

# Five Trends Shaping ESG Communications in Asia Pacific

Sandpiper Communications and PublicAffairsAsia



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Sandpiper Communications and PublicAffairsAsia are pleased to provide you with this report on five trends that we have identified in ESG and sustainability communications in Asia Pacific. The report comes at a time when environmental, social, and governance initiatives are increasingly a priority for corporate agendas due to the ongoing impacts of climate change, rising pressure on global resources, increased consumer appetite for sustainable products, and the COVID-19 pandemic.

A growing number of companies are moving from a focus centred on reducing risks and minimising harm to public ESG commitments that set out how they will conduct their businesses in ways that deliver real impacts to pressing sustainability challenges that reflect and enhance their company's brand. With more aspects of our world at risk, companies are getting better and smarter at utilising their resources for the resolution of environmental and social issues and providing authentic examples of private-sector efforts to better the world.

While sustainability initiatives to reduce adverse environmental impact remain popular, the number of socially-driven corporate initiatives has increased over the past year. Economic relief and medical support initiatives in response to COVID-19 have regularly featured in media coverage with more and more companies contributing to local and global efforts to develop vaccines or provide PPE. Socio-political instability across our region has inspired companies to donate to, and stand behind causes that align with their values and resonate with their stakeholders. Consumers are also increasingly expecting their chosen brands to be authentic in their actions related to local and global causes.

Now more than ever, the responsibility of helping identify, shape, and promote these initiatives falls

on the communications executives within companies. Being responsible for ensuring that their company's ESG goals are clear, authentic and measured, communication executives need to adapt to the changing expectations of consumers and the growing focus placed on ESG performance by governments, regulators, media and the general public. This report is a result of our desire to explore these trends and highlight the opportunities to be captured within our region.

The report's accompanying virtual panel discussion, also a collaboration between Sandpiper and PublicAffairsAsia, invited five industry professionals to openly discuss the identified trends in order to bring them to the forefront of discussion. We are grateful and appreciative of the insights provided by: Catherine Yeung, Investment Director, Fidelity International; Cori Drogemuller, Head of Communications for Australia & New Zealand, Cisco; Donald Kanak, Chairman, Prudential Insurance Growth Markets and, Chairman, EU ASEAN Business Council; and Winnie Tan, Head of Sustainability & CE for ASEAN and South East Asia, Standard Chartered.

We hope the findings of the report and the outcomes of the panel discussion will inform and assist colleagues in their efforts to promote their organisations' ESG commitments and initiatives across the region. Thank you for your interest in this report.


Environmental, Social and Governance (ESG) initiatives, especially in the earlier form of CSR and Employee Volunteering programmes, have a long history. However, it took the onset and ongoing impacts of the global pandemic, to speed the evolution to a new, wider-based and higher ambition ESG model across our region. COVID-19 has accelerated many companies' pace of driving ESG strategies in order to align with public expectations for private-sector action at a time where many across Asia Pacific are suffering the effects of decreased economic activity resulting from the infection itself and the measures to combat its spread.

The pandemic has undoubtedly led companies and consumers to pay more attention to corporate ESG positioning and commitments and, in so doing, sped the adoption of moves by company's to put in place dedicated and articulated purpose driving ESG initiatives. Take for example the UN's Sustainable Development Goals (SDGs) which were launched in 2015; a set of goals aiming to eradicate 17 specific and urgent environmental and social problems across the world. Over the past five years, ever greater numbers of companies and their leaders have committed their human and capital resources to efforts to address the goals set out in the SDGs. As mentioned, in the current pandemic world, many have focused or refocused their initiatives toward vaccine research, social welfare and providing local frontline workers with PPE.

At Sandpiper, we aim to shed light on current ESG trends and practices in Asia Pacific, with a special focus on the impact on corporate communications.

Constantly evolving consumer expectations and increased attention on ESG initiatives gave communicators new goals and responsibilities and created new obstacles and hurdles. To gain insight, we surveyed 50 industry professionals from across the Asia Pacific region. The questions explored topics including inter-team collaboration, consumer expectations, and the effects of COVID-19. Respondents to the survey have a wide range of experience and knowledge in the ESG sector. Many are in-house communications executives in a variety of seniority levels. While some respondents reported extensive exposure to ESG initiatives, others stated they had only limited exposure. As many of the companies in which they work have either a regional or global presence, the majority of the respondents based in Singapore or Hong Kong.

In examining the responses from this diverse cohort, we identified five current trends in ESG and sustainability communications. The trends are based on the findings and data provided by the 50 respondents. The trends are accompanied by a set of recommendations from Sandpiper in order to offer solutions to these challenges.



Trend One

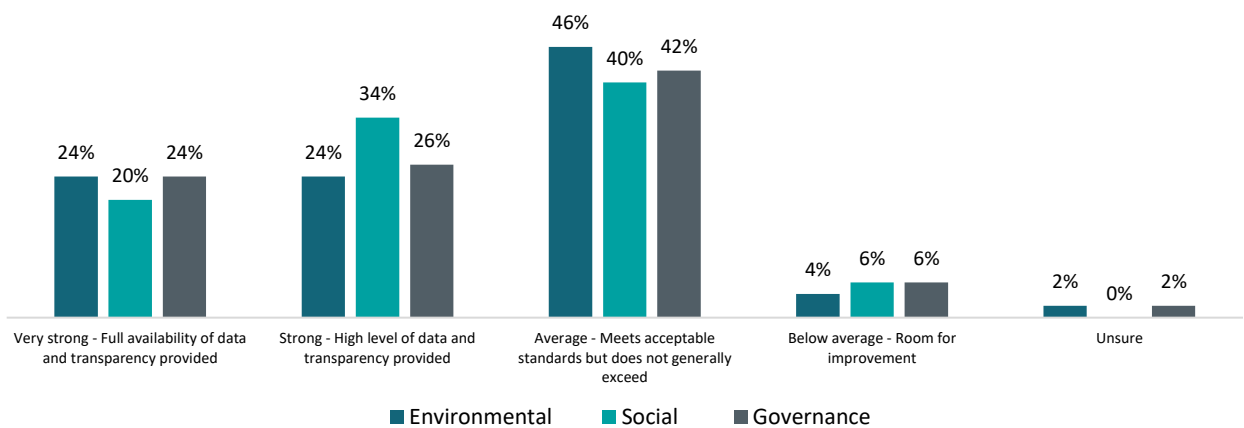
# Style over substance persists

# Trend one: Style over substance persists



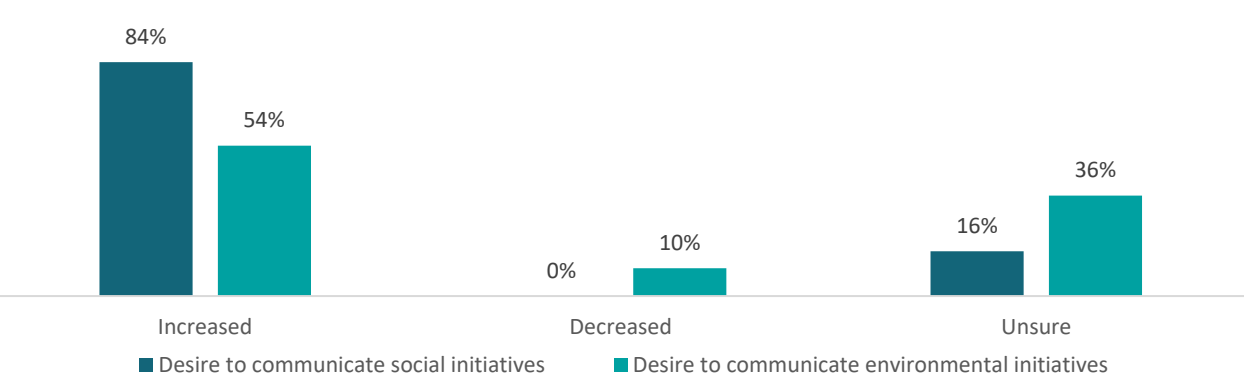
With a growing focus on ESG performance within organisations, communications teams are experiencing more requests to raise awareness of their company’s ESG achievements, often at the risk of over-promotion. As a result, while ESG initiatives are likely to be incorporated as part of a company’s narrative, messaging, and purpose, there is a need for them to be considered as a factor in a company’s value proposition and business strategy. In terms of views on actual performance, respondents were split, with only half of the communicators surveyed actually believing their companies are strong in ESG performance and disclosure.

How would you personally rate your organisation’s level of disclosure in each of the following ESG areas?



Respondents noted the impact of COVID-19 on their roles, with most reporting a growing desire for them to increase the frequency of communications related to their company’s social and environmental initiatives and achievements.

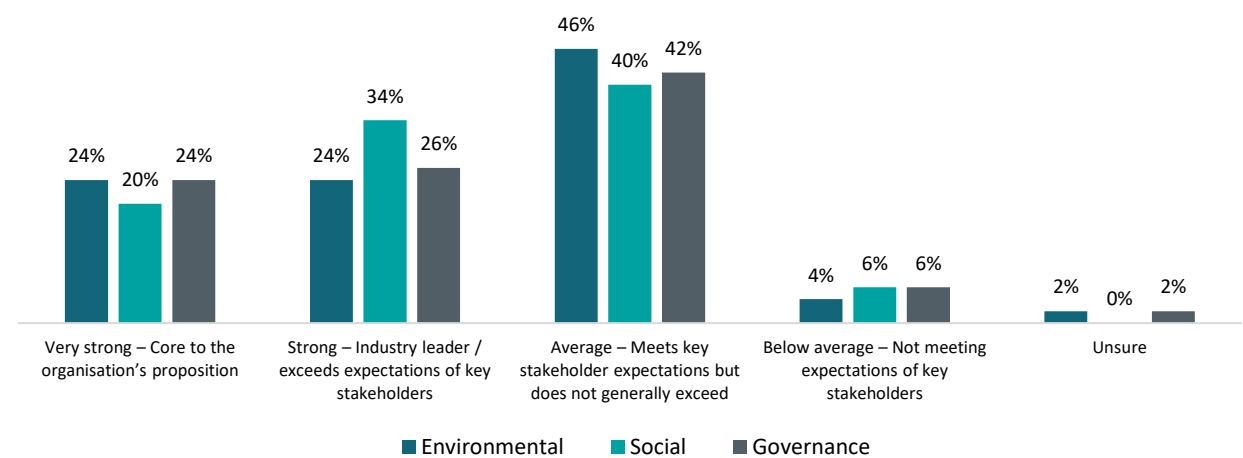
COVID-19's impact on the desire to communicate social and environmental initiatives/achievements



More than 90% of respondents stated that there is a focus on ESG within their organisation, with more than half saying that the areas of environmental, social, and governance all have high priority within their company.

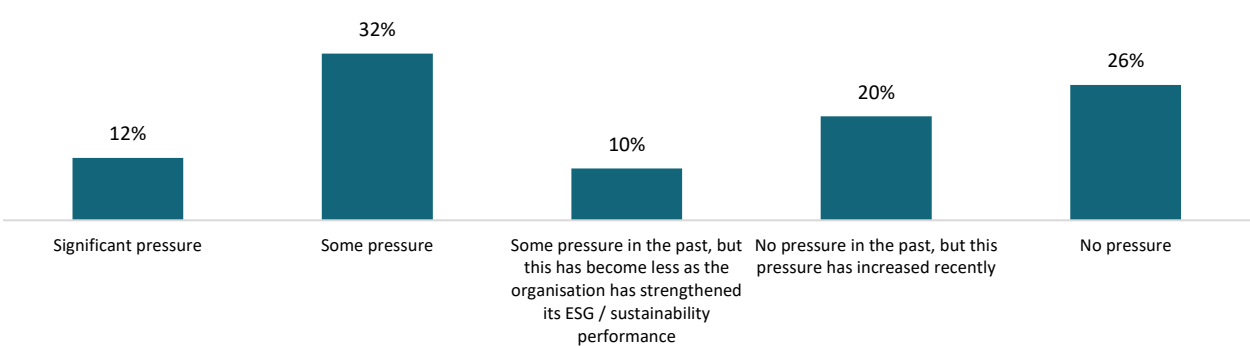
However, there is still room for improvement. Despite many stating ESG has a high priority in their business, a number of respondents rated their performance in each of the three sectors as only average at best.

How would you personally rate your organisation’s performance in each of the following ESG areas?



With increased importance around ESG messaging, many communications professionals are feeling the mounting pressure to promote their company’s ESG initiatives while also feeling that there is room for these initiatives to reach a higher standard.

How much pressure does your team receive (if any) to over promote ESG / sustainability achievements?





Trend Two

## Change seen as someone else's role




## Trend two: Change seen as someone else's role



With a high rate of uncertainty among communicators around their understanding of their companies' ESG initiatives, it is evident that communications teams need to be brought into the conversations the business is having to better articulate the business rationale and impact of ESG initiatives when developing communications plans.

Most communicators see the CEO, CFO and their offices as well as their company boards as the organisation's rightful and most impactful ESG champions, rather than the communications function. This may be one factor in why most respondents reported a lack of understanding of the business impact of ESG, lack of support of the business case from senior executives, lack of collaboration within the company, and a lack of dedicated ESG resources as challenges organisations face in developing an effective ESG communications strategy.

This can be considered an obstacle for those in communications roles, as they are feeling more pressure to promote their company's ESG initiatives. Inter-team and cross-functional collaboration on the creation of ESG communications plans derived from ESG initiatives is critical to resolving these challenges.

A man in a dark suit stands with his back to the camera on a dark, rocky outcrop. He holds a black briefcase in his right hand. He is looking out over a turbulent sea with white-capped waves crashing against the shore. The sky is filled with heavy, grey clouds, creating a somber and dramatic atmosphere.

Trend Three

**There's a will but not a way**

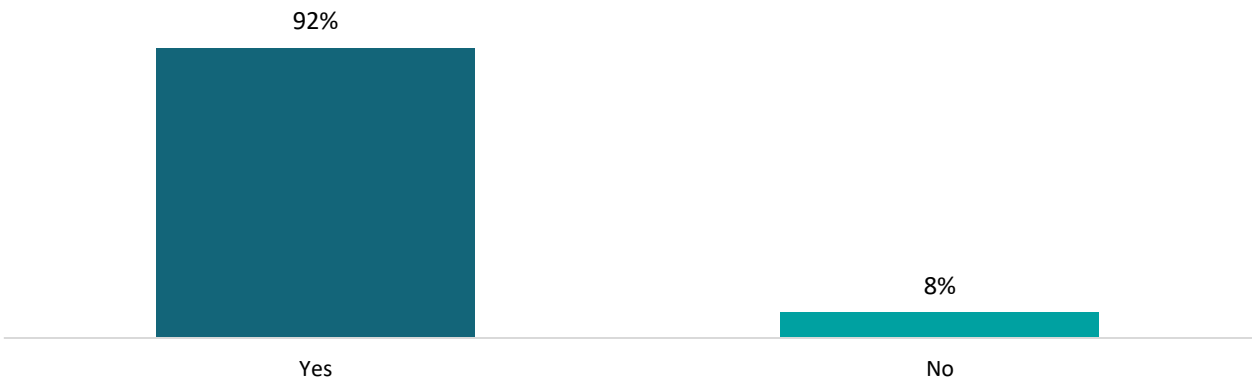
# Trend three:

## There's a will but not a way



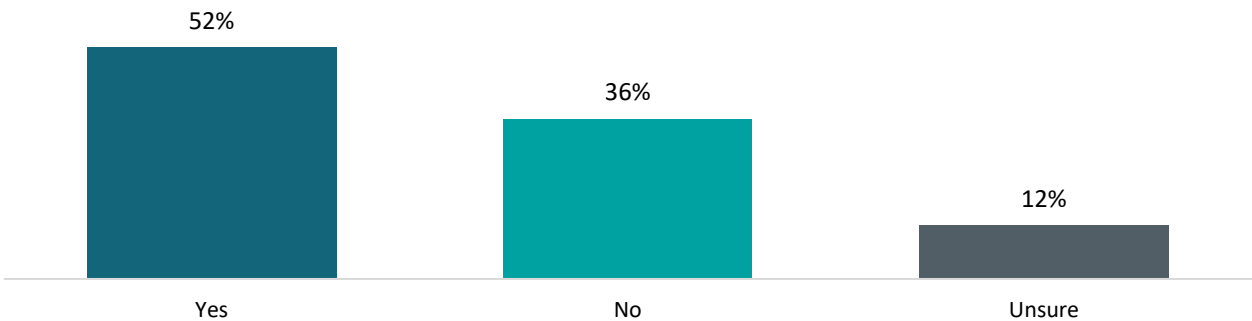
With the rise in demand for ESG communication materials, it comes as no surprise that many of those in communications roles feel that having a strong, differentiated sustainability story can drive better commercial performance for their organisation.

Do you believe that having a strong and differentiated sustainability story can drive better overall commercial performance for an organisation?



When asked if they felt their company currently had a sufficiently differentiated sustainability story, only approximately half of the respondents believed they did. And 8% - a not insignificant number - said they weren't sure. With such a large number of communicators reporting feeling uncertain or unsure about the narrative they are to be promoting, there is clearly a significant opportunity to increase understanding by encouraging collaboration between the teams responsible for developing and sharing their corporate ESG narrative.

Do you feel that your organisation tells a unique or different story about its approach to sustainability and ESG Issues?



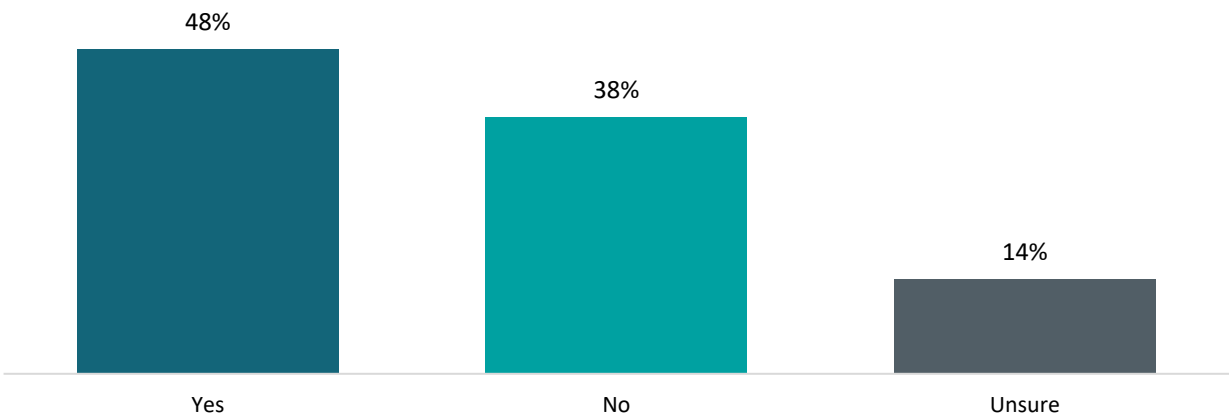
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**Trend three:**  
There’s a will but not a way

Furthermore, just over one third of respondents reported feeling that their company’s sustainability story doesn’t stand out, with another 12% indicating they are unsure of how their companies’ approach compares to peers and competitors.

Do you feel that it is difficult for your organisation’s sustainability story to stand out (relative to peers) in today’s communications environment?





Trend Four

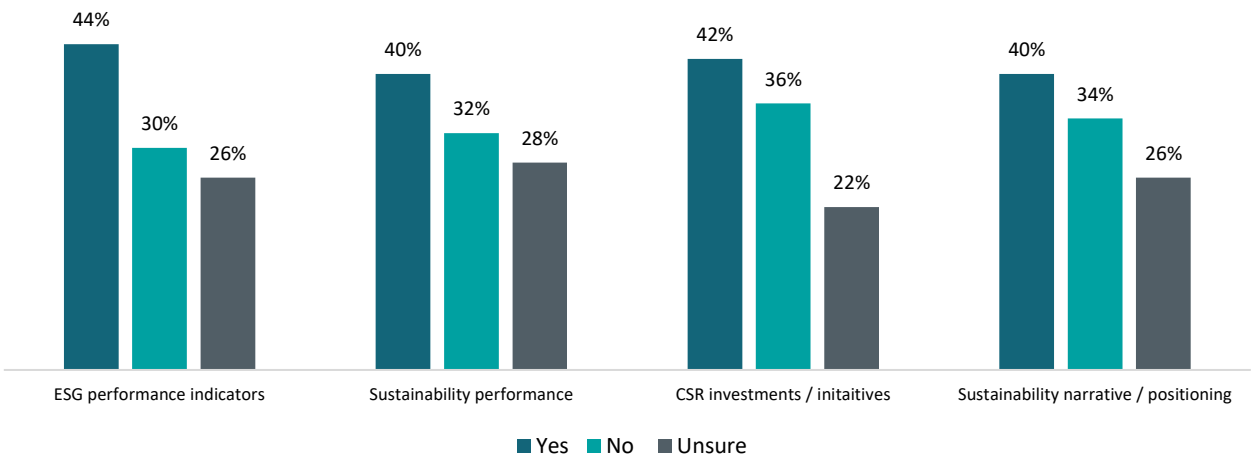
# Ignorance is risk

# Trend four: Ignorance is risk



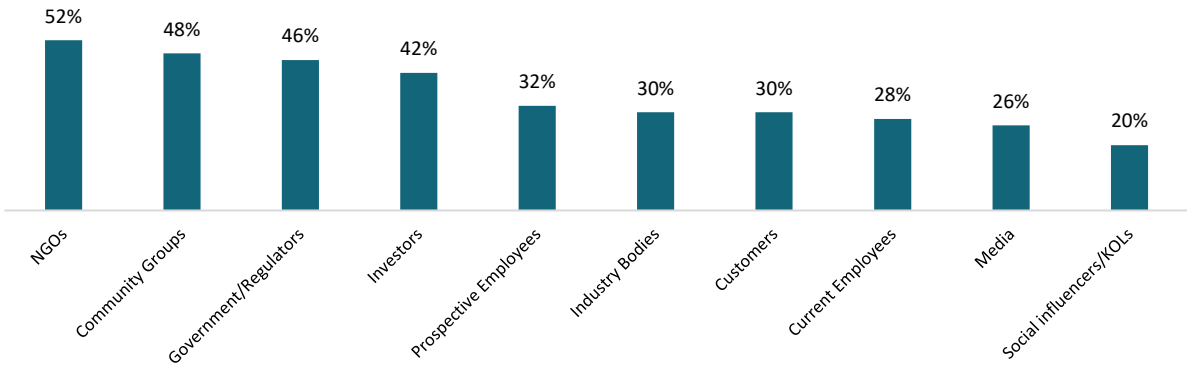
When it comes to stakeholder relations, most communicators believe that ESG performance is not negatively impacting their stakeholder relationships. However, this must be understood in the context of most respondents reporting they lack intelligence about how they are measuring up against peers and competitors in areas such as ESG disclosure, sustainability performance and sustainability narrative / positioning.

Do you have accurate and up to date information on how you compare to your competitors in the areas below?



Additionally, while ESG is playing a growing role in public and stakeholder opinions and consumer decision-making, especially during the COVID-19 pandemic, respondents seem to report a disconnect – citing that within their organisations ESG continues to be seen as largely an item for Government, Community, NGO and investor conversations, with less emphasis of its relevance to customers, media, influencers, as well as current and potential employees.

Percentage of respondents who ranked ESG/sustainability performance 'highly important' to each of the stakeholders







Trend Five

# Missing the bigger picture

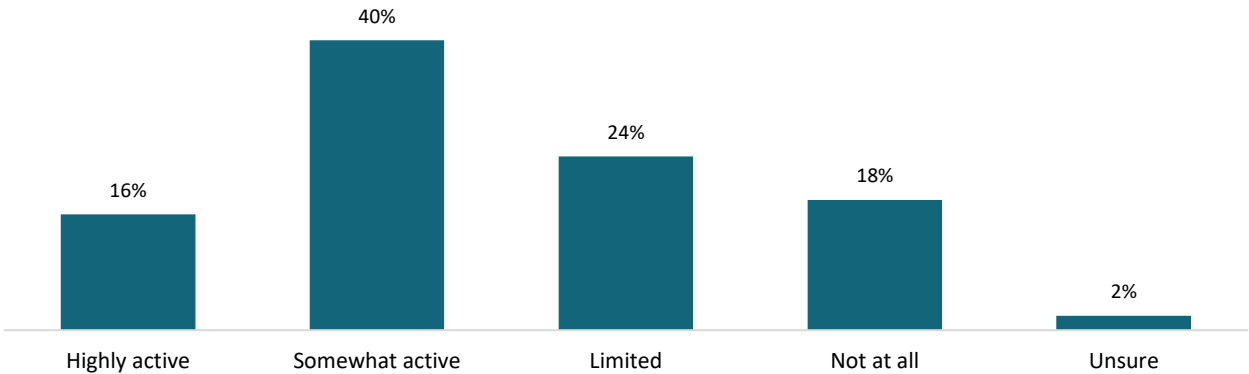
# Trend five: Missing the bigger picture



The findings highlight the need for companies to connect their sustainability narratives to global sustainability agendas such as the UN’s two-widely recognised ESG initiatives, the Sustainable Development Goals (SDGs) and the Paris Climate Agreement.

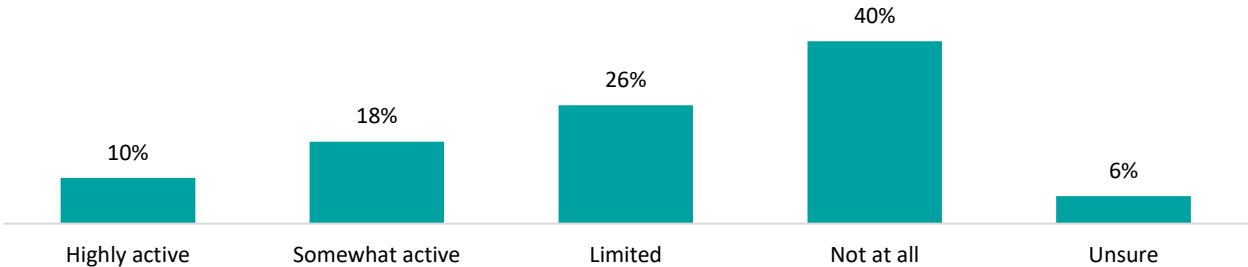
The UN’s SDGs are a set of globally recognised goals ranging from eliminating poverty to protecting biodiversity. Currently only half of all respondents say that they are adequately communicating their company’s contributions to achieving the SDGs.

How actively are you communicating about the contributions of your organisation’s sustainability efforts towards the United Nation’s Sustainable Development Goals?



The Paris Climate Agreement is a UN-devised framework for global climate action. Nearly 77% of respondents say that their company isn’t adequately communicating their efforts in line with the agreement’s goals.

How actively are you communicating about the contributions of your organisation’s sustainability efforts towards the Paris Climate Agreement?







## Recommendations

Based on the findings of the survey and the panel discussion, together with our experience working with client organisations on this topic, we provide the following recommendations for communications teams looking to improve their approach to ESG and sustainability communications.

## **INTER-TEAM COLLABORATION AND KNOWLEDGE-SHARING IS A MUST**

With high numbers of respondents feeling unsure about their company's ESG goals and initiatives, the need for more collaboration between teams is evident. Whilst many communicators feel that they were not responsible for the decision making behind ESG initiatives, knowledge of the company's goals and reasoning behind these decisions is crucial for communicators to advise on and promote their company's efforts in the ESG space. Succinct communications plans for the promotion of ESG initiatives are necessary and can only be achieved when communicators are fully aware of the goals which their company intends to accomplish.

It is also important to address the issue of sustainability silos. Our survey of corporate communicators identified a much larger issue. To achieve their ESG goals and commitments, companies need to break down siloed thinking and structures and increase inter-team collaboration. Ownership of an organisation's ESG agenda cannot be the responsibility of a specific owner, department or range of initiatives. Companies need to ensure that ownership, understanding and responsibility for developing, delivering and communicating sustainability and ESG commitments is shared across the organisation.

## **RESEARCH AND DATA-GATHERING**

While stakeholder demand for ESG action is on the rise, internally there is a remarkably high lack of knowledge around industry and competitor practices. It is important for communicators to be aware of this gap as it not only helps improve positioning for their company, it is also beneficial in the achievement of ESG missions as a whole. Companies are more likely to diversify into less-explored areas of ESG if they know a specific goal has been over-pursued. This will help address less supported areas of ESG and could help companies find their niche ESG area, again helping with specificity of ESG initiative goals.

Additionally, as Cori Drogemuller mentioned in the panel discussion on this topic, there is a need for more research into the "white space" to find the "way" mentioned in Trend Two. Ms. Drogemuller noted that generating a differentiated ESG narrative is largely based on the areas which haven't been tackled by competitors. There is a need to find areas in which a company can have a unique point of view, rather than contributing to conversations or issues which are oversaturated.

## MORE DEDICATED EFFORT INTO ESG COMMUNICATIONS

A key finding of our report on the state of ESG communications in Asia Pacific is that while there is a large focus on corporate ESG activities and a growing expectation for companies to take social and environmental action, many companies lack strong plans or messaging which can be used to do so. Don Kanak exclaimed in our panel discussion that, “Now substance matters much more than anything which can be remedied by style”.

Catherine Yeung noted that while Asia is perceived to be “behind the curve” on ESG when compared with other regions and more developed markets, our region is “awakening to the importance of ESG practices”, highlighting the need for it to become more of a focus in Asia Pacific firms.

Many communicators did not feel that their company’s sustainability plan stood out enough and were unsure on how to make it stand out. This is reflective of communicators lack of knowledge who will, of course, have trouble promoting commitments and activities they do not understand or are unsure of. To support communicators, and their organisations, more precise ESG initiatives and goals are needed if we are to see generic stories replaced by those which enable communicators to share narratives that support and enhance their brands and businesses.

The two global UN agendas, i.e. the SDGs and the Paris Climate Agreement, can help as starting points on which companies can more accurately define goals and share progress. Winnie Tan highlights the usefulness of these frameworks, especially the SDGs as they can “help companies find areas in which they are best suited to help”. This will help eliminate confusion for communicators and assist in responding to the demand for more ESG action from companies.

Additionally, communicators need greater insight and more input into their companies’ approaches to ESG to improve their ability to communicate their commitments and make progress against their goals. Increased collaboration and more in-depth knowledge of industry ESG practices are critical in ensuring industry remains competitive and we address the environmental and social issues that face our businesses and society.

