

.FUTURE

SUSTAINABILITY'S RISING ROLE IN WINNING TRUST

How are leading companies concretely putting sustainability at the heart of their strategic communications?

We have re-thought our .future research to reflect what separates the best from the rest.



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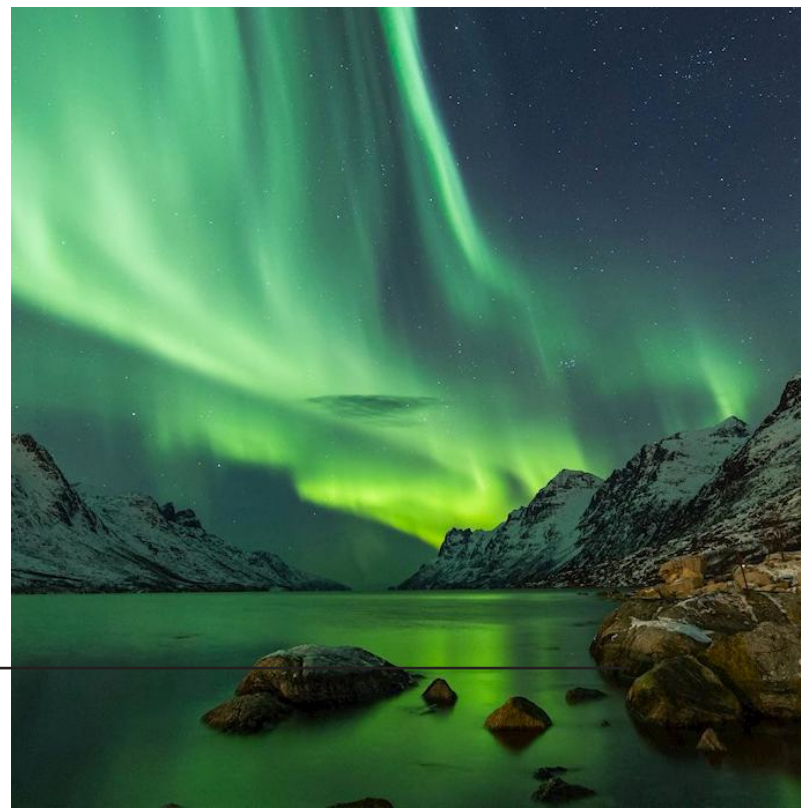
The past 12 months have marked a watershed for sustainability and the role the business must play in promoting a better, fairer future and a green recovery: we've heard it at the political and institutional level; it's crystal clear in financial markets' rapid conversion to ESG investing; and we've reached a tipping point in consumer expectations too, as revealed lately by the People's Climate Vote (UNDP/Oxford University), the biggest survey of its kind ever conducted.

The recent change of gear on sustainability is evident in the way companies are talking about everything from mega-trends and business strategy to corporate culture and innovation. It sometimes seems that sustainability (and ESG for that matter) is suddenly on everyone's lips.

Amid the cacophony, how can we distinguish companies that have a credible approach and are successful in putting sustainability at the heart of their communication strategies?

To understand how companies should respond to this challenging agenda, it's insightful to look at the practices of leaders in the field.

Take, for example, the 15 top performers in the Italian edition of .trust for listed companies (all those rated Gold, Silver or Bronze – see article on page 15).



While it was concrete, transparent content that helped this leadership group deploy the five key assets for gaining trust (see article on page 8), what's interesting is that the higher performance of these 15 leaders is not equally distributed across our evaluation protocol: the sections relating to the Future of the Company (28% higher than the average of all companies considered) and Sustainability (+22%) were instrumental in their outperformance alongside sections with lower weighting such as Demonstrate leadership and Attract talent.

Sustainability themes have also been at the centre of their storytelling and blogs, where the best beat the rest by 50%.

What's more, this group of leaders improved its positioning compared with our 2019 research thanks to these same key areas.

So, the topics of business strategy and investment, innovation, sustainability and leadership are not only the defining elements

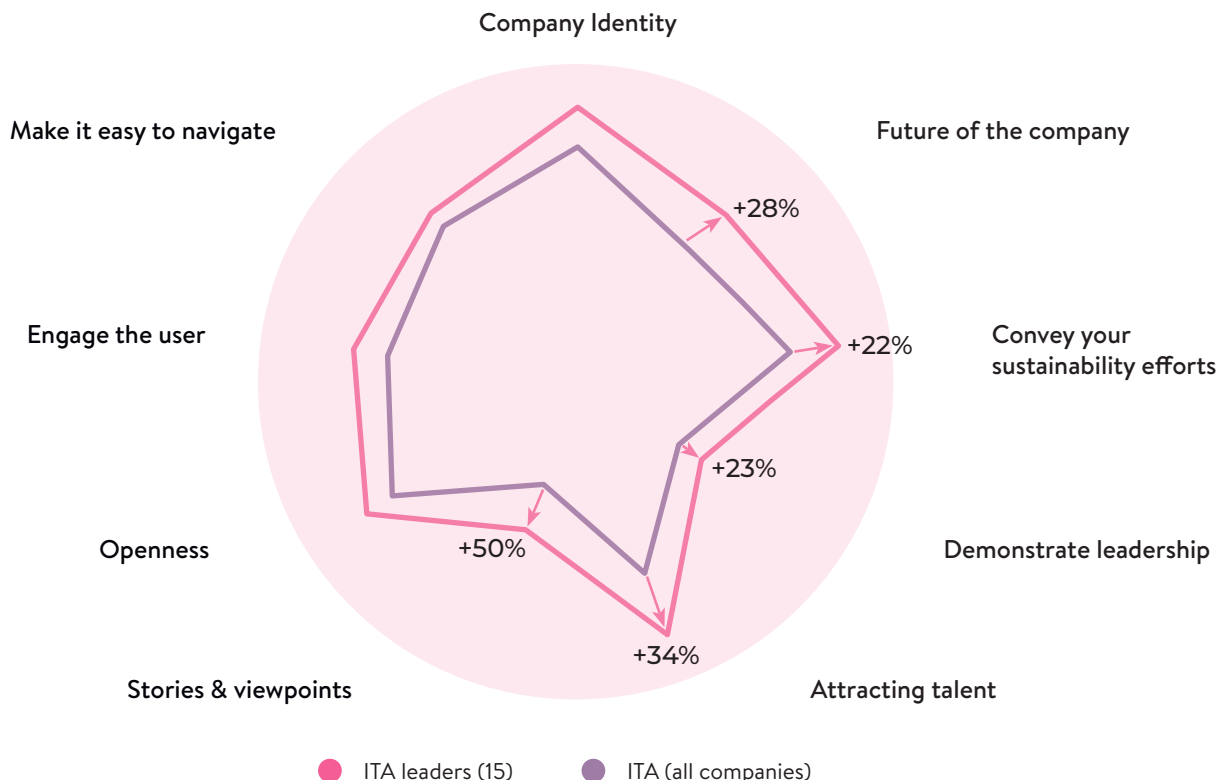
separating the best from the rest but also the driving forces of the shift in communications from the pre-Covid period.

It's a trend we can see across Europe, in particular the companies and brands that are recognised in driving the sustainable business agenda and reinventing business models around green, net-zero commitments, inclusion and circularity.

Just look at the way companies such as Ørsted, IKEA, Unilever and Schneider Electric talk about sustainability.

In our Swiss research, we found the leading companies outperforming the rest by 71% in the Future of the company section and by 63% in Sustainability. Our .trust research allows us to unpick what it means to put sustainability at the heart of credible communications. The leadership we've identified is based on four areas of excellence: strategy, transparency, human storytelling and purpose.

IN WHAT AREAS DO THE BEST PERFORMERS STAND OUT



Source: Lundquist .trust 2020-2021

The value of an integrated strategy

Strategy and transparency are certainly central to this focus on sustainability. Best performing companies are able to go beyond a general commitment to environmental and social topics and show how they are part of a long-term, consistent approach that connects to the overall business strategy:

Almost all leading companies (80%) explain how the business strategy relates to their sustainability approach (not only vice versa), often by giving direct reference to the wider trends that are impacting the future of the business. This kind of communication highlights the integrated nature of sustainability and eases suspicion that sustainability is a kind of “after-thought” as if business priorities come first and then we can worry about being sustainable.

Ones to watch:



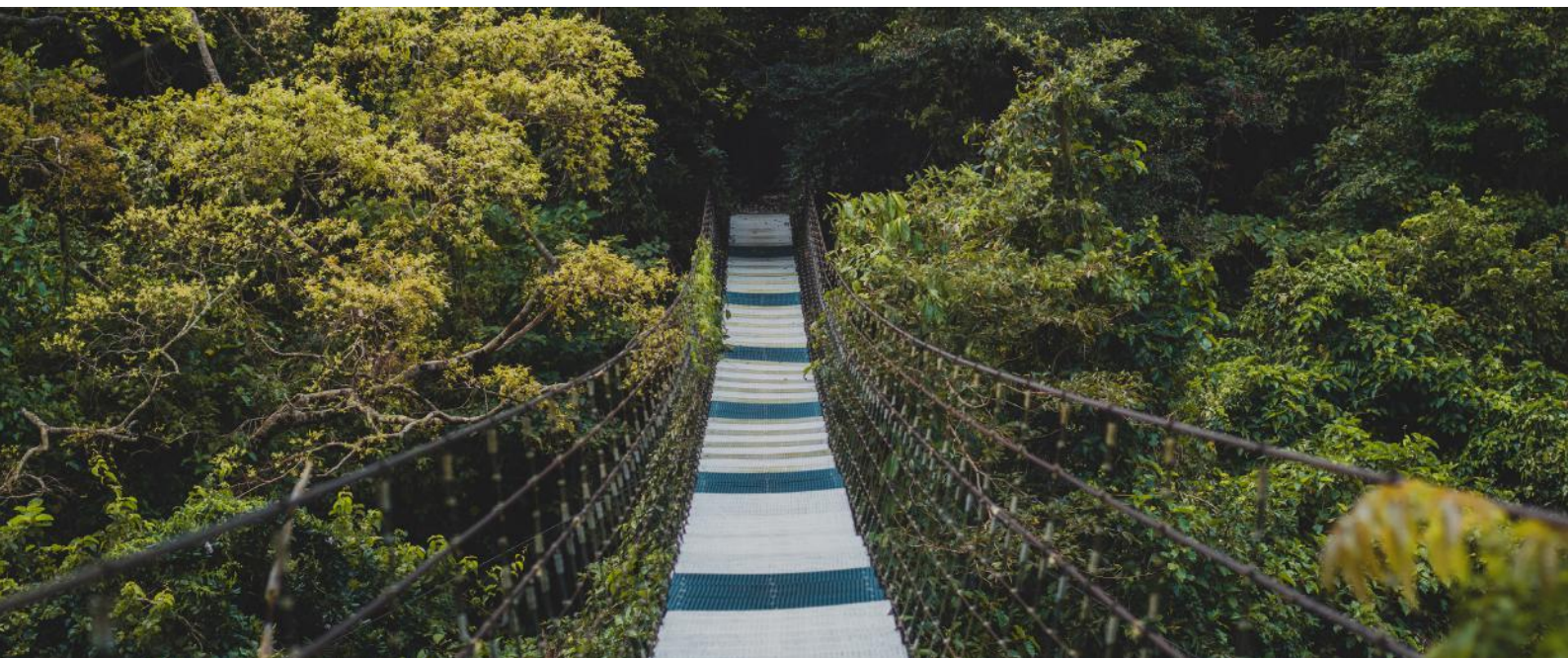
Beyond megatrends: “purpose” as a uniting frame

Purpose is very often the glue that binds together this kind of communication and helps put global societal trends and sustainability at the heart of the business and innovation strategy.

And it's clear from our .trust research that many companies are re-thinking their “mission” in this new frame and exploiting this new perspective to integrate sustainability into all aspects of the business.

In this group of top performers in our Italian edition of .trust there are a number of energy companies and utilities and for them above all the Sustainable Development Goals and Paris climate agreement stand tall in terms of dictating the future direction of their business models.

Ones to watch:



Being transparent about non-financial achievements

Still, sustainability is not just a long-term frame for the business strategy.

The best companies also provide stakeholders with granular information and data that allow them to track progress towards non-financial targets and assess governance, policies and initiatives.

Looking again at the top performing Italian companies in .trust, we find that they score well above the average in areas such as sustainability targets: about half of them give qualitative and quantitative targets that span all three domains on the triple bottom line (business/ethics, environment and people).

What's more, 73% of these leaders present the achievements made against targets in all three of these areas, highlighting a long-lasting and cross-cutting commitment to transparency on sustainability.

Since corporate communications is particularly driven by the demands of financial market stakeholders, our findings suggest these leading Italian companies are keen to respond to the rapid trend of integrating environmental, social and governance (ESG) factors into investment strategies.

The outcome is that companies are giving the same kind of rigorous attention to sustainability as they do to their equity story, to the point of making ESG factors a key element of their strategy, transparency and performance.

Ones to watch:



Making a connection with human stories

Yet this is not the end of the story, so to speak. In seeking to respond to a broad range of stakeholders demanding action on sustainability, from consumers and employees to local communities, these leading companies are also making sustainability a focus of their storytelling initiatives.

Of the 15 top performing companies in the Italian edition of .trust, we find that all but one make sustainability a focus of their storytelling, whether that be in the form of stories, articles, blogs or videos. It's equally important a theme for these companies as innovation, and in fact the two themes are often connected in a wider narrative of business transformation.

This type of communication is key for turning a strategic approach that stands up to investor scrutiny into actual human experience, essential for connecting with stakeholders on an emotional level, not just rationally.

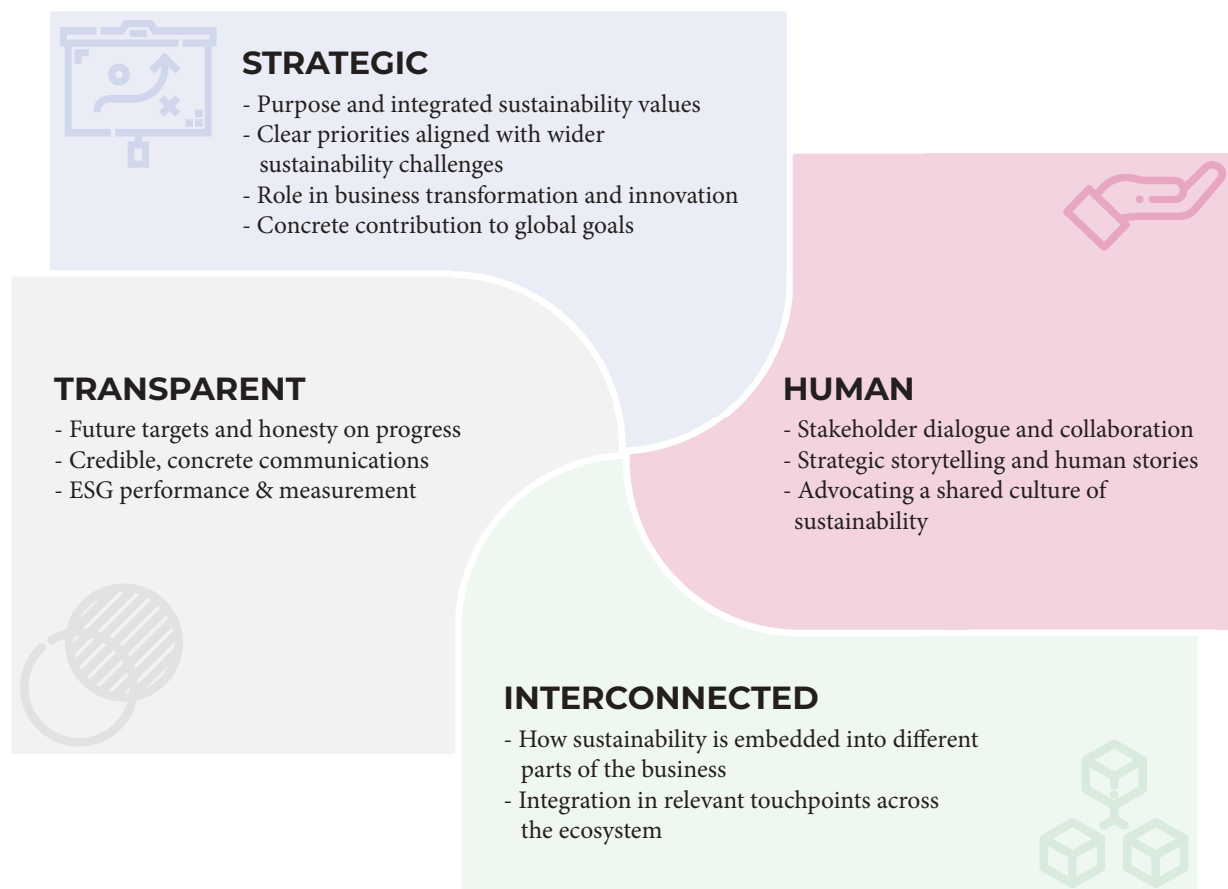
Ones to watch:



Introducing a new model for .future

Ever since we started working on sustainability communications back in 2006, when we launched the CSR Online Awards, we have constantly revised our approach to keep pace with the dramatic evolutions in corporate sustainability as well as trends in digital communications.

The latest cycle in that evolution saw the transformation in 2018 of the CSR Online Awards into .future as a more ambitious and complete research and the subsequent introduction of .trust. Today, .future is our solution for companies needing a deep dive on sustainability and to reach the next level in their ESG communications. It complements .trust and extends its scope to the key challenges of sustainability.



If the purpose of .trust is to evaluate how communications supports the business, sustainability could not be left out of the equation and that has led us to re-think .future as a way to support companies in developing and communicating a credible, ambitious and future-oriented approach to sustainability. It's based on four dimensions: Strategic, Transparent, Human &

Interconnected. It's a model that guides all our projects and defines the evaluation protocols we use in assessing sustainability communications and reporting documents. In .future we will be using this new model to look at the communication strategies of sustainability leaders internationally and understand how they navigate the new ESG scenario.