

THE ESG IMPERATIVE

Ipsos foundational
perspectives

ESG Series

2023



IPSOS POINTS OF VIEW ON ESG

The importance of People, Planet & Prosperity

Whilst we know that global concerns will usually be dominated by immediate issues, whether that be the COVID-19 pandemic or inflation, Ipsos data indicates climate change, poverty and social inequality remain constant and significant worries that unite people across the world.¹

The COVID-19 pandemic has also prompted concern around planetary health (the idea that humanity's wellbeing is itself directly impacted by the state of the planet). For example, the majority of people (62%) globally saw COVID-19 as a result, in some way, of human mistreatment of the planet.² The solution will lie in governments and industry pursuing economic, social and environmental sustainability in tandem – what we at Ipsos refer to as People, Planet and Prosperity.

Pursue the pillars of ESG together, not individually

Sustainability is becoming an imperative for global organisations and governments and the global public expect action. But it's essential to avoid considering Environment, Social and Governance in silos. We share an Ipsos framework for looking at the world through three lenses (the individual, their local community and, finally, wider society) to define the ultimate sustainability strategy customised to the unique characteristics of an organisation and recognising the intersectionality of all ESG factors.



Beyond the sustainability 'say-do gap' to the 'believe-true gap'

We believe the discussion around the sustainability 'say-do gap' fails to explore the reasons why people don't change their behaviours. Through our Perils of Perceptions research we've discovered the answers lie in knowledge and understanding of the issue, the urgency, and the most impactful actions to take.

Sustainability needs to be a co-benefit, not the benefit

Individuals are not willing to make changes to their behaviour for the sake of sustainability alone. Our research shows that to drive a change in behaviour, the sustainable choice must have an additional 'co-benefit', i.e. be cheaper, easier, healthier, or be embedded by design. We explore how the Ipsos Behaviour Change MAPPS framework can help governments and businesses act in ways that are more likely to stimulate change.

Read more [here](#)

¹ Ipsos What Worries the World January 2023

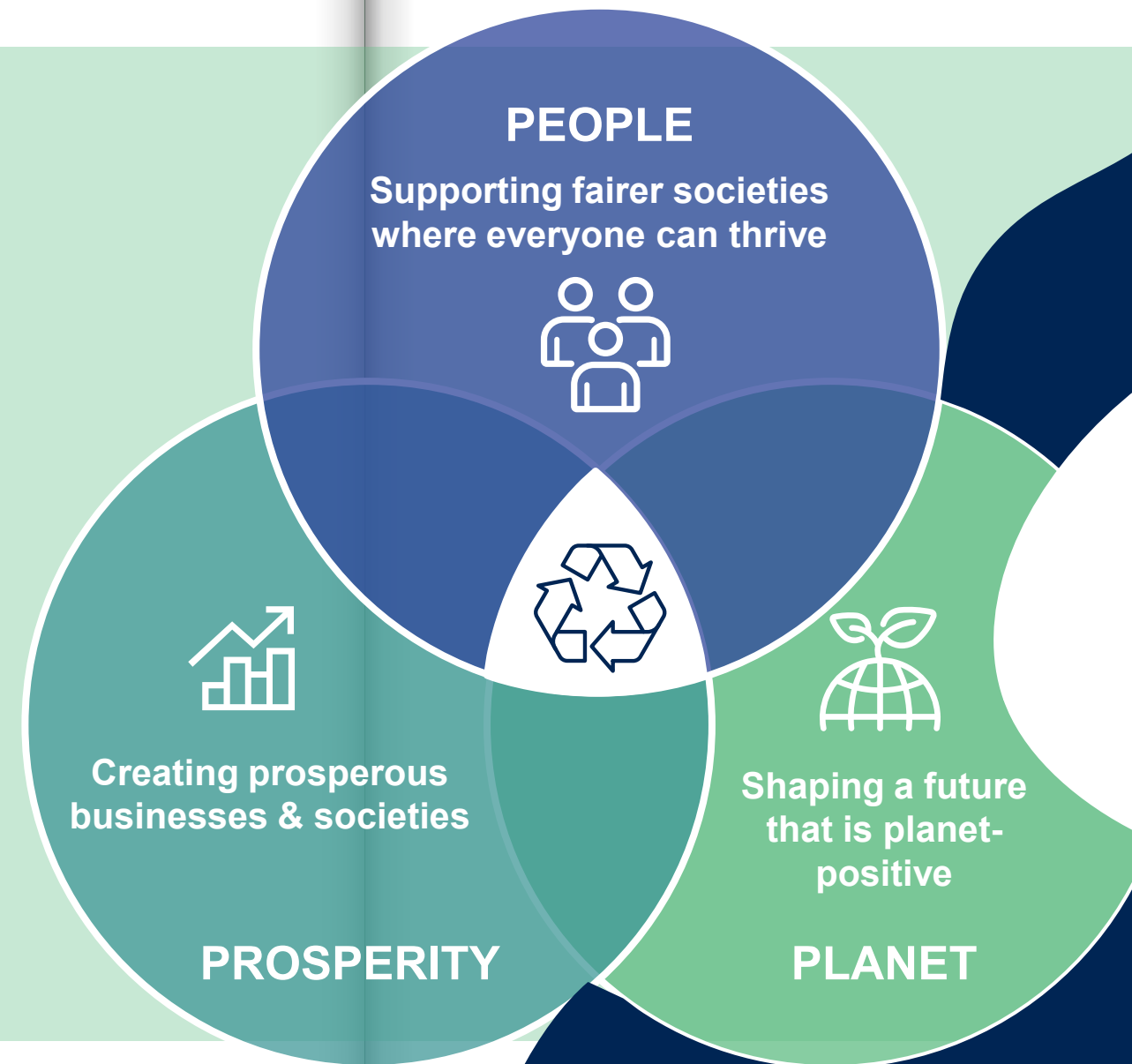
² Ipsos & EDF Climate Change Global Survey 2020

HOW IPSOS CAN HELP

We give businesses, governments and public bodies the confidence they need to take the right actions for the benefit of people and the planet, to drive long-term prosperity for all.

Our world-leading experts produce primary data, research, and insights to fuel a healthy public debate and create value by providing a true understanding of society, markets, and people.

We foster a culture which encourages diversity of thought and opinion where individuals can truly belong and have the freedom to produce work that drives impact.





1

PURSUE THE PILLARS
OF ESG TOGETHER,
NOT INDIVIDUALLY

PURSUE THE PILLARS OF ESG TOGETHER, NOT INDIVIDUALLY

The long-term future for business, in any recognisable form, can only be a sustainable one.

“There is no company whose business model won’t be profoundly affected by the transition to a net zero economy.” It has, “become a defining factor in companies’ long-term prospects,” and “no issue ranks higher than climate change on our clients’ lists of priorities. They ask us about it nearly every day.” (Larry Fink, BlackRock CEO, 2021).

Increasing regulatory pressures, competitor initiatives, stakeholder demands, and people’s expectations all result in mounting pressures for organisations to act quickly, efficiently and transparently on sustainability.

When it comes to consumer pressure, Ipsos’ Earth Day research shows that

68% of people globally say that if government does not act now to combat climate change specifically, it will be failing the people. A further 68% agree that if businesses do not act now, they will be failing their employees and customers.

The public believe there is a shared responsibility among government, businesses and individuals to tackle climate change, while some business sectors are seen as having a greater responsibility for reducing their impact (particularly energy companies (82%), car manufacturers (80%), airlines (77%) and public transport providers (77%)). Little progress has been seen in intentions to take individual action and there is still confusion about which actions make the most impact in tackling climate change.³

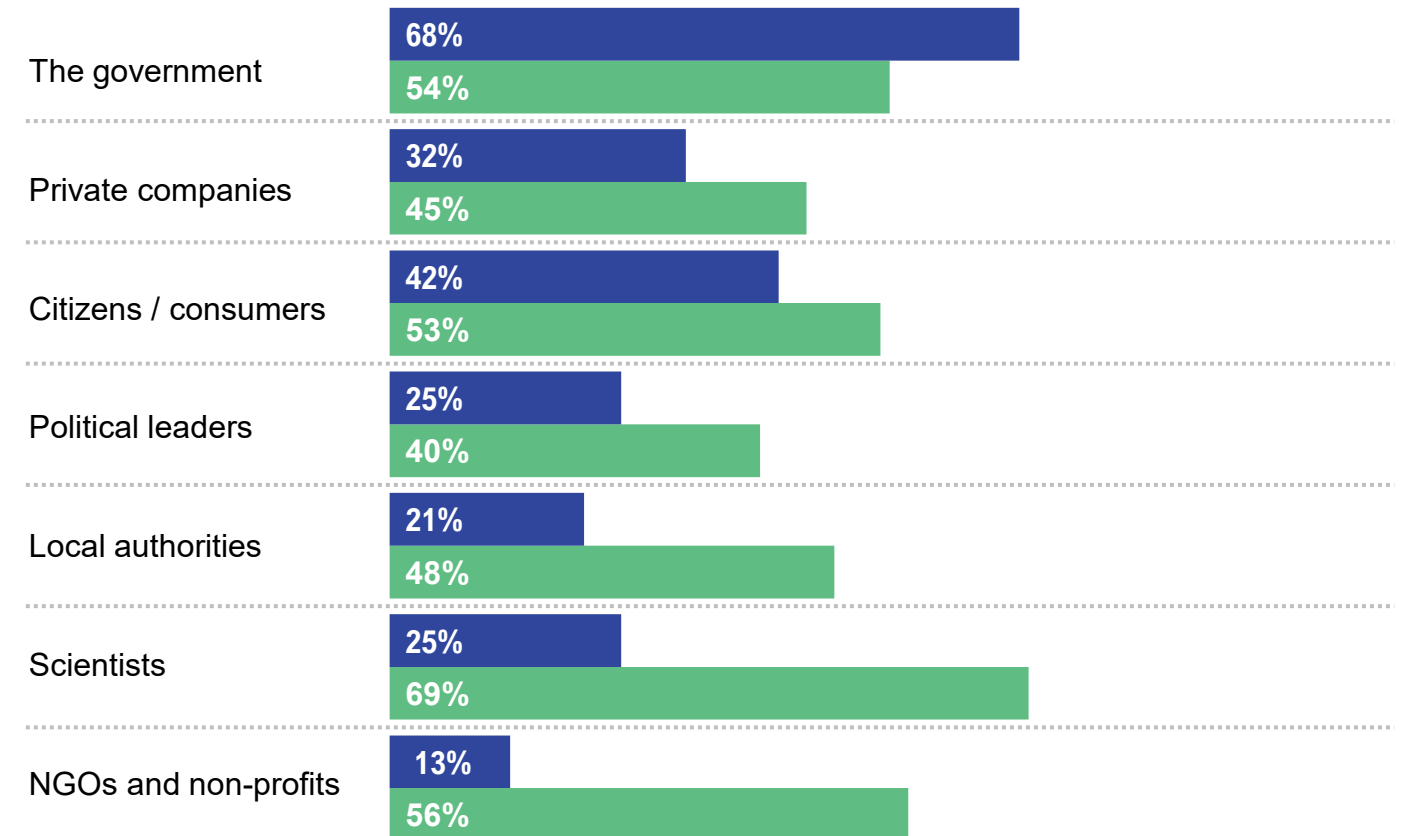
³ Ipsos Earth Day 2022

⁴ <https://www.ipsos.com/en/obscop-2022>



PUBLIC GLOBALLY FEEL THEY’RE DOING ENOUGH AND WANT LEADERSHIP NOW MORE THAN EVER

■ Should Act ■ Is taking action



Q1: In your opinion which entities in the following list need to take action first and foremost to fight climate change in your country?

Q2: And for each of the following players, do you think that they are taking action to fight climate change in your country?

Source: EDF & Ipsos Global Study, Online. 24,000 adults across 30 countries, 30th August to 26 September 2022.⁴



The scale of the ESG challenge differs by organisation, market and industry sector, but what is clear is the days of the CSR silo should be well and truly over. ESG is the new CSR. The focus has broadened from ‘giving back’ to reengineering the way businesses operate along the entire value chain, and establishing the requisite governance processes, to ensure they are operating sustainably.

Organisations are asking themselves a range of questions and chief amongst these is: “what aspect of ESG should I focus on?**”**

Examples shared here highlight the dangers of focusing too narrowly when

creating a sustainability strategy and introduce a framework to help businesses plan for successful long-term outcomes. Recent Ipsos data points to the need for businesses to pursue all aspects of ESG together (Environment (E), Social (S) and Governance (G)) rather than individually.

Much focus and attention has, up until this point, been placed on the Environment (E) element, however, when we ask people about each element of ESG and the role of multi-national companies in corporate responsibility, we see that all three are seen as important.

The pandemic has undoubtedly played a role in boosting the ‘Social’ element, with the link to ‘planetary health’ being made by many citizens across the globe (the concept that the health of humans is intrinsically linked to the health of the natural world). Ipsos data shows that almost two-thirds (62%) of people globally believe the COVID-19 pandemic is linked to our misuse of the environment.⁵ Furthermore, research from The Lancet claims that globally over five million deaths can be attributed to climate.⁶

More recently, wider social issues surrounding discrimination and inequality have come to the fore (Black Lives Matter, the #MeToo movement) and existing inequalities in society have been exacerbated by the COVID-19 pandemic.

Businesses will be successful with their sustainability actions when they are truly authentic across the three pillars of environment, social and governance.

Authenticity is central to maintaining a long-term and viable sustainability programme. The UK Competition and Markets Authority recently published guidance⁷ to help businesses understand how to communicate their sustainability credentials and navigate the evolving legal framework. Although focused primarily on the environment pillar, the underlying six principles equally apply to authenticity across a wider spectrum:

1. **Be truthful and accurate**
2. **Be clear and unambiguous**
3. **Do not omit or hide important information**
4. **Comparisons must be fair and meaningful**
5. **Consider the full life cycle of the product or service**
6. **Claims must be substantiated**

⁵ Ipsos & EDF Climate Change Global Survey 2020

⁶ The Lancet Global, Regional and national burden of mortality associated with non-optimal ambient temperatures

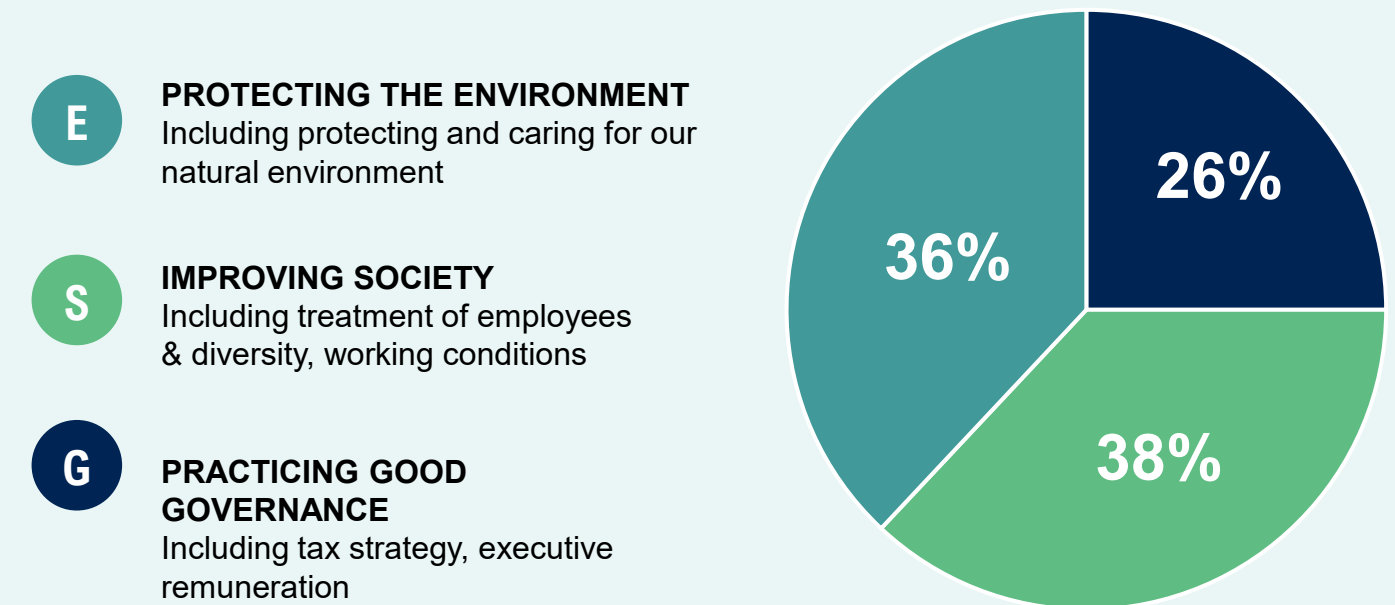
⁷ CMA Guidance

⁸ Ipsos Global Reputation Monitor 2021



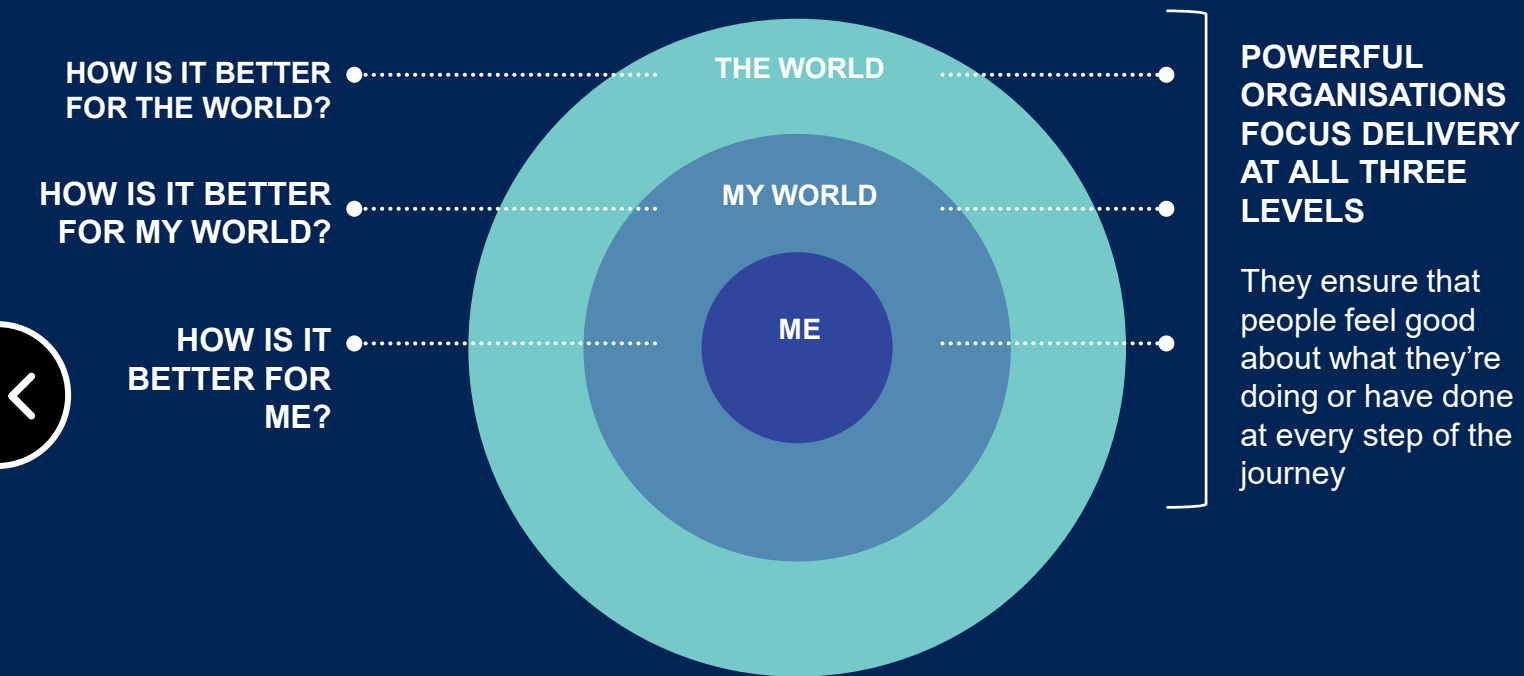
DISCUSSIONS ABOUT SUSTAINABILITY ARE NOT LIMITED TO THE ENVIRONMENT

Q. When it comes to the role of **multi-national companies** in corporate responsibility how important are each of the following areas? Please rank the below areas were 1 is most important and 3 is least important.



Source: IGRM Survey, 28 continents, 15-65, online, December 2021⁸

THREE LENSES FOR DEVELOPING SUSTAINABLE STRATEGIES



When people are making purchase decisions, they evaluate these decisions through three lenses. Firstly, will it satisfy their immediate needs (functionally and/or emotionally). Secondly, they will think about their families and their immediate community (how does it make life better for them). Lastly, they will think about how they are benefiting the broader world.

As we know, we won't get people to do things that benefit the world before their own immediate needs have been met. Corporations need to understand this and bring people on the journey. If you can satisfy all three levels, your brand proposition is the strongest.



Just as a brand struggles to be all things to all people, organisations need to carefully select where to place specific emphasis. Ipsos believes that it is advantageous to look at the world through three lenses, looking at the individual, their local community and finally wider society.

Organisations that have been the most successful in creating effective sustainability strategies are those who have focused on all three.

The best strategic solution creates value for individuals, inspires colleagues within the organisation and delivers long-term prosperity.

It should:

- Articulate the credible role the organisation can play within the world of sustainability
- Demonstrate the link between customer/citizen value and commercial performance or societal impact
- Pinpoint the areas of competitive advantage required to win
- Describe the future vision and the immediate next steps on the road to success.

The ultimate sustainability strategy will be a manageable set of ESG dimensions. A mix tailored to the unique characteristics of the organisation and one which recognises the intersectionality of all ESG factors.

CASE STUDIES



With two out of three people across sub-Saharan Africa being unable to access electricity, the United States Agency for International Development (USAID) created the Power Africa initiative with the aim of connecting 60 million homes and businesses with energy, but also ensuring that energy was clean and renewable. Achieving this objective requires solid partnerships bridging the private sector, governments around the world, financial institutions, legal experts and specialist technical capabilities.

<https://www.usaid.gov/powerafrica>



From its inception in 1980, Triodos Bank built a 'coherent brand' focussed on sustainability, their mission being to 'make money work for positive change by creating a society that protects and promotes a quality of life and human dignity for all'. They position themselves as one of the world's most sustainable banks that facilitate both companies and individuals to make their money work for the good of others and the planet.

PILLARS OF ESG

BELIEVE-TRUE GAP

SUSTAINABILITY CO-BENEFIT



Tony's Chocolonely is a Dutch confectionery company whose ethos encompasses all elements of environment, social and governance. Their mission is to ensure that there is fairness in the supply chain and that profits are more evenly distributed. This ultimately means that cocoa farmers can escape poverty and that child labour in the production of the product is eliminated. Leading by example, their mission is to make 100% slave free the norm for chocolate.



Driving category disruption, this brand offers toilet paper which is either made from 100% recycled paper or 100% bamboo, and both are 100% plastic free. The company say their paper is 'good for your bum and great for the world' as half of their profits are donated to help build toilets for communities around the world. This shift has left many leading brands behind from a customer perspective as they do not offer a truly sustainable alternative.

An aerial photograph of a dense, green forest. A light-colored, paved road winds through the trees, forming a large, stylized letter 'S' or a series of curves. The trees are tall and closely packed, creating a rich green canopy. The lighting suggests a bright day, with some highlights on the road and the tops of the trees.

2

BEYOND THE ENVIRONMENTAL SUSTAINABILITY ‘SAY- DO GAP’ TO THE ‘BELIEVE-TRUE GAP’

BEYOND THE ENVIRONMENTAL SUSTAINABILITY ‘SAY-DO GAP’ TO THE ‘BELIEVE-TRUE GAP’

The sustainability ‘say-do gap’ has long been considered a central challenge for government and industry initiatives. However, conventional discussions concentrate on individuals’ behaviour change and often bring about questions as to whether people truly care if they’re not willing to do what they say they will when it comes to their habits.

The term ‘say-do’ has become a phrase that often over-simplifies the more tangible barriers and drivers to public engagement that industry and government could address further.

If we delve beneath the surface of this behavioural iceberg we see that one of the biggest obstacles to public support in the sustainability space is knowledge and understanding – of the issue, the urgency, and the most impactful actions to take.

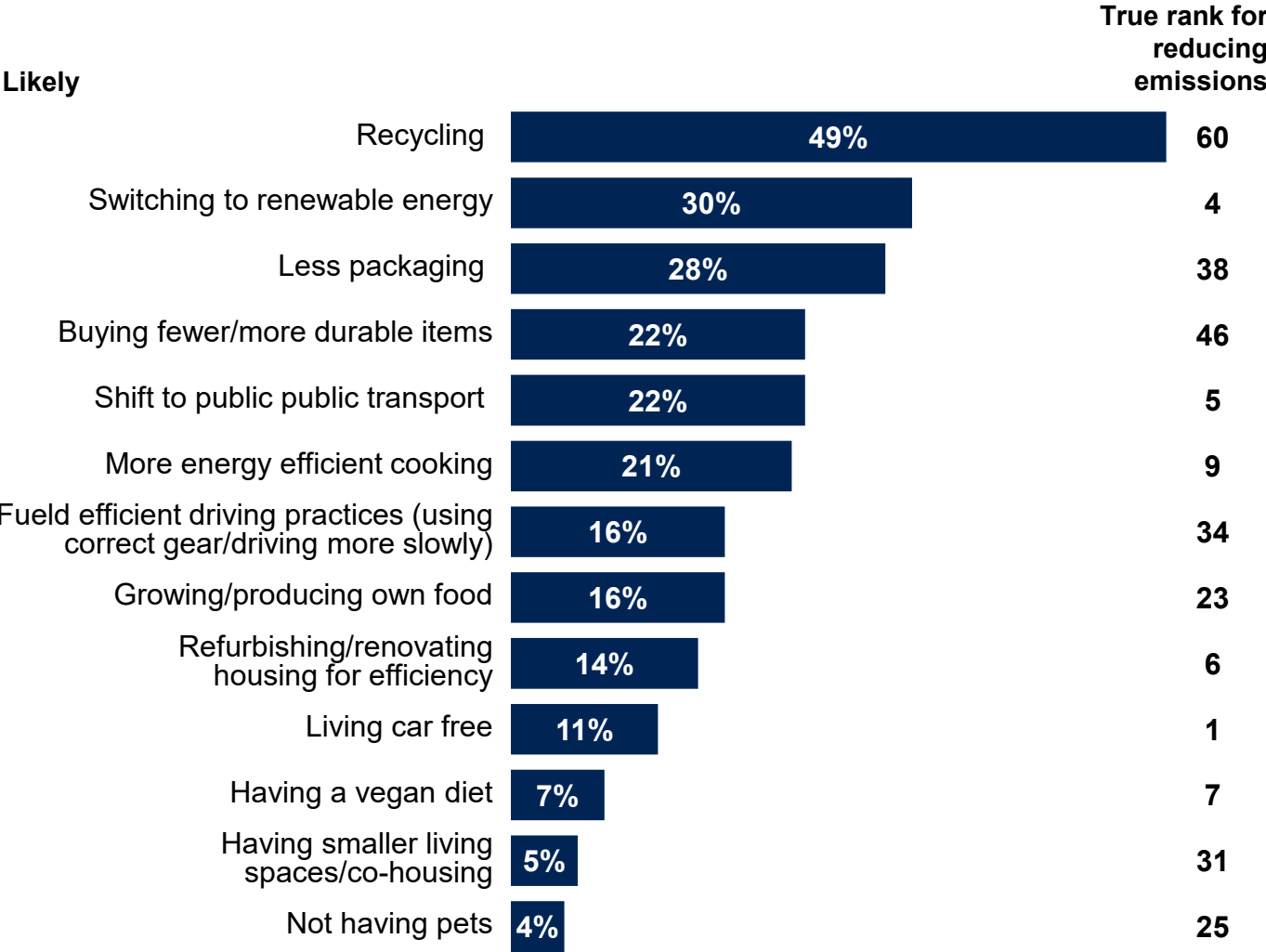
Globally, the majority of citizens (71%) believe they understand what actions they need to take to reduce their own carbon emissions,⁹ whereas scientific data suggests they do not understand as much as they think they do!¹⁰

For example, global citizens are most likely to think (of 13 possible options presented) that ‘recycling’ is the action that would have most impact on reducing greenhouse gas emissions. Whereas it is in fact the least impactful action of those presented. They are less likely to identify that ‘living car free’ or ‘having a vegan diet’ would have a much more significant effect on reducing greenhouse gas emissions.

We also see that despite consumers saying they know what to do, we have seen very little change in sustainability behaviours over the past eight years.¹¹

9. Ipsos & EDF Climate Change Global Survey 2021
10. Ipsos Earth Day 2022
11. Ipsos Earth Day Survey 2022

PEOPLE OVERESTIMATE LOW-IMPACT CHANGES AND UNDERESTIMATE HIGH IMPACT CHANGES



Question: Which of the following actions, if any, do you think would have the most impact on reducing greenhouse gas emissions?
Source: [Ipsos Earth Day 2022](#)

Specifically, there is a gap in what they believe and what is actually true pertaining to:

- **The issue** – people are confused about what their government is doing in this space, even when concrete actions are being made and communicated. For example, only 39% agree globally that their government has a clear plan in place to address climate change, this is despite the fact that most governments are bound by net zero targets.¹²
- **The impact** – people also do not understand the impact on wider humanity. For example, only a minority correctly identified climate change as being the number one reason for internal displacement and migration in 2020.¹³
- **The urgency** – only a minority of people globally (one in 25) can correctly identify that the years

since 2015 have been the hottest ever recorded.¹⁴

- **The actions to take** – people tend to over-estimate the least impactful actions and under-estimate the most impactful actions.¹⁵

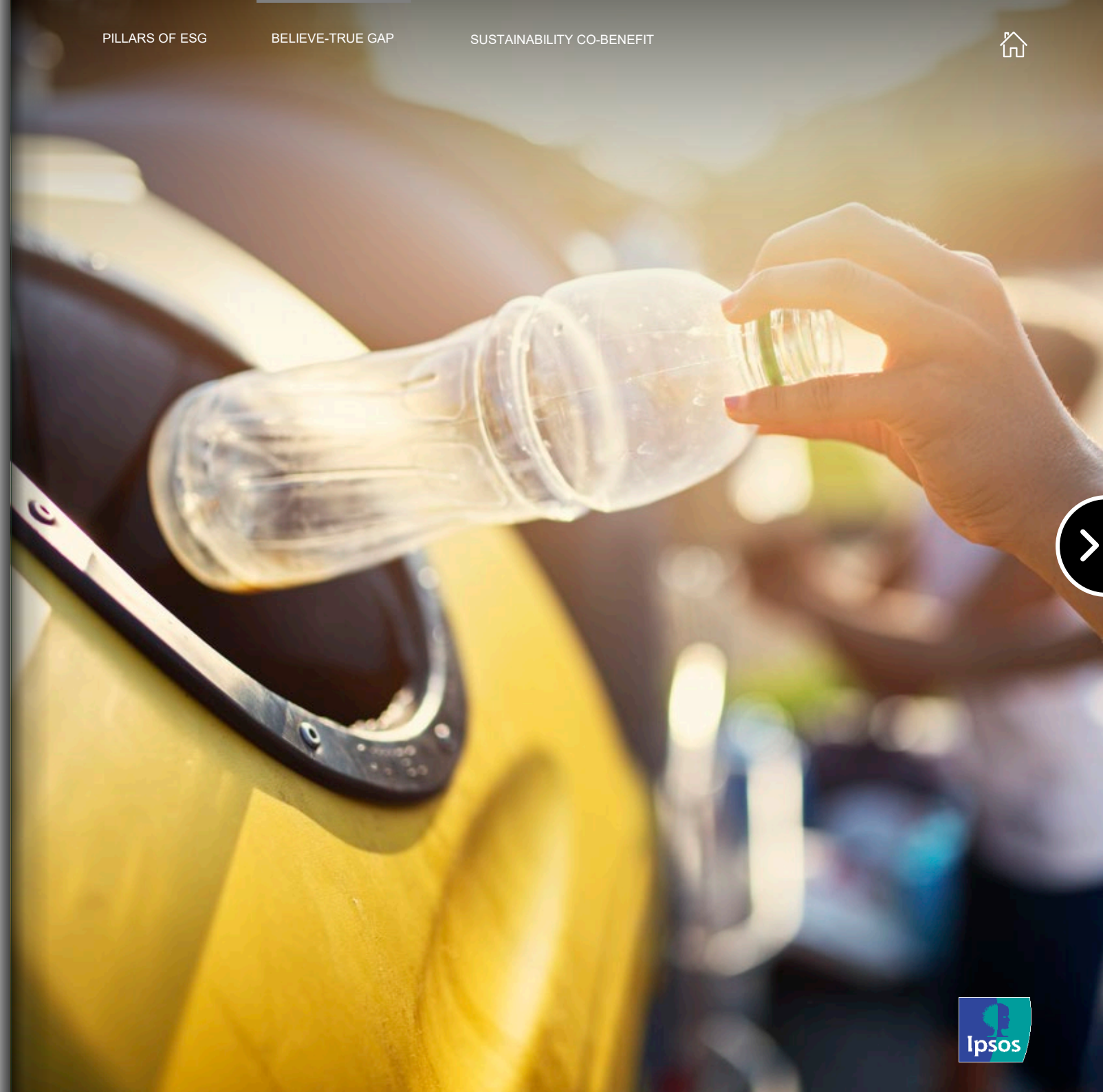
Strong leadership requires decisive action with the recognition that the public is often not best placed to drive strategy development or prioritisation of actions, one example is the London Congestion Charge. Based on the results of a referendum on a proposed congestion charge in Manchester, the outcome would suggest that had one taken place in London, Londoners would not have voted for it. Instead, in London it was imposed through legislation, without public consultation.

^{12.} [Ipsos Earth Day 2022](#)

^{13.} [Ipsos Perils of Perception 2021](#)

^{14.} [Ipsos Perils of Perception 2021](#)

^{15.} [Ipsos Earth Day 2022](#)





The role of transparent communications, coupled with genuine and accountable leadership is important. People expect that industry and government will lead, but there is also a role for educating on the rationale and what changes are needed from the public in order to bridge the believe-true gap.

Government, brands, and businesses should also seek to streamline the cognitive effort required for individuals navigating this very complex space. Even when people want to act responsibly, how are they meant to discern between 'recyclable' vs 'made from recyclable materials' vs 'locally sourced' vs 'organic' vs 'fair trade', 'ethical' and more?

The answer lies in industry and government working collaboratively to lead and communicate priorities if they're truly going to elicit the mass behaviour change required.

CASE STUDIES

patagonia

Patagonia holds near 'royal' status in the realm of sustainable brands, however, they too were left exposed when they were called out for unethical practices in the sourcing of down feathers for their coats. They quickly turned things around by demanding a change for the whole industry who use down to do better. Patagonia led this by firstly changing practices, but also by transparently providing QR codes on their products so customers could be informed and validate the ethical credentials.

PILLARS OF ESG

BELIEVE-TRUE GAP

SUSTAINABILITY CO-BENEFIT



THE ORIGINAL OATLY!

Oatly is a company that provides alternative dairy products made from oats. In their desire to be transparent they clearly label their products with the CO2 emissions that are attributable to the production of that product. This is a positive example of clear labelling to help consumers make more informed choices, a novel approach when there is so much confusion and complexity in eco-labelling.

RUBIES IN THE RUBBLE

Rubies in the Rubble is a certified B-Corporation on a mission to fight food waste. They sell a range of condiments made using surplus ingredients and products rejected by supermarkets. Their 'Goodism blog' educates consumers on the impact of food waste, encourages action (such as writing to politicians), and actively promotes other brands that are reducing food waste. An example of a company educating customers on an issue, as well as the positive actions they can take.



3

**SUSTAINABILITY
NEEDS TO BE THE
CO-BENEFIT,
NOT THE BENEFIT**

SUSTAINABILITY NEEDS TO BE A CO-BENEFIT, NOT THE BENEFIT

Whilst we know that global concerns will usually be dominated by immediate issues, whether that be the COVID-19 pandemic or inflation, Ipsos data indicates climate change, poverty and social inequality remain constant and significant worries that unite people across the world.¹⁶ This can be seen as a call to arms for businesses and governments to lead the change, whilst also bringing with it the challenge of understanding how to best influence the complex landscape of consumer decision-making.

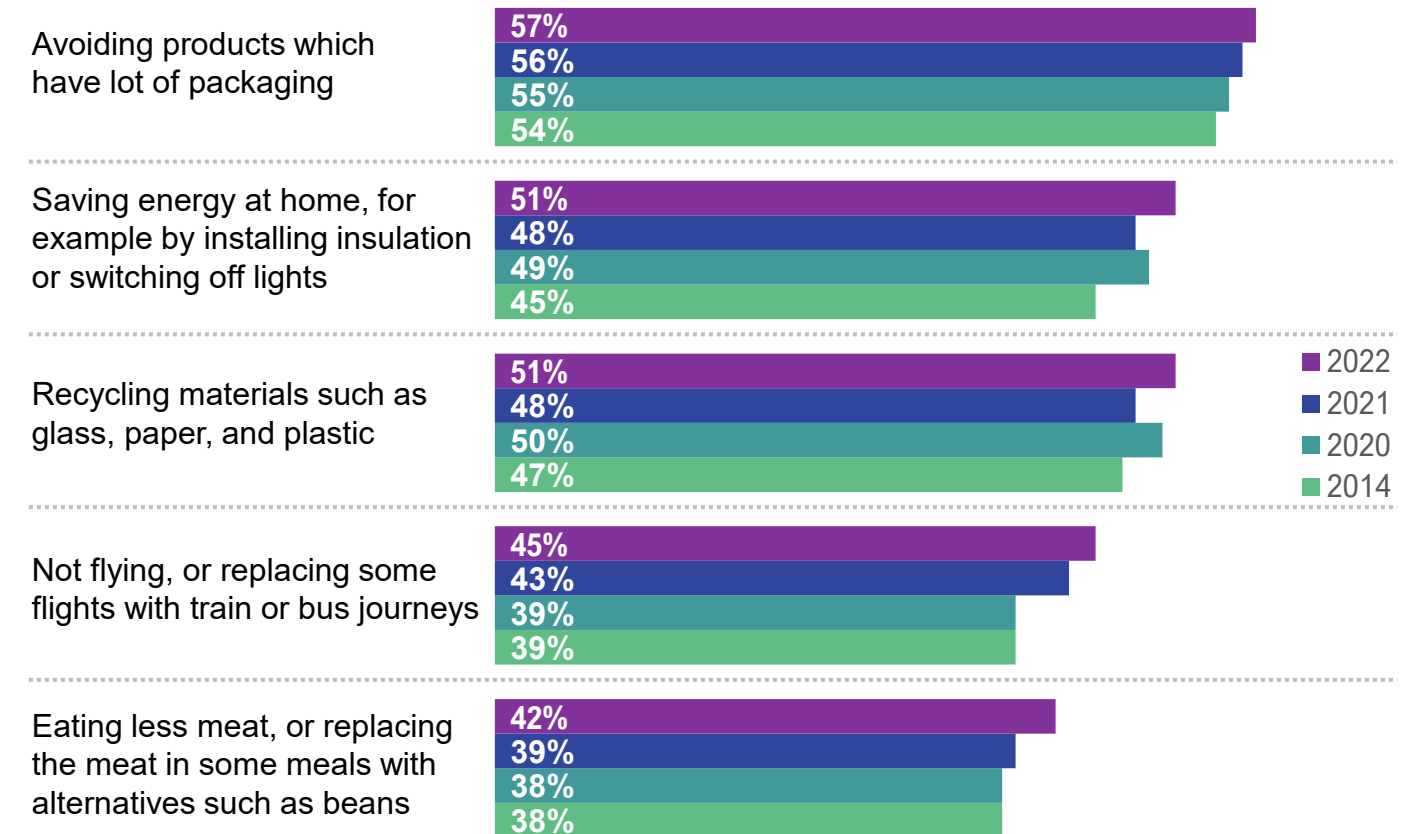
Ipsos research shows minimal changes over the past seven years with regard to consumer behaviours, such as avoiding products with a lot of packaging, recycling, saving energy at home and using public transport.¹⁷ Even an increase in exposure across the media to issues surrounding the environment and the impact of humanity's actions only seems to have driven awareness

of the issues, rather than caused any notable change in people's behaviours. So, how do we drive the behaviour change needed to make the necessary impact? One thing is becoming increasingly clear, individuals are not willing to make changes to their behaviour for the sake of sustainability alone. Our research shows that to drive a change in behaviour, the sustainable choice must have an additional 'co-benefit', i.e. be cheaper, easier, healthier.¹⁸

In a global Ipsos study¹⁹ people were asked to compare household products of similar quality and features. They were then asked what would be most important to them when making a final purchase decision and the results showed that offering products at a lower price in order to enable them to save money, provenance, and hygienic packaging all ranked higher than sustainability-led features.



VERY LIMITED CHANGE IN PEOPLE'S BEHAVIOUR OVER TIME



Question: Thinking about things you might do in order to limit your own contribution to climate change, how likely or unlikely would you be to make the following changes within the next year?

Base: 2022: 11,1015 online adults aged 16-74 across 12 countries²⁰

^{16.} Ipsos What Worries the World January 2023

^{17.} Ipsos Earth Day Survey 2022

^{18.} Ipsos & CAST Net Zero Living Report, 2022

^{19.} Ipsos Clean Green & Affordable, 2020

^{20.} Ipsos Earth Day Survey 2022



When then asked about willingness to pay for more ethical and sustainable products, it was also seen that individuals were not willing to pay a premium.²¹ So, few people are willing to pay more for a like-for-like brand that is delivering a sustainable or ethical feature/benefit. This is likely to be further exacerbated by the cost-of-living crisis impacting many countries as a result of rising inflation.

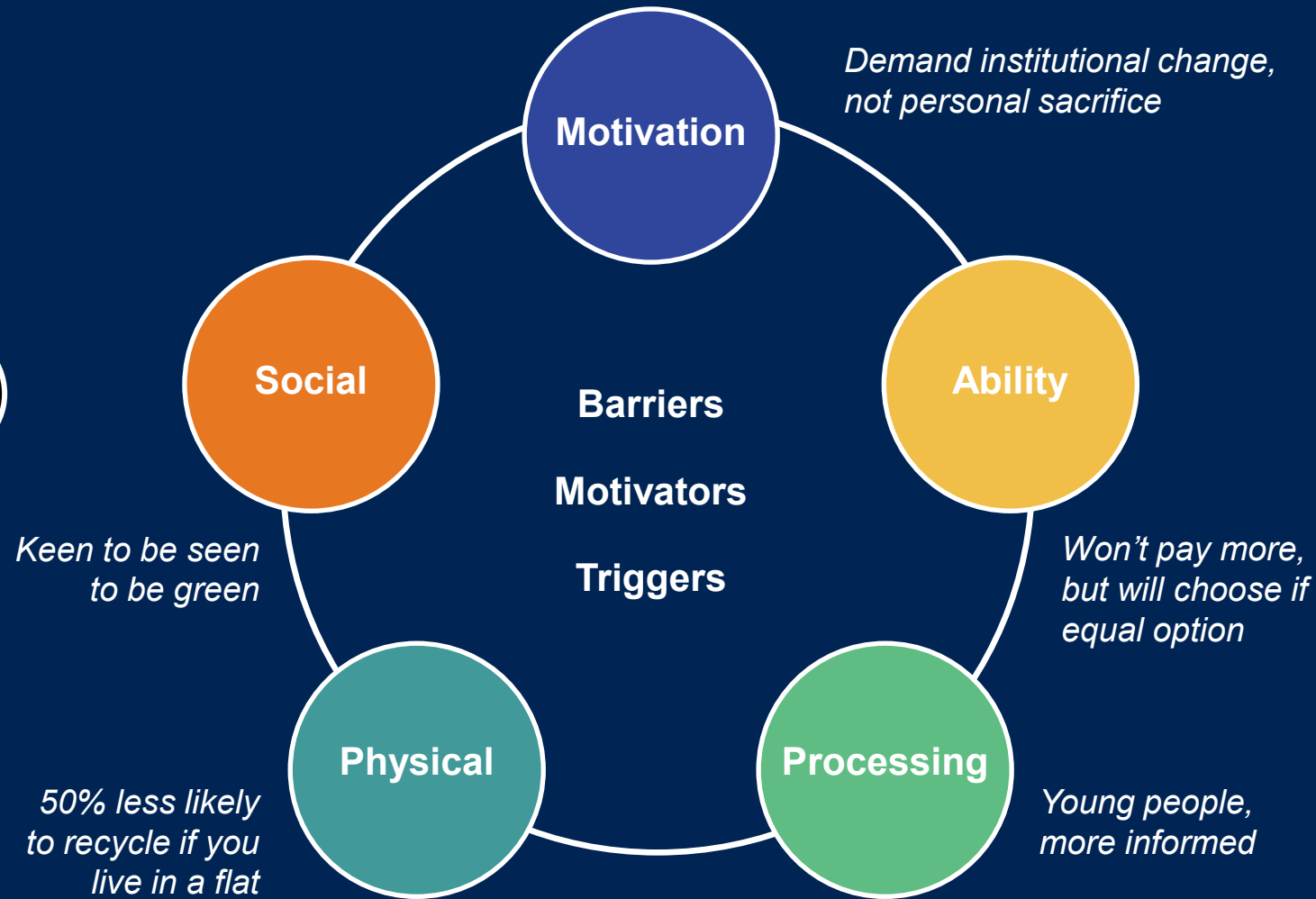
This is an important reminder of people's priorities and an indication of the risk to organisations of losing sight of what matters most to their customers.

Changing the habits and choices of individuals is a constant and continuous set of decisions that people undertake multiple times a day. To encourage action and drive large-scale change, an understanding of these attitudes and coordination of actions is needed. Through an understanding and use of Ipsos' Behaviour Change MAPPS framework, governments and

businesses can act in ways that are more likely to stimulate change. In Ipsos' view, when seeking to elicit behaviour change, there is real risk if governments and business focus solely on sustainability in their marketing and communications efforts.

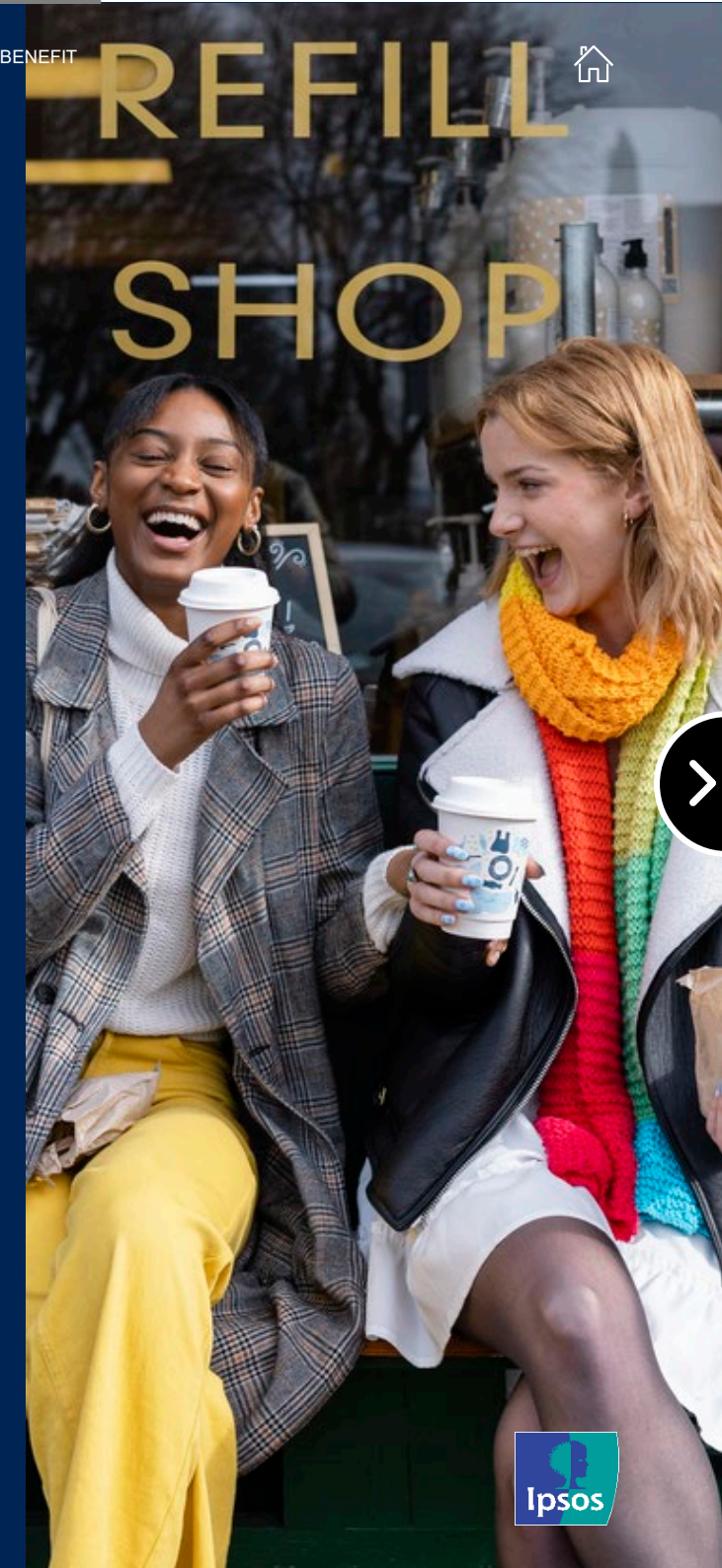
As individuals become more demanding of government and business to help them make sustainable choices, we should not lose sight of the things that matter to consumers and citizens. When seeking to entice people to action, it can be advantageous to position the 'sustainability ask' as a 'co-benefit' alongside what's important to them (e.g. saving money, saving time, more healthy) rather than leading with sustainability as the lead benefit (e.g. do this and it's better for the planet). Or even better, through sustainability by design, it is integral to the product, offer or business model so the individual doesn't have to make a choice.

THE IPSOS MAPPS BEHAVIOUR CHANGE MODEL



By adopting a behavioural science approach, organisations can find the right pathways to more sustainable consumer solutions.

- Our behaviour change model is a holistic framework of the dimensions underlying behaviour.
- The model considers the 'internal' motivational and capability aspects of behaviour, as well as the 'external' influences from the wider physical and social/cultural environment and how they work together.
- These different categories link through to intervention building blocks, which look at how to design sustainable products and solutions with the path of least resistance in mind.



CASE STUDIES

The Octopus Energy logo, featuring the word "octopus" in a bold, lowercase sans-serif font and "energy" in a lighter, lowercase sans-serif font, both in white.

Octopus Energy is an example of a company which focuses on their environmentally friendly stance as a **co-benefit** rather than **the** benefit. They have an emphasis on renewables which sees them delivering versus the competition on changing their source of energy provision for more climate friendly alternatives. But they are doing this on top of offering their customers competitive rates, treating them as individuals, and providing strong positive customer service.

The Allbirds logo, featuring the word "allbirds" in a lowercase, rounded, script-like font.

Allbirds is a New Zealand-American company that produce footwear focused on three simple principles: comfort, simple design, and sustainable shoes made from nature.

The benefits of comfort and sustainability have driven somewhat of a cult following amongst consumers and led to them earning \$100 million in revenue within the space of two years of entering the market.

PILLARS OF ESG

BELIEVE-TRUE GAP

SUSTAINABILITY CO-BENEFIT

The BackMarket logo, featuring the word "BackMarket" in a white, sans-serif font on a black rectangular background.

Back Market is an online marketplace specialising in repackaged electronic goods. Initially selling repackaged smartphones, the consumer co-benefits are access to great tech brands at discounted prices, alongside a sustainable sourcing and supplier policy. Their selective reseller quality criteria and independent evaluation on environmental and social practices are driving other premium brands to work with them. They have seen a significant growth during COVID-19 and have now also expanded to the US.



Nova is a small start-up company which launched their first product in the oral care sector in 2020. Their vision is to 'live on a planet that is sustainable, where companies do not put profits before the planet, people or animals'. Their tablet form toothpaste provides environmental benefits, but beyond this, practical benefits such as being less messy, providing a perfect dose, and delivered in a re-usable tin/jar with no residual product waste.

Ipsos' ambition is to use our evidence, expertise and teams to **create a more sustainable and prosperous future for people and the planet.**

With our leading insight and advisory capabilities, Ipsos is uniquely placed to bring a **total understanding of societies, markets, and people.**

Driven by curiosity we **make connections** and **look beyond the obvious**, interpreting the needs of current generations and anticipating those of the future. We partner with businesses and governments to give them the confidence **to take meaningful action** to positively impact their own organisation and the wider world – for **people, the planet and prosperity.**

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For more information, please check out:
<https://www.ipsos.com/en/sustainability>