

A close-up photograph of a woman with light skin and green eyes, smiling warmly. She is holding a white ceramic cup filled with a latte, featuring a heart-shaped latte art design on the surface. She is wearing a green top. The background is a soft, out-of-focus beige color.

Insights

*spring 2018*

# DISCERNING TASTE

SUSTAINABILITY

REPORTING FOR

EVOLVING AUDIENCES

A close-up photograph of a person's hands holding a small amount of dark, roasted coffee beans. The hands are positioned over a large, out-of-focus pile of similar coffee beans. The lighting is warm and focused on the hands and the beans they are holding. The background is dark and blurry, emphasizing the texture of the coffee beans.

AN

EVOLUTION

OF

TASTE

In the not-so-distant past, coffee drinkers had pretty limited options: do you take cream or sugar?

Thankfully, that's no longer the case today. Within walking distance of our office in Encinitas, we have three great coffee shops where we can get anything from a single-origin pour-over to a breve latte. Which got us thinking...

Just as baristas craft a variety of drinks using a handful of ingredients, sustainability reporters have the opportunity to craft a variety of communications from the ESG ingredients included in a typical sustainability report. And, while coffee drinkers' tastes have evolved, so too have the tastes and preferences of sustainability audiences.

Corporate sustainability is no longer a niche subject important only in the minds of a handful of regulators and environmentalists. As our collective understanding of the value of sustainability has grown, new audiences have joined the conversation.

To effectively engage this growing and diverse audience, we (as sustainability communicators) must adapt. We have to stop talking only about what we're doing - summarizing our accomplishments in an annual report - and start talking about why what we're doing matters. Furthermore, we need to challenge ourselves to be more creative - with both our content and our methods of delivery.

In the following pages, we'll take a look at how our audiences' tastes have evolved and explore how reporting organizations are adapting their approach to offer audiences the "flavors" of sustainability that they crave.

Although differences in individual tastes vary widely, our overall point is pretty simple: you can't serve the same plain-ole cup of Joe to everyone and expect them to enjoy it.

Start with an understanding of your audience and then tailor what you serve accordingly.

The end result will make them thirsty for more.

*Enjoy.*

# COMPLEX SUBJECT, DIVERSE AUDIENCE

A comprehensive sustainability report is, by definition, all-inclusive. In this way, it's a bit like a pot of drip coffee. In many cases, it's better than no coffee at all, but not all audiences will partake – and even fewer will truly enjoy.

The most successful sustainability communication presents specific audiences with information that focuses on what's most important to them – and delivers that information via channels that resonate with that group.

## But what does this look like in practice?

Corporate sustainability is a broad and complex topic. Coupled with the wide range of communication tactics organizations can employ to reach their audiences, the best method for engaging sustainability communications becomes even more obscure.

To make sense of this complexity, we've created a "flavor wheel" (similar to the flavor wheels used by coffee aficionados around the world) to help visualize the range of sustainability tastes and preferences.



THE SUSTAINABILITY FLAVOR WHEEL



# INVESTORS

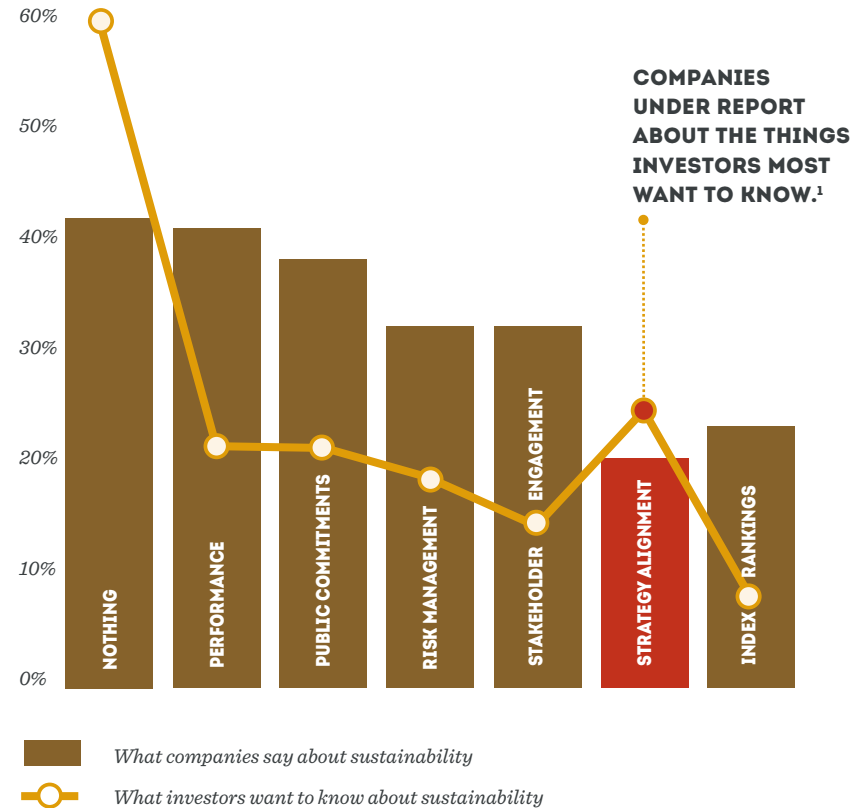


## UNDERSTANDING THEIR TASTE

Although conventional wisdom typically says that investors have a limited appetite for sustainability, the belief put forth by Milton Friedman that the “social responsibility of business is to increase profits” is changing – and quickly. ESG issues have been shown to lead to financial issues over the long-term, so investors are increasingly focused on how sustainability can inform long-term business strategy. Evidence of this shift can be seen in the rise of socially responsible investing (SRI), and a variety of index funds that incorporate ESG criteria.

## What to serve

Blackrock, the largest global investment management corporation in the world, recently found that while investors largely have a limited appetite for the content that typically ends up in sustainability reports, they actually desire more information than most companies provide about how sustainability relates to strategic alignment, company goals, and value creation.

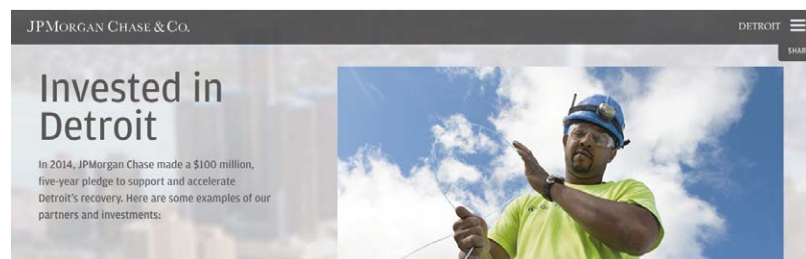


To satisfy investors, a company must demonstrate that leaders are aware of the risks posed by global trends (climate change, sea level rise, water scarcity, etc.), show the ways in which strategy is adapting to them, and illustrate how sustainability can generate long term value for the organization.

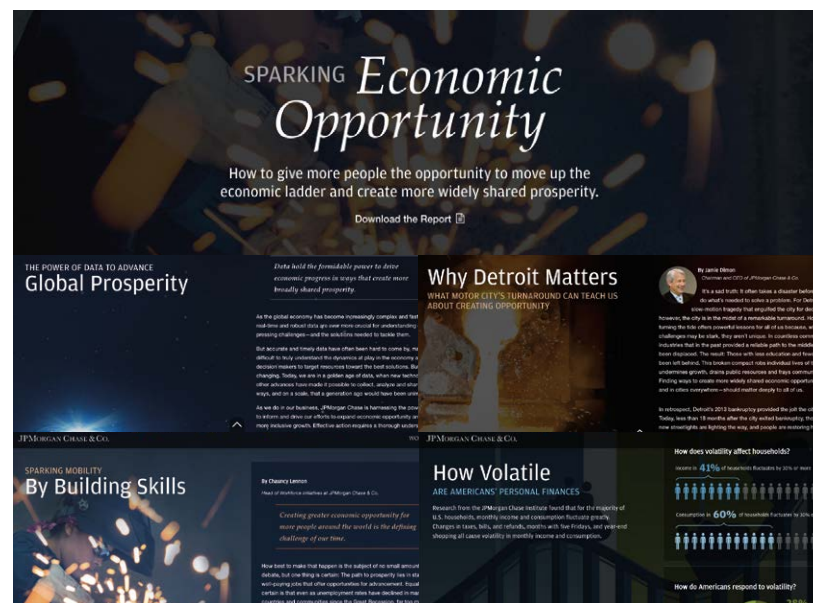
1. NIRI-MIT SMR Corporate Sustainability Communications Practices Survey (2015). N=154  
 BlackRock, “ESG: Bridging the Language Gap Between Investors & Companies,” 2016

# JP Morgan Chase

JP Morgan Chase's latest CSR report is a masterful example of engaging sustainability communication. The 2015 report looks and reads more like a magazine than it does a traditional sustainability report – but that's not to say it's lacking substance. The report focuses on strategy: how JP Morgan Chase is leveraging their core competencies (financial and economic expertise) to create inclusive economic growth in the face of external megatrends. To drive this message home to investors, the content is not confined to just their CSR report. Many of the assets and stories of their CSR report are also repurposed in more traditional investor-specific comms such as the company's annual report to shareholders.



*JP Morgan Chase's 2015 CSR Report Sparking Economic Opportunity<sup>2</sup> (above right) perfectly caters to investors. The piece describes in detail how the company's investments in communities like Detroit are part of the bank's long-term strategy: JP Morgan seeks to "give more people the opportunity to move up the economic ladder and create more widely shared prosperity."*



*The company's 2015 Annual Report<sup>3</sup> describes why "investing in communities" like Detroit is part of JP Morgan Chase's long-term financial strategy – citing the same examples found in the CSR report.*

“Investing in sustainability has usually met, and often exceeded, the performance of comparable traditional investments. This is on both an absolute and a risk-adjusted basis, across asset classes and over time...”

—MORGAN STANLEY INSTITUTE FOR  
SUSTAINABLE INVESTING, 2015

## How to serve it

To reach investors, don't assume that they will read a sustainability report. Instead, consider integrating elements of ESG and sustainability into existing investor relations communications. As with most other audiences, investors rely on a variety of digital channels for information, so expect to serve content online – in the form of your corporate site, online reports (preferably those of the financial or integrated variety), and investor-targeted email campaigns. Speaking engagements, roadshow presentations (with printed leave-behinds such as fact sheets), and Q&A sessions with organizational leadership can also go a long way to satisfy this audience.

2. <https://www.jpmorganchase.com/corporate/Corporate-Responsibility/cr-2015-overview.html>

3. <https://www.jpmorganchase.com/corporate/annual-report/2015/>



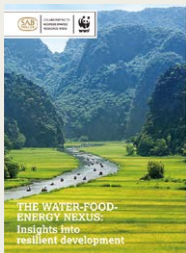


# NGOs

## UNDERSTANDING THEIR TASTE

For NGOs, sustainability reports are often a primary source of information about what companies are doing in specific areas and around certain causes. This audience, perhaps more than any other, has a taste for the technical details of sustainability reports. They are comfortable with the terminology of sustainability – carbon offsets, waste diversion rates, or emissions calculations expressed in metric tons of CO<sub>2</sub>. They understand both the social and environmental issues that surround an industry, and are often quick to admonish bad actors. At times, the relationship between certain NGOs and reporting organizations has been somewhat adversarial. But, as the private sector more fully embraces sustainability, NGOs and businesses are increasingly developing constructive partnerships based on a common interest.

## The power of a partnership



Beyond reporting the facts and figures, one of the most effective ways for companies to engage with NGO audiences is through direct partnership. Working closely with World Wildlife Fund (WWF, one of the world's largest and oldest independent conservation organizations), SABMiller has created a project called the Water-Food Energy Nexus to showcase their commitment to resource stewardship and highlight their ongoing partnership with WWF. The co-authored report adds credibility to SABMiller's sustainability efforts in an area of foremost importance to the company's business.

*"WWF and SABMiller have a shared interest in strengthening the institutions that govern the way society manages and develops water, food and energy resources. For WWF, this is close to the heart of our mission: conservation is inseparable from the challenges of changing patterns of resource use. For SABMiller, this is a question of the viability of our business: good quality drinking water and agricultural products are vital for a brewing company – and essential for the societies within which we operate."*

## What to serve

With this audience, organizations should be as transparent as possible. They should clearly explain the sustainability challenge they are trying to address, present any necessary context, provide an overview of actions, and then supply data and facts to back up all claims. NGOs want to know what companies are doing to advance sustainability in their businesses – but they also expect data so that they can evaluate the effectiveness of a company's efforts for themselves. If a report sounds too sunny or is missing data to back up claims, there's a good chance many NGOs will question the validity of the report.

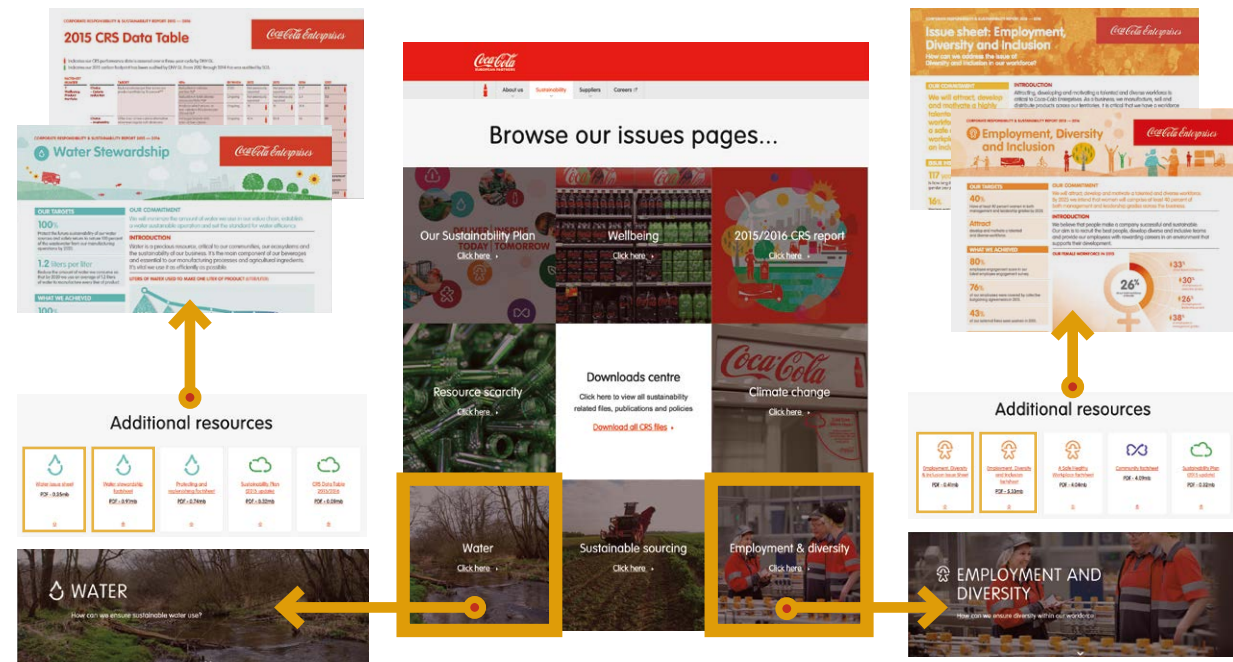
## How to serve it

NGOs are less concerned with individual human-centered narrative, branded communication, or business strategy as they are with their own priorities and the facts. They're not immune to emotional appeal, but if it's not backed with meaningful action and data (or could be construed as greenwashing), you're not serving the cup they're looking for – and you'll be likely to hear about it. Fact sheets, data charts, and other issue-specific communications go a long way to address the tastes of an NGO.

## CASE STUDY

# Coca Cola Enterprises

To serve members in their audience who might be more or less data-minded, Coca Cola Enterprises<sup>4</sup> supports each of their priority issues with a suite of downloadable fact sheets – each with a different level of detail. Readers can easily get the facts that help to verify Coca Cola's claims, while audiences who want a quick overview of the issue aren't forced to wade through tables of sustainability data.



4. <https://www.cokece.com/sustainability/overview>



# EMPLOYEES



## UNDERSTANDING THEIR TASTE

The modern workforce expects more than a paycheck and benefits. A recent PwC study found that 83% of employees across a range of industries and generations now rank “meaning in their day to day work” as one of the most important aspects of employment. To be fully engaged in their jobs, employees expect to understand how their individual contributions fit into the bigger picture – both within the company and in the world at large. Sustainability can provide powerful answers to such questions, as it can relate business activities to a larger purpose – which can lead to more fulfilled and (ultimately) more productive employees.

## What to serve

The trick to serving this audience lies in bridging the gap between large, organization-wide sustainability initiatives and individual worker’s day-to-day roles and responsibilities. Making this connection for employees is easiest when sustainability is aligned with an organization’s mission, vision, and strategy. “Bolt-on” initiatives that have nothing to do with a business’s core purpose and values won’t resonate. Topics like job satisfaction, diversity, inclusion, and leadership/career development are top of mind for this audience. Since these things affect employees in their daily jobs, organizations should emphasize these topics when communicating with this audience.

NON-MILLENNIALS

**2.3x**  
MORE LIKELY

MILLENNIALS

**5.3x**  
MORE LIKELY

&

To stay with an employer when they have a strong connection to their employer’s purpose.<sup>5</sup>

## HR and Sustainability

As sustainability strategy becomes more integrated into overall business strategy, HR departments are an important ally for sustainability communicators, as they are often responsible for internal communications, including sustainability initiatives. Engaging the HR team as champions of sustainability can be an important step towards embedding sustainability into onboarding materials, trainings, leadership development, and the like.

*“As sustainability programs evolve and companies make greater commitments, they will need to shift from general education to more formalized training, and the HR team are best suited to support those efforts.”*

—GREENBIZ’S SUSTAINABILITY AND  
EMPLOYEE ENGAGEMENT REPORT<sup>6</sup>

5. <http://www.pwc.com/us/en/about-us/corporate-responsibility/assets/pwc-putting-purpose-to-work-purpose-survey-report.pdf>

6. <https://www.neefusa.org/file/1269/download?token=nDcOq69p>

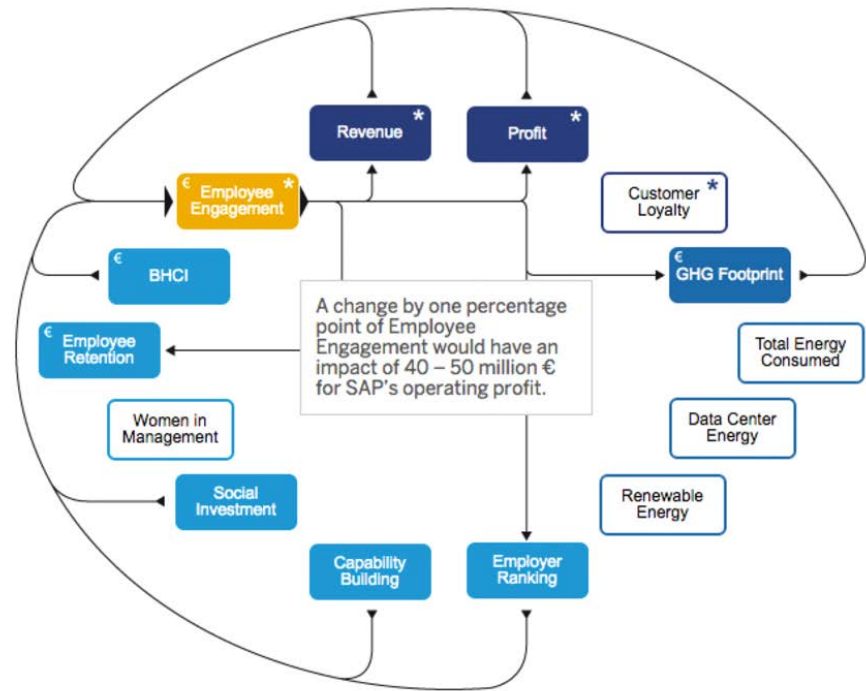


## SAP

SAP clearly connects the dots between their sustainability strategy and the success of their business at large. Their integrated report demonstrates an incredibly sophisticated understanding of how employee well-being affects SAP's overall business in clear financial terms. By linking employee engagement with overall performance, SAP demonstrates to their employees that sustainability is much more than a "bolt-on" – it's in the best interest of the business.

As illustrated in the diagram<sup>7</sup>, at SAP, employee engagement directly affects retention, employer ranking, GHG Footprint, Revenue, and Profit.

“A change by one percentage point of Employee Engagement would have an impact of 40 – 50 million € for SAP's operating profit.”



7. <http://go.sap.com/integrated-reports/2015/en/strategy/integrated-performance-analysis.html>

### How to serve it

Most companies already have well-established lines of ongoing communication with employees, making this audience relatively easy to reach. Employee-focused digital tools such as videos, email, intranet content, and blogs can be used to deliver sustainability content in the places where employees commonly engage with their employer. Leveraging these channels can make sustainability relevant and engaging in a way that a formal report never could. Outside of the realm of digital communication, print collateral such as posters or employee handbooks, can be extremely effective – as they can serve as a tangible reminder of sustainability in the workplace.

Employee audiences are diverse and require information appeal to both the head and the heart. Include human impact stories that will make employees feel proud to be a part of the organization, but don't fail to provide enough data to back them up. As much as possible, use inclusive language when communicating with employees. ("Look at what we are able to accomplish.") Employees are on the front lines of any business and often times the ones who are carrying out sustainability initiatives day-to-day – and they should be recognized accordingly.

# CONSUMERS



## UNDERSTANDING THEIR TASTE

Consumers have clearly demonstrated a preference for sustainable products and services. A 2015 Nielsen poll surveyed over 30,000 consumers spanning 60 different countries, and found that in one year, sales of consumer goods from brands with a demonstrated commitment to sustainability grew at a rate that was four times faster than non-sustainable goods. Brands have been quick to adapt to this shift in consumer behavior, and are increasingly presenting themselves as sustainable. As a result, consumers have become more familiar with this type of messaging and understand the value of shopping local, going organic, and questioning the ingredients, people, and processes behind the products they buy.

### What to serve

For consumers, stories that lead with emotion tend to resonate more than technical language. As for subject matter, social and environmental impacts resonate well. When crafting sustainability messages for consumers, organizations must be careful not to exaggerate claims or gloss over important facts. Although most consumers probably won't check facts themselves, companies who make false or inauthentic claims risk breaking the hard sought after trust of their consumers. Once broken, this trust can be difficult to regain.

### How to serve it

As most consumers aren't likely to crack the pages of a corporate report, companies need to get creative in how they serve this audience. Try using social media, video, blogs, and other creative campaigns. And with so many messages vying for their attention, sustainability communication must be ongoing in order to stay front and center in a consumer's mind, and demonstrate authenticity.

“The hierarchy among drivers of consumer loyalty and brand performance is changing. Commitment to social and environmental responsibility is surpassing some of the more traditional influences for many consumers. Consumer-goods’ brands that fail to take this into account will likely fall behind.”

—GRACE FARRAJ, SENIOR VICE  
PRESIDENT, PUBLIC DEVELOPMENT  
AND SUSTAINABILITY, NIELSEN



# B2B vs. B2C

**Whether buying products for consumption or making purchasing decisions as a B2B customer, at a macro level, people want to buy from someone they trust. But purchasing decisions are made slightly differently by these two distinct customer groups.**

## CONSUMERS

Sustainability-minded end consumers (or B2C customer) often make purchasing decisions based on ethical or moral considerations. They tend to respond well to emotional message attributes.

## BUSINESS CUSTOMERS

B2B purchasing decisions are often influenced by corporate legal documents like procurement policies and supplier codes of conduct. These policies dictate who a company can buy from and outlines the behavior a company expects from their suppliers. B2B customers are concerned with managing the risk within their supply chain. Topics like conflict minerals, human rights, worker safety, supplier diversity, and sustainable sourcing, are often detailed in corporate procurement policies. As such, B2B customers respond to rational messages that provide reassurance that their suppliers are acting responsibly and ethically on these issues.

## CASE STUDY

### On-brand sustainability

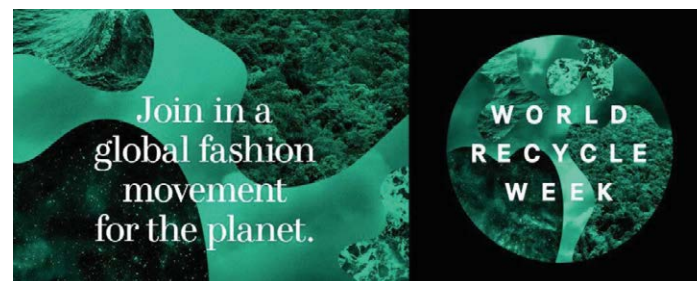
Nike's sustainability strategy<sup>8</sup> ("Sustainability is a powerful engine for growth") is particularly effective because it perfectly aligns with brand values and personality – putting an emphasis on performance and power. Elements of their brand's voice make their way into the rest of sustainability communications as well: While other companies have "goals" or "targets," Nike speaks of sustainability "ambition." When describing social impacts of their business, Nike talks about "Unleashing human potential." This alignment does not mean that their sustainability messaging is watered down or has turned into marketing fluff. Rather, it works with other consumer-facing messages to present a cohesive body of communication that is engaging, consistent, and unmistakably Nike.



8. [http://s3.amazonaws.com/nikeinc/assets/56356/NIKE\\_FY14-15\\_Sustainable\\_Business\\_Report.pdf](http://s3.amazonaws.com/nikeinc/assets/56356/NIKE_FY14-15_Sustainable_Business_Report.pdf)

### The power of social media

H&M's #WorldRecycleWeek caters to audiences and demographics outside of the usual realm of sustainability. Rather than using social media to focus on the technical process for measuring the environmental impact of recycled vs. non-recycled clothing, their campaign<sup>9</sup> (featuring a music video by musician M.I.A. that urged H&M's customers to "rewear it") speaks to consumers in a language they understand. Using a sustainability-focused marketing campaign, H&M establishes common ground with their audience and invites them into the conversation about sustainability on their own terms. This sets H&M up to engage with these customers on other, equally substantive topics – like worker safety and human rights.



9. <http://www.hm.com/us/magazine/culture/h-m-inside/2016/04/this-is-world-recycle-week>

# LEADERSHIP



## UNDERSTANDING THEIR TASTE

Leadership is charged with a difficult task: navigating the unpredictable waters of business to ensure that his or her organization is successful. This requires that leaders be up-to-date on all aspects of company activity, market conditions, and global occurrences – at all times – and be capable of synthesizing all of this information to make big, strategic decisions, often at a moment's notice. Against this backdrop, company leaders (C-suite executives, senior VP's, etc.) have a special interest in sustainability that should come as no surprise: it is valuable insofar as it can inform company strategy, generate value, and ensure the long-term viability of the business.

## What they believe

Recent studies by Accenture Strategy and PwC demonstrate that many CEOs understand the value of corporate sustainability and have begun to emphasize value creation in their corporate strategies. According to a 2016 study of CEOs and sustainability by the UN Global Compact and Accenture Strategy<sup>10</sup>:

**80%**

believe that demonstrating a commitment to societal purpose is a differentiator in their industry.

**88%**

believe that greater integration of sustainability issues in financial markets will be essential to making progress.

**89%**

say commitment to sustainability is translating into real impact in their industry.

**97%**

believe that sustainability is important to the future success of their business.

## What to serve

In order to get sustainability communications to resonate with leadership, sustainability must be presented as part of a larger discussion about business strategy. The old leadership maxim “What gets measured, gets improved” holds true for this audience, so in order for these conversations to resonate, sustainability-driven value creation needs to be quantifiable – along the lines of the <IR> framework (in terms of social, natural, human, intellectual, financial, and manufactured capital inputs and outputs). Viewed through this lens, sustainability can be positioned as not just an opportunity for greater efficiency and cost-savings, but as an opportunity for growth.

10. <http://www.pwc.com/us/en/about-us/corporate-responsibility/assets/pwc-putting-purpose-to-work-purpose-survey-report.pdf>



## How to serve it

Internal advocates of sustainability must carefully consider how to deliver their message to leadership in order to get buy-in from the top. A clear strategic framework with specific, quantifiable goals speaks to leadership in a language that they understand. And it can go a long way to providing leadership with a tool to use when speaking to other stakeholders about the value of sustainability as it relates to their department, or the company as a whole.

More than any other audience, executive communications must be tailored to the specific agendas and personalities of people in these roles. A message for a CFO will sound different than one crafted for a marketing executive. In many cases, sustainability teams should consider recruiting another executive-level advocate to present their case on their behalf.

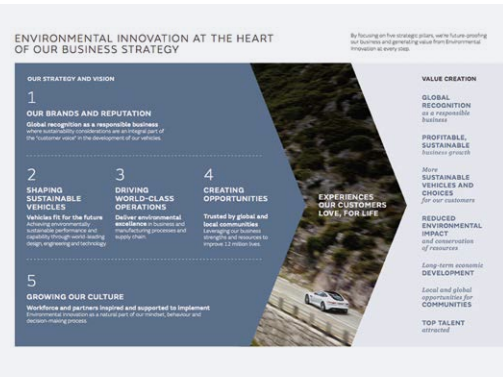
“Today business is re-imagining how we provide people with food, goods, services, infrastructure, transportation, healthcare and every other necessary element of life in a radically different world. Doing more with less must be part of the picture. While solutions may differ by company, industry and region, one thing is certain: business as usual is not a sustainable option.”

—DOUGLAS M. BAKER, JR., CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER, ECOLAB

## CASE STUDY

# Jaguar Land Rover

Jaguar Land Rover's sustainability report<sup>11</sup> exemplifies the type of communication that will resonate with organizational leadership. The report lays out the company's sustainability strategy in a clear, visual framework, providing readers (both leaders and their audiences) with a tool to quickly understand how sustainability informs Jaguar Land Rover's long-term objectives.



11. [http://www.jaguarlandrover.com/media/102589/jlr-sustainability-report-2014\\_15-full-report.pdf](http://www.jaguarlandrover.com/media/102589/jlr-sustainability-report-2014_15-full-report.pdf)

# The importance of the CEO Letter:



A CEO can cut right to the heart of why sustainability matters to an organization – and audiences expect them to do so. More than anyone in the company, the CEO is in a position to make a clear connection between business and sustainability in a way that's difficult to question. Autodesk, for example, shows how sustainability strategy is linked to innovation, differentiation, and growth.

*“By 2050, our planet will be home to 10 billion people. This intense population growth and the resulting demographic shifts will push our planetary resources to their limit. This transformation offers unprecedented potential not only to rethink design but also to create new manufacturing models that advance sustainability. To achieve this, our customers need integrated environments that enable them to move seamlessly and quickly from design through to production. In response, we are delivering cloud-based collaboration platforms, such as Autodesk® Fusion 360™ software, that are accessible and affordable to everyone.”*

—CARL BASS, CEO, AUTODESK

# CRAFTING A BETTER BUZZ



Just as a skilled barista can craft a range of buzz-inducing coffee drinks, an effective sustainability communicator can generate a buzz around a company's sustainability initiatives. This kind of buzz – engaged, inspired audiences participating in open dialogue – can do great things. It leads to stronger reputation, greater differentiation, and ultimately better alignment among diverse groups of stakeholders.

Effective sustainability communication should not hinge entirely on a traditional (boring) corporate report. To truly inspire audiences, we must go beyond simply talking about what we're doing and speak to why sustainability matters.

A skilled barista would never offer a sugary caramel macchiato to someone who prefers straight espresso. Or serve the same pot of drip coffee to anyone and everyone, regardless of their preferences. So why would anyone take that approach to sustainability communication?

Shared values and vision can be powerful – if we present them carefully and meaningfully. Take the time to understand your audience and then serve them what they want. They'll engage with your sustainability story in new ways.

And – like us and our daily walk to the coffee shop – you'll have them coming back for more.

Whose tastes are you catering to?  
How are you serving them?  
Participate in the discussion using the hashtag #CSRperspectives. Or, drop by the studio and grab a cup of coffee with us. Let's keep the buzz going.



## ABOUT



We're a brand consultancy that helps emerging and evolving companies hone their values and vision to strengthen their brand. We articulate, communicate and activate purpose to reinvigorate businesses, from both a performance and people standpoint. We believe truly purpose-driven companies deliver meaningful value for all stakeholders.

### Contact

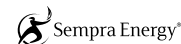
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### Clients



## Insights

*Insights* captures the views and opinions of thinkPARALLAX. As corporate responsibility continues to play an important role in the way that businesses shape strategy, *Insights* provides a platform to examine the changes, trends, and challenges that surround sustainability communication.

**[www.thinkparallax.com/perspectives](http://www.thinkparallax.com/perspectives)**

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