modern professional communicators.

The smart analysis in these areas by public relations practitioners using the right tools to provide essential insights for use in decision-making is one of the fastest developing areas of the communications industry in 2021.

7.5 Improvements to decision-making

Thanks to public relations' developed expertise in relationship management, knowledge of stakeholder groups and their concerns, and of techniques of issues management, practitioners have the potential to contribute to make informing decision-making at board and senior management levels. Making this contribution depends on practitioners having developed their skills and knowledge to make this contribution and earned access to decision-making groups. It also depends now on comfort in working with data, collected to allow for real time decision-making.

7.6 Planning and stakeholder engagement

Thorough work in issues management also feeds through into planning. It makes plans more realistic, more likely to be realised, and gives fuller knowledge of what will be likely to engage stakeholders. Many critical issues related to ESG are fundamental to society and require a Government or industry level approach. Companies need to engage in wider industry decisions via trade associations and government.

Tools such as **Vuelio's** media and public affairs databases can support stakeholder identification and management and **Vuelio** political monitoring provides visibility of everything happening across the spectrum of Government, Parliament and Twitter.

7.7 Meaningful metrics

ESG is a strategic journey for companies. Financial markets and regulators are helping to create metrics such as SASB and SFDR. It's a nascent area and for now companies need to adopt a framework best aligned to the organisation.

BoldT, Mettle Capital, and Novisto are building datasets to enable companies, investors and markets to track performance across each of the dimensions of ESG.

7.8 Reporting on targets

Planned improvements to company reporting aimed at providing more complete information to investors will require more detail to be given on the steps taken to meet social and environmental obligations – how responsibilities to people, the planet and profit have been met. Public relations practitioners and the information and insights they can bring to reporting should be drawn into the process of report preparation.

“Strategic public relations practitioners take the long view on managing the organisations' stakeholder relationships. ESG is not a quick fix but ethically implemented with purpose and commitment it is central to delivering outstanding reputation and brand loyalty.”

— Mandy Pearse, President, CIPR

8.0 Glossary

B-Corporation

A global community of companies that meet standards of verified social, environmental performance and public transparency

Global Reporting Initiative (GRI)

An independent organisation that helps organisations take responsibility for their impacts, through an ESG framework

Principles for Responsible Investment (PRI)

A UN-supported network of investors, works to promote sustainable investment through the incorporation

Stakeholder Capitalism Metrics (SCM)

A set of ESG metrics curated by The World Economic Forum, in collaboration with Bank of America, Deloitte, EY, KPMG and PwC

Sustainability Accounting Standards Board (SASB)

Independent standards that identify a subset of ESG issues most relevant to financial performance

Sustainable Finance Disclosure Regulation (SFDR)

European Union directive for companies to report on ESG performance

Task Force on Climate-related Financial Disclosures (TCFD)

A framework to help public companies disclose climate-related risks through their existing reporting processes

9.0 References

- ⁱ<https://www.ft.com/content/8e9f8204-83bf-4217-bc9e-d89396279c5b>
- ⁱⁱTruth Be Told: How Authentic Marketing and Communications Wins in the Purposeful Age, David Gallagher and John O'Brien, Kogan Page, April 2021
- ⁱⁱⁱThe New Collectivism: Building Better Business, Grayling, , April 2021, https://grayling.com/wp-content/uploads/2021/04/new-collectivism-report_final.pdf
- ^{iv}United Nations Sustainable Development Goals, United Nations, accessed 19 April 2021, <https://sdgs.un.org/goals>
- ^vRemarks to High-Level Political Forum on Sustainable Development António Guterres, United Nations 24 September 2019, <https://www.un.org/sg/en/content/sg/speeches/2019-09-24/remarks-high-level-political-sustainable-development-forum>
- ^{vi}The Paris Agreement, United Nations Framework Convention on Climate Change, accessed 19 April 2021, <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>
- ^{vii}The Climate Change Act 2008 (2050 Target Amendment) Order 2019, HM Government, accessed 19 April 2021, <https://www.legislation.gov.uk/ukxi/2019/1056/made>
- ^{viii}Policy paper: The ten point plan for a green industrial revolution, HM Government, accessed 19 April 2021, <https://www.gov.uk/government/publications/the-ten-point-plan-for-a-green-industrial-revolution>
- ^{ix}The Global Risks Report 2020, World Economic Forum, accessed 19 April 2021, <https://www.weforum.org/reports/the-global-risks-report-2020>
- ^xSustainability Accounting Standards Board (SASB) Standards Application Guidance, accessed 19 April 2021, <https://www.sasb.org/standards/>
- ^{xi}Enhancing Diversity Disclosures United States EEO-1 Reporting, Blackrock, July 2020, <https://www.blackrock.com/corporate/literature/continuous-disclosure-and-important-information/blk-eeo1-data-disclosure.pdf>
- ^{xii}Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, European Union, accessed 19 April 2021, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32019R2088>
- ^{xiii}London Stock Exchange Guide to ESG Reporting 2020, London Stock Exchange Group, accessed 19 April 2021, https://www.lseg.com/sites/default/files/content/Green/LSEG_Guide_to_ESG_Reporting_2020.pdf
- ^{xiv}Certified B Corporations, B Corp, accessed 19 April 2021, <https://bcorporation.net/>
- ^{xv}Better Business Act, accessed 19 April 2021, <https://betterbusinessact.org/>
- ^{xvi}Creating Value Through Governance – Towards a New Accountability: A Consultation, Association of Chartered Certified Accountants, February 2014, <https://www.accaglobal.com/uk/en/technical-activities/technical-resources-search/2014/february/creating-value-consultation.html>
- ^{xvii}The Business Roundtable, Statement of the Purpose of a Corporation, August 2019, <https://opportunity.businessroundtable.org/ourcommitment/>
- ^{xviii}How did business role in society change in 2020, Andrew Winston, Harvard Business Review, 29 December 2020, <https://hbr.org/2020/12/how-did-business-role-in-society-change-in-society-change-in-2020>
- ^{xix}Tomorrow's Relationships: Unlocking Value, Tomorrow's Company, London, June 2014, <https://www.tomorrowcompany.com/publication/tomorrows-relationships-unlocking-value/>
- ^{xxi}The Future of the Chief Sustainability Officer, A Perspective from Deloitte and the Institute of International Finance, accessed 19 April 2021, <https://www2.deloitte.com/global/en/pages/financial-services/articles/the-future-of-the-chief-sustainability-officer.html>
- ^{xxii}Notes from a Cadbury Schweppes' presentation, London School of Economics and Political Science, January 2005

