

# THE “S” IN ESG

*Managing risks and creating business opportunities  
2024*

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# ABOUT VOX GLOBAL

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VOX Global is a strategic communications firm that combines decades of experience with the private sector, government and nonprofit organizations to create customized programs that raise awareness, influence public opinion and move people to action. For each project, we build a specialized team that will effectively tell our clients' stories to the audiences they care about most.

Our Environment, Social and Governance (ESG) practice group works with a wide-range of companies and industries — from Fortune 10 companies with mature ESG programs to mid-sized companies that are just starting their ESG journey.

Our award-winning team is trained in top sustainability reporting frameworks including CDP, DJSI, GRI, SASB and TCFD. We work with companies at every stage of reporting to meet stakeholder needs.

Headquartered in Washington, D.C., VOX's 60+ professionals work in Dallas, Indianapolis and other major U.S. markets.



VOX HAS BEEN NAMED TO  
THE PRNEWS CSR AGENCY A-  
LIST SEVEN TIMES AND WAS A  
FINALIST FOR CSR AGENCY OF  
THE YEAR IN 2023

## **AGENDA**

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- 1** The “S” in the context of ESG
- 2** Understanding the landscape
- 3** Measuring your Social impact
- 4** Communicating your Social actions
- 5** Discussion

# UNIVERSE OF ESG TOPICS

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## Environmental

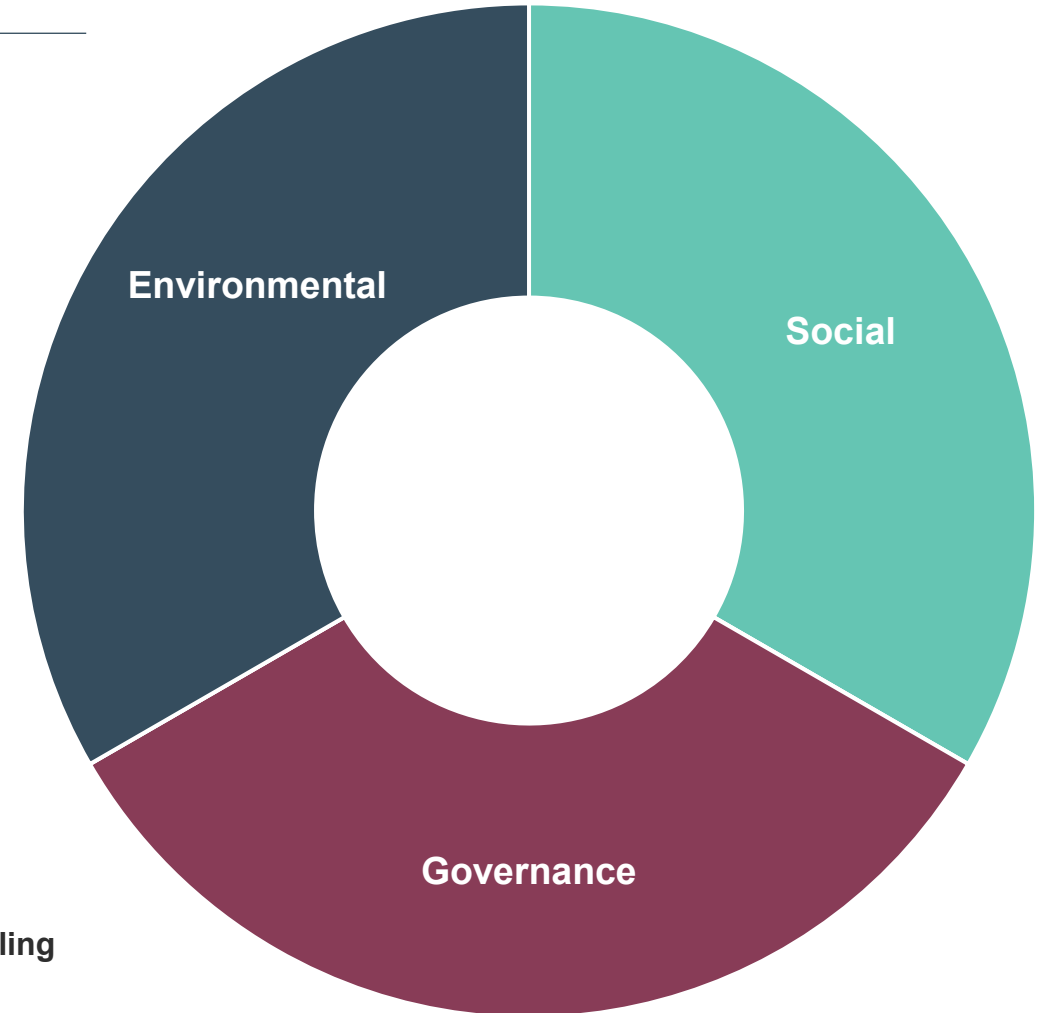
- GHG Emissions
- Air Quality
- Energy Management
- Environmental Compliance
- Water & Wastewater Management
- Waste & Hazardous Materials Management
- Climate Risk & Resilience
- Biodiversity
- Ecological Impacts

## Governance

- Business Model Resilience
- Materials Sourcing
- Product Design & Lifecycle Management
- Supply Chain Management
- Technology Innovation
- Data Privacy & Security
- Board Diversity & Independence
- Business Ethics
- Competitive Behavior
- ESG Disclosure
- Management of the Legal & Regulatory Environment
- Public Policy

## Social

- Diversity, Equity & Inclusion
- Employee Engagement
- Employee Health & Safety
- Employee Well-Being
- Compensations & Benefits
- Training & Development
- Pay Equity
- Labor Relations
- Human Rights
- Community Relations
- Philanthropy
- Stakeholder Engagement
- Social/Political Activism
- Product Quality & Safety
- Access & Affordability
- Customer Privacy
- Customer Welfare
- Selling Practices & Product Labeling
- Data Privacy
- Supply Chain Standards, Transparency & Diversity



# “S” TOPIC CATEGORIES

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## EMPLOYEES

Diversity, Equity & Inclusion  
Employee Engagement  
Employee Health & Safety  
Employee Well-Being  
Compensations & Benefits  
Training & Development  
Pay Equity  
Labor Relations



## COMMUNITIES

Human Rights  
Community Relations  
Philanthropy  
Stakeholder Engagement  
Social/Political Activism



## BUSINESS PRACTICES

Product Quality & Safety  
Access & Affordability  
Customer Privacy  
Customer Welfare  
Selling & Marketing Practices  
Labeling  
Supply Chain Standards  
Transparency & Reporting



# Understanding the Landscape

# INFLUENCE

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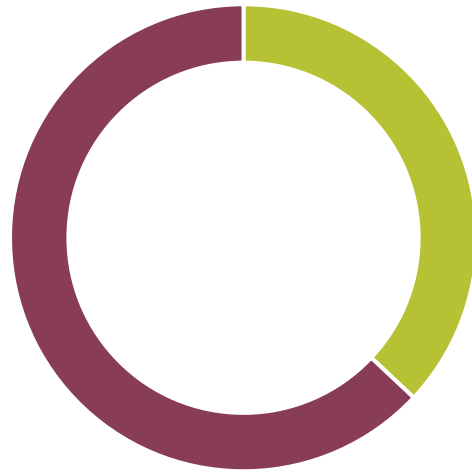


# PUBLIC OPINION POLLS

## 9 - 12 MONTHS AGO

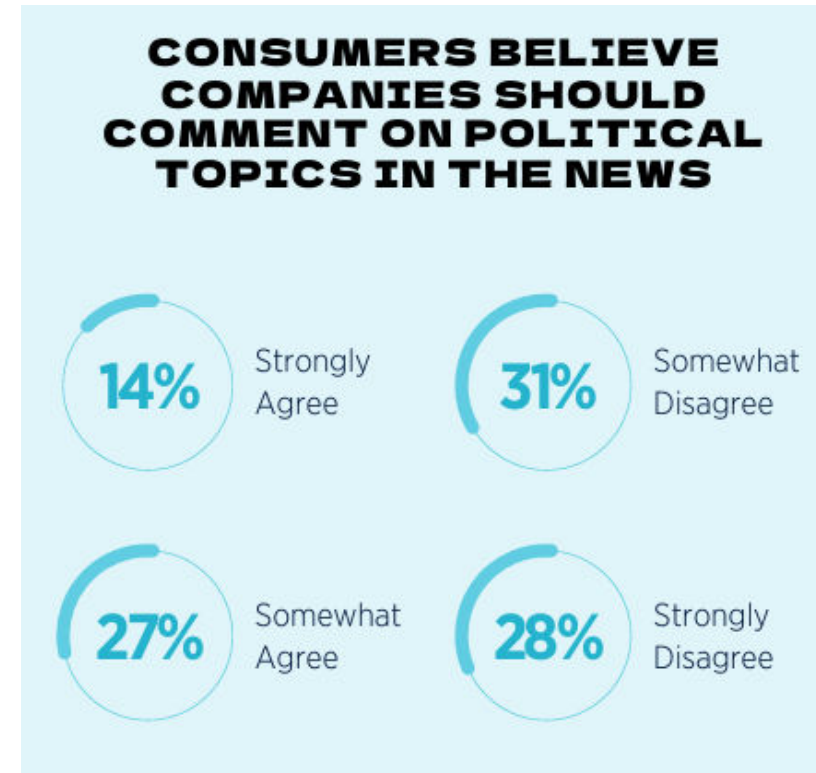


7 in 10 agree **companies should** respond to social issues  
- *BSR & Morning Consult*



63% said **business should not** take a public stances on political and social issues  
- *Wall Street Journal & University of Chicago*

## 3 MONTHS AGO



- *Porter Novelli*



# DOS & DON'TS

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## DON'T

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- Use public opinion polls as a main guide
- Be reactionary to political or campaign rhetoric
- Evolve ESG into a check the box compliance exercise
- Over play the “values” card

## DO

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- Perform a comprehensive materiality assessment

If that isn't feasible:

- Survey and/or interview your employees and stakeholders
- Benchmark your priority topics, objectives and progress against your competitors and best-in-class companies
- Stay close to your peers in investor relations, government affairs, human resources, legal/compliance and communications
- Review reporting frameworks for your industry, and ensure you're caring for “S” topics where disclosures are required/recommended



# Measuring your “S” impact

# MEASURING THE “E” VS. THE “S”

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## ENVIRONMENTAL

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- Specific topic indicators (air, water, waste)
- Utility and gas bills
- International standards
- Regulatory requirements
- Reporting clarity

## SOCIAL

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- Lack of broadly accepted goals and standards
- More flexible reporting requirements
- Variety of topics and focus areas (education, health, financial security)
- Plethora of partners and differing reporting approaches and KPIs

# PRINCIPLES OF MEASUREMENT

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## DEFINE

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Clearly define the social and business objectives at the onset

Align KPIs collected to those objectives

## PARTNER

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Involve partners early and often to develop a plan for securing and updating metrics

Have partners substantiate results

## FOCUS

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Focus on what you can truly impact

Consider a contributions vs. attributions model of determining success

## OPTIMIZE

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Be transparent and honest

Course correct and optimize along the way

# MEASUREMENT RUBRIC

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Community Impact Objectives	Business Impact Objectives	Inputs	Outputs	Outcomes
<b>Value</b> being created for society	<b>Value</b> being created for the organization	Activities and investments	Direct <b>results</b> of activities and investments	<b>Progress</b> we expect to see from the inputs and outputs
<ul style="list-style-type: none"> <li>• Decrease the dropout rate</li> <li>• Develop future workforce</li> <li>• Increase pet adoption rates</li> </ul>	<ul style="list-style-type: none"> <li>• Test new products</li> <li>• Improve reputation</li> <li>• Increase employee retention rates</li> </ul>	<ul style="list-style-type: none"> <li>• Monetary and product/in-kind donations</li> <li>• Time volunteered</li> </ul>	<ul style="list-style-type: none"> <li>• Number of groups supported</li> <li>• Policymakers reached</li> <li>• Employees engaged</li> </ul>	<ul style="list-style-type: none"> <li>• Specific improvements, usually as a percent increase or decrease</li> </ul>



# Communicating your “S” actions

## USE LANGUAGE THAT...

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#1 **REAL**

MAKES ACTIONS REAL,  
NOT ABSTRACT.

#2 **BRAND**

FITS YOUR BRAND,  
NOT THE BOXES.

#3 **VALUE**

DELIVERS VALUE,  
NOT VALUES.

#1

# MAKE ACTIONS REAL, NOT ABSTRACT.

*“It’s generic. It’s meaningless.”*  
– ESG moderate

The language of **ESG is abstract and intangible**, making it easy to attack.

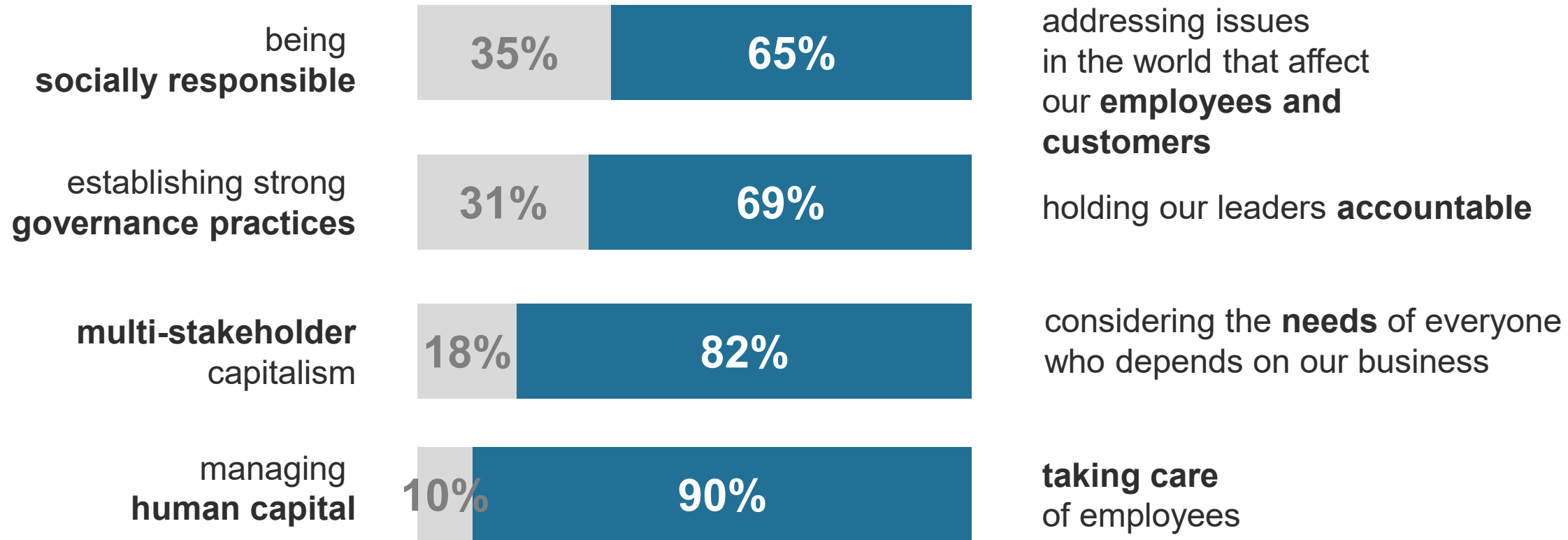
**Eliminating jargon** is half the battle.

**Simple, tangible, concrete examples** build understanding and decrease polarization.



# FROM BUZZ WORDS TO REAL WORDS

*Would you rather hear a company is focused on...*



#2

# FIT YOUR BRAND, NOT THE BOXES.

*“I’ve never seen Dylan Mulvaney  
drink a Bud Light. **It doesn’t fit.**”*

– ESG skeptic

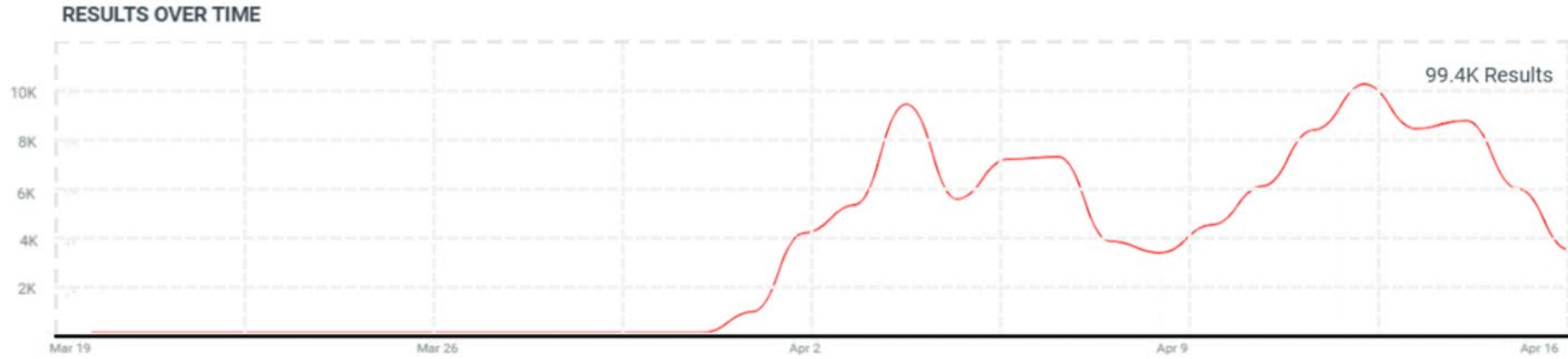
The biggest risks on ESG come from actions that are perceived as **inauthentic**.

Authenticity is determined by **perceived brand fit**.

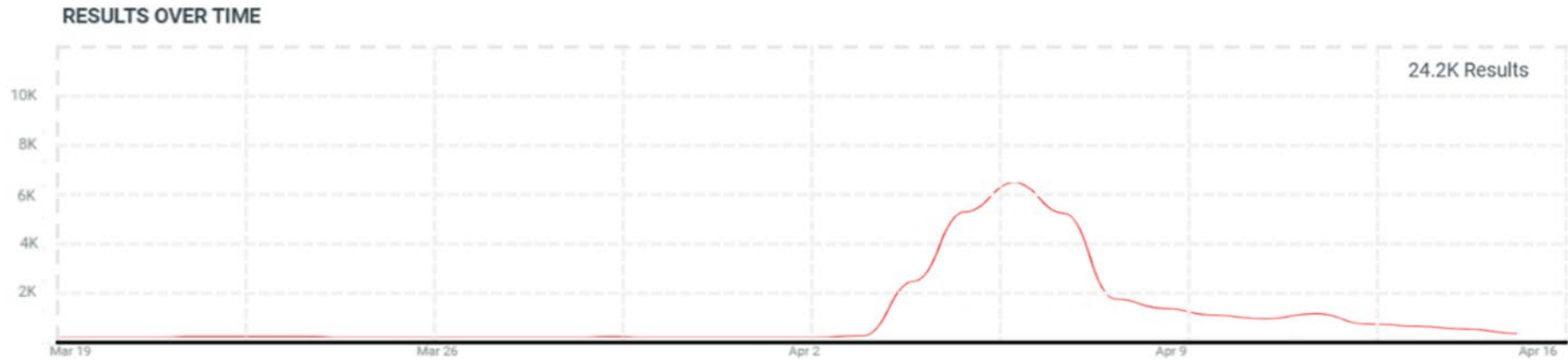
Choose, lead with, and frame issues to **clearly connect** them to your brand.

# NIKE VS. BUD LIGHT

Bud Light



Nike



# INAUTHENTICITY ALIENATES POTENTIAL ALLIES

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*“I really believe that companies don’t believe in social issues... **It rings hollow.**”*

– ESG moderate

*“It’s hard to tell if businesses are being **honest** these days.”*

– ESG moderate

*“**I call BS on a lot of it.** Companies will suddenly put up rainbow flags for Pride while at the same time their workers work in repressive regimes for low pay.”*

– ESG moderate

#3

# DELIVER VALUE, NOT VALUES.

*“If a company is **quick to adapt** to changes, then they will be **resilient in the long run.**”*

– ESG moderate

Consumers want businesses to be **responsible** and **thoughtful** about their impact.

Most aren't asking companies to be **political actors**.

Don't make ESG about **pushing** a particular set of **values or vision** for the world.

Make it about common sense ways of delivering **value** for the business and a range of stakeholders.

# QUESTIONS

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