

## Effective Sustainability Communications

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Many companies strive to be more environmentally and socially responsible by integrating sustainability into their strategies and operations. Effective communication of sustainability practices and goals to stakeholders is paramount. It's crucial to *inform* and actively *involve* your stakeholders - including customers, employees, shareholders, suppliers, regulators, and local communities. The effective communication of sustainability practices and goals to stakeholders helps to grow trust, enhance reputation, and create value for everyone involved, including the company itself.

Today, we will delve deeper into the well-established benefits of optimising your sustainability communications and share some tips for leaders on how best to go about this.

So, what exactly *is* sustainability in a business context? The <u>UN</u> defines sustainability as "the practice of meeting the needs of the present without compromising the ability of future generations to meet their own needs." Businesses must become more environmentally friendly and ethical to make their practices viable and resilient over the long term. Common sustainability practices include reducing carbon emissions, conserving resources, promoting social equity and fostering innovation. These goals are also referred to in consolidated form as an environment, social and governance (ESG) strategy, which is no longer just a "nice-to-have". Rather, it is now an integral part of how businesses operate and something that stakeholders expect.

One of the most impactful benefits of quality communication is that clear sustainability goals can provide *meaning* to employees' jobs, leading to increased engagement and morale and higher retention rates. In fact, according

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to global sustainability <u>research</u> by technology company HP, 4 out of 10 employees say they would look to switch jobs if their company refused to implement sustainable practices. In the same survey, 6 out of 10 workers deemed ignoring sustainability in the workplace to be just as bad as ignoring diversity and inclusion. It found office workers are likelier to leave companies that don't implement sustainable business practices and more likely to speak out in public forums. Companies risk controllable internal issues turning into external reputational damage. The evidence points to the fact that by embracing *purpose* in this way, a company can build its reputation and bolster loyalty over time.

When a business is transparent in its vision for sustainability, it also benefits from <u>differentiating</u> itself relative to the market, creating a competitive advantage which can aid business performance. It also positions the company in a way investors are likely to view as more appealing. In recent times, investors have been paying more and more attention to sustainability. PwC's <u>Global Investor Survey</u> in 2022 found that investors see sustainability as a "priority" for companies. And according to a comprehensive <u>report</u> by KPMG, investors are now tending to "look beyond short-term investment horizons to the creation of longer-term shareholder value".

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It's not unusual for companies to employ "one-way" messaging to inform their stakeholders about sustainability, say through a report published on their website or promoted to their target audience via social media. But there's an arguably much better tactic available. Companies can also choose to involve their stakeholders more *actively* by exchanging information on sustainability and creating open discussion forums around specific topics and priorities. The point of this strategy is to cultivate a shared understanding of sustainability challenges and establish trust, leveraging the fact that communication can be a transformative act that powers improvement and innovation through participation.

Furthermore, communication can also be a tool to speak *for* sustainability, as it allows companies to encourage sustainable behaviours in their employees, suppliers, and other stakeholders. Examples include using a product's packaging to explain to consumers how to recycle it or organising employee "round tables" to identify ways to optimise their work-life balance.

That being said, how can companies optimise their communication style around sustainability for maximum effect?

The first consideration should be ensuring that your company speaks precisely about its ambitions. There must be an unambiguous mission statement about what sustainability *actually* means for the organisation and *exactly* what future goals have been set. Ensuring that the goals are meaningful, relevant, and practical is equally important. In other words, a company's proposed sustainability efforts should be in areas where they can actually make a tangible impact.

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While communicating your sustainability narrative to stakeholders, the most powerful and effectual statements usually come as a so-called 'declaration of intent'. Once you have made such a declaration, it becomes important to regularly update all concerned about the status of any sustainability activities and the progress made. In an era where many companies face accusations of "greenwashing" – that is, exaggerating your environmental credentials to boost your image – it is now vital to substantiate any claims you make.

For example, the American multinational oil and gas corporation <a href="ExxonMobil">ExxonMobil</a> recently came under fire for dishonesty, indicating they were reducing greenhouse gas emissions while actually increasing them overall! Substantiating your company's claims - for instance, by providing detailed yearly updates about an initiative to go carbon neutral in a way that is compliant with the <a href="Global Reporting Initiative">Global Reporting Initiative</a> standards - demonstrates the true impact of your activities on society and the environment.

There is an element of savvy marketing to this too. Organisations can better execute their sustainability goals and boost enthusiasm by translating them into understandable and compelling messages designed to captivate the relevant target audience. Tailor your message to each stakeholder group so they understand what the company aims to achieve, how it expects to get there, and what that means for them. For example, an international skincare company might share its sustainability plan with its investors as a component of the yearly report. Employees might be provided with a more detailed understanding of department-specific measures through workshops and a dedicated internal website. A social media video could give consumers a more general overview of the strategy.

On a related note, organisations can often further boost their credibility and drive stakeholder involvement by presenting their sustainability narrative in an *attractive* format. It can be made easily accessible to their target groups through a multi-channel approach that utilises storytelling and experiences. Although your organisation's sustainability report will make up the foundation of your communication, you might also want to transform it into multiple formats

for different stakeholders. Perhaps an interactive workshop for employees, a video on social media for consumers, an infographic in a media press release, or a booklet for company partners.

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Next up, make your business *accountable*. There's a reason the 2021 sustainability <u>report</u> of supermarket giant Lidl provided a fully transparent breakdown of its fifty sustainability goals, indicating whether the company was on track or not for each individual goal. It's important to remember that sustainable development is an *ongoing* process. Your sustainability communications should not just focus on major accomplishments and eye-catching headlines. Instead, transparently documenting progress – even if there is still a long way to go or there are areas in need of improvement – will boost credibility.

Sustainability communication is the commitment of a company to speak truthfully and authentically about its strategy, goals, and efforts. It helps companies build their reputation, create a competitive advantage, and engage stakeholders. By actively involving stakeholders, companies can further encourage sustainable development. Ultimately, it is only via sustainability communications that a company can make itself accountable for the impact of its activities on society, the planet, and of course, future generations.

If you remember one thing from this session, remember this. Rather than dry, one-sided messaging that does nothing to excite or engage stakeholders, opt for two-way dialogue that helps foster a common understanding of sustainability practices while establishing trust. This week, consider who you would like to promote your message to and how they can be involved in your commitment to sustainability.