

HOW COMPANIES CAN MAKE ESG A COMPETITIVE ADVANTAGE

New Ipsos research provides a guide to mapping the ESG landscape, understanding the risks involved and finding ways to lead on ESG

An Ipsos Point of View

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GAME CHANGERS



KEY TAKEAWAYS:

1. Improving society is the top priority for multinational companies among consumers globally.
2. Reducing waste and pollution remains a far hotter topic than climate change.
3. For oil and gas industry companies, consumers are most heavily focused on environmental issues, closely followed by calls for governance across the sector.
4. Consumers find issues of governance to be the most important issue for tech companies.



We're in a series of interrelated crises — continued social unrest, war, uncertainty regarding the effects of globalization, climate change, inflation, waning trust in government and more. Amidst this environment, a staggering 74% of global citizens feel their government and public services will do too little to help people in the years ahead, according to Ipsos' [2023 Global Trends Report](#).

This chaotic macro environment has accelerated movement away from “driving shareholder value at all costs” and toward a new era of capitalism that holds businesses accountable for the toll they take on people and the planet. But this also brings risk to companies. Addressing ESG issues often introduces scrutiny to a business and its leaders and can diminish trust with key stakeholders if the actions a company takes are not carefully considered.

Business leaders scrambling to act has led to a lack of confidence in solutions put forth. 72% say too many businesses use the language of social purpose without committing to real change, according to Ipsos Global Trends. Opposite their greenwashing peers come a set of organizations whose priorities stretch beyond or aren't aligned to the expectations of their consumers, shareholders and other audiences critical to their success.

Refreshing [a study on the topic from 2021](#) in April, Ipsos released a new edition of its Ipsos Global Reputation Monitor (IGRM) tracking study, tailored to explore ESG issues and what the most credible areas for involvement are across various sectors. Our latest research and practical experience counseling the world's leading and largest companies affirms that doing good and doing well aren't mutually exclusive. By operating from a deep understanding of the macro risk landscape and what key stakeholders expect, business leaders can address ESG issues with authenticity and credibility.

With minimal variance globally, most people agree that multinational companies should put social issues first

Ipsos' Global Reputation Monitor study revealed 42% of people believe that above protecting the environment and practicing good governance, multinational companies should make improving society their top priority when it comes to corporate responsibility.

- E** Protecting the **environment**: including protecting and caring for our natural environment, focusing on waste and pollution, resource depletion, greenhouse gas emission, deforestation, and climate change.
- S** Improving **society**: including treatment of employees & diversity, working conditions, including child labor and slavery, local communities, seeks explicitly to fund projects or institutions that will serve poor and underserved communities globally, and health and safety.
- G** Practicing good **governance**: including tax strategy, executive remuneration, donations and political lobbying, corruption and bribery, board diversity, and structure.



Q1. 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.

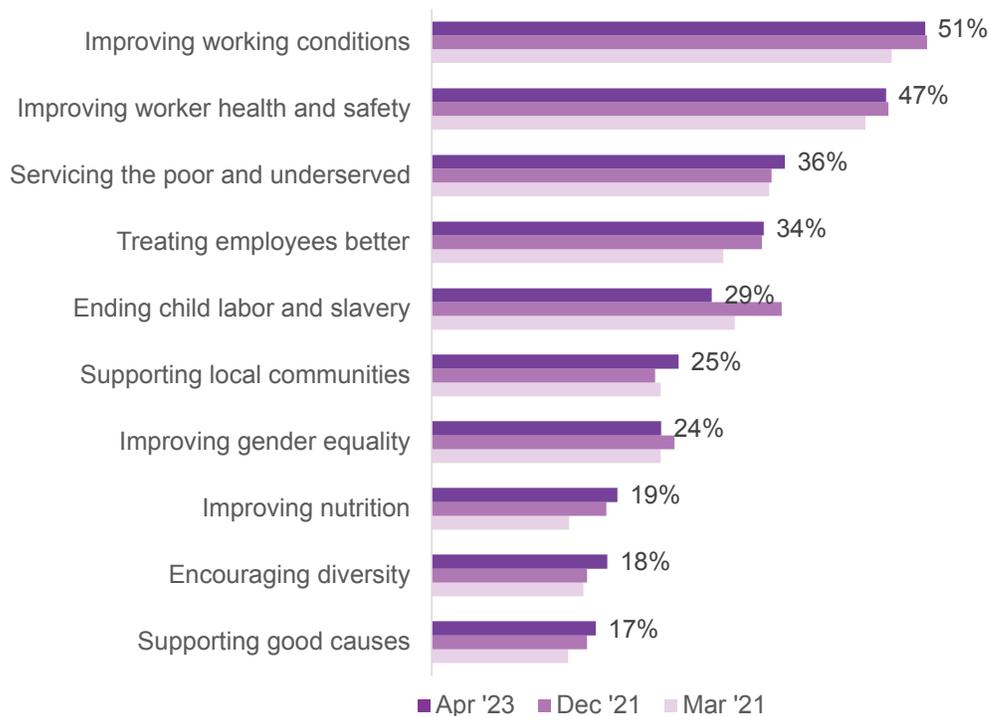


For the purposes of this research, our team defined “improving society” as including treatment of employees and diversity; working conditions, child labor and slavery; local communities; seeking explicitly to fund projects or institutions that will serve poor and underserved communities globally; and health and safety.

Our data suggests that, for business leaders, improving society starts within the walls of their own organizations. Consumers most want multi-national companies (MNCs) to improve working conditions and worker health and safety.

Citizen consumers then want companies to address broader concerns like servicing the poor and ending child labor and slavery. These priorities are consistent regionally with the exception of ending child labor, which is seen as less important compared to other issues in Asia-Pacific.

Societal Concerns | Global



Q3. When it comes to improving society, which two or three of the following do you believe is most important for multi-national companies to address?



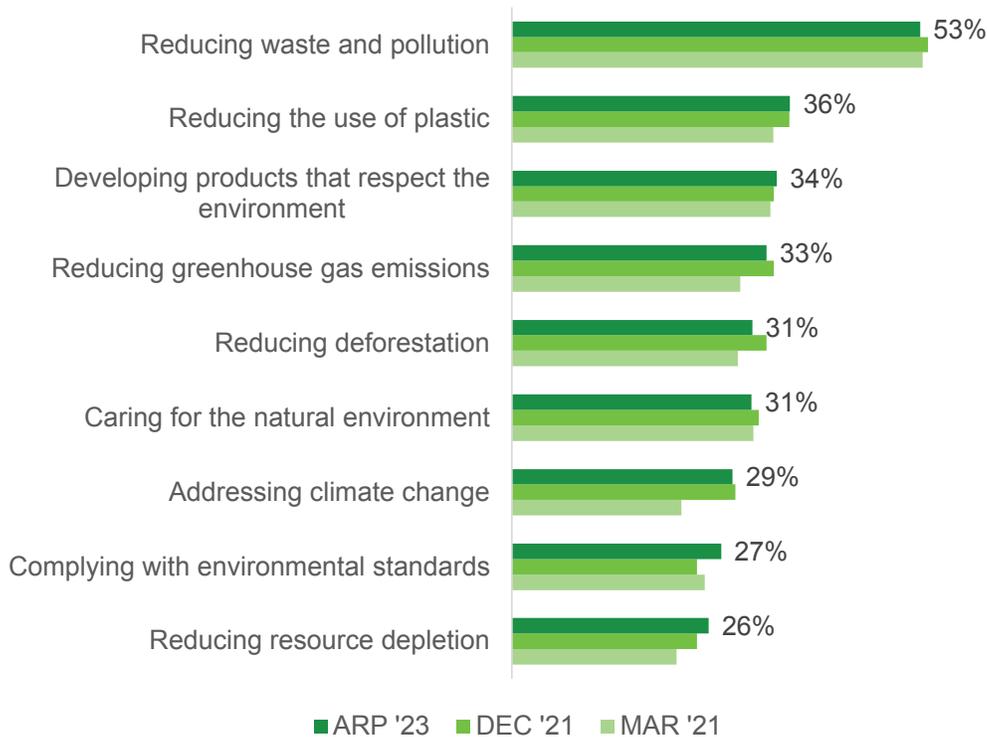
When it comes to environmental concerns, consumers are more focused on targeted actions than the broader issue of addressing climate change

Despite its prominence in political dialogue, globally, reducing waste and pollution remain far hotter topics than climate change.

Ipsos' research indicates that consumers are more focused on seeing companies take targeted, actionable steps to improve environmental conditions. For example, reducing the use of plastic, developing more environmentally friendly products, and reducing greenhouse gas emissions have been identified as leading actions consumers would like to see companies take vs. the broad issue of addressing climate change.

In Ipsos' research, these priorities are remarkably stable year over year and are generally consistent across regions of the world. Climate change is somewhat less important in Latin America compared to other issues.

Environmental Concerns | Global



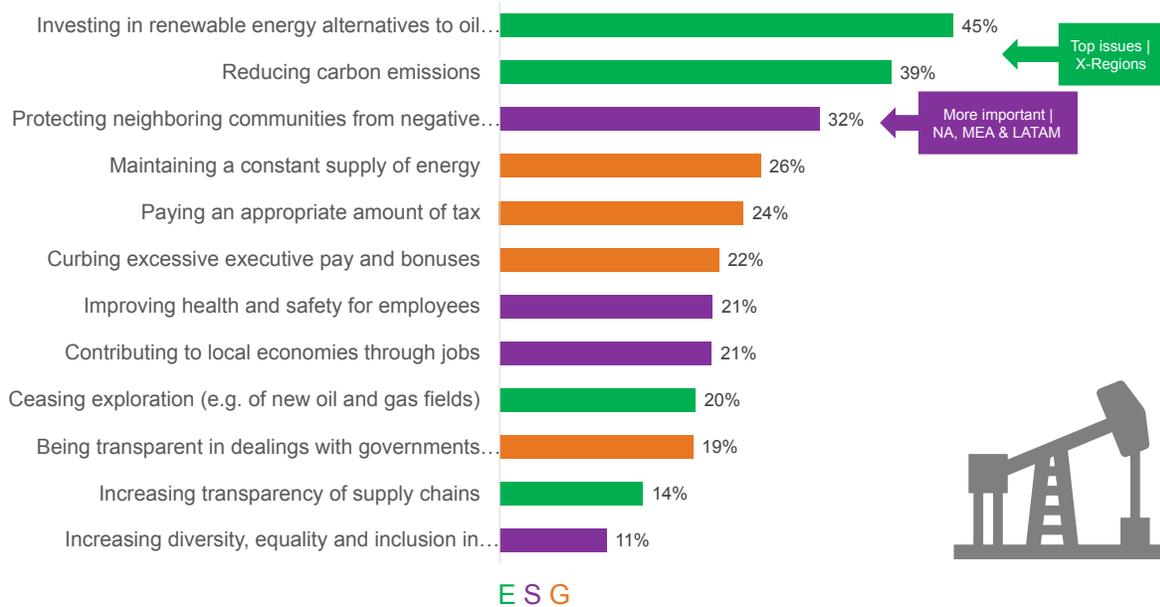
Q2. When it comes to protecting the environment, which two or three of the following do you believe is most important for multi-national companies to address?



For oil and gas industry companies, consumers are most heavily focused on environmental issues, though these are closely followed by calls for governance across the sector

Consumer expectations of companies on ESG priorities do shift meaningfully sector to sector, and to some extent, business to business. Oil and gas companies, for example, should focus most stringently on environmental issues demonstrating their investment in renewable energy solutions and reducing carbon emissions. They must also address key governance risks like tax and compensation and functional priorities like maintaining a constant supply of energy.

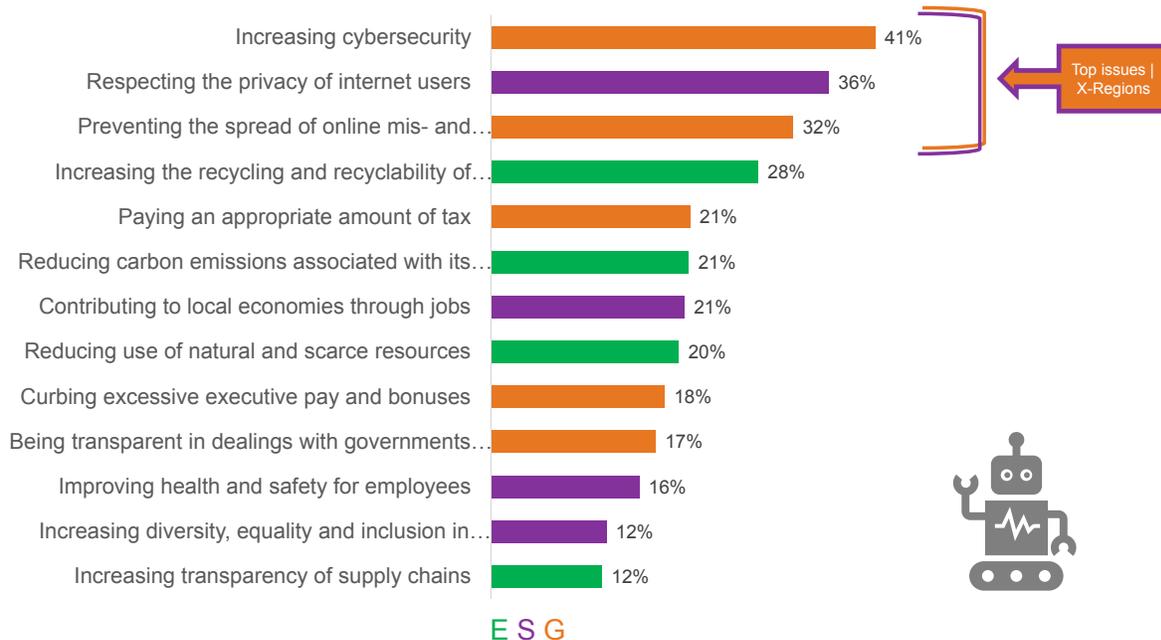
Industry Priorities | Oil and Gas



In contrast to the sector’s propensity to focus on improving society, consumers find issues of governance to be the most important for tech companies

Understanding what priority audiences expect the business to prioritize is critical to avoiding accusations of greenwashing on one hand and “woke” capitalism on the other. Tech companies, for example, have long led their MNC peers in driving progressive social agendas. However, consumers would like to see them prioritize key governance concerns like increasing cybersecurity and preventing the spread of misinformation. This is not to suggest that social issues should be set aside, rather that they likely need to be prioritized in balance with more pressing issues to see a positive return on the investment or “credit” for their good works.

Industry Priorities | Technology



Recommended first steps

Companies must first invest in developing a deep understanding of what their key stakeholders expect of their business and leaders. Building from our sector-level insights on ESG priorities, Ipsos can provide an ESG Risk Audit to map the broader ESG risk environment and identify key risks to manage as well as opportunities to lead on ESG. These reports are structured around Ipsos’ proprietary ACE model of sustainability—Authenticity, Credibility, Effectiveness—as well as an organization’s own internal priorities to create a benchmark, evaluate performance against stated objectives, and / or contextualize performance against a company’s competitors, sector and category.

To learn more about the ACE model, and Ipsos’ approach to ESG Risk Audits and assessments, please reach us at the contact provided below.



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