UK businesses talk less about sustainability commitments than their consumers

Research finds 'climate justice' and related terms are used ~29 times more by consumers than companies when talking about sustainability - suggesting a breakdown in communication between businesses and consumers when it comes to sustainability efforts.

Temps de lecture : minute

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Research released recently by sustainability management platform *FuturePlus* and comparative text analytics software company Relative Insight reveals a disconnect between consumer concerns around corporate sustainability efforts and UK companies' ESG reports. Whilst wholly unsurprising, it is a useful attempt to quantify this disconnect.

The research report, *"Analysing ESG: Revealing differing attitudes to sustainability through how we talk,"* analyses 30 listed and 30 non-listed UK-based companies' ESG reports - a total of over one million words of text - using numerical scoring and text analysis to interpret the implications of the language used.

Consumer disconnect

By exploring the differences between the words and sentiment used in ESG reports with how people discuss sustainability online, the research identifies four areas of significant disconnect between the sustainability topics that are front of mind for consumers and the way businesses are communicating the efforts they're making:

Climate Justice: the phrase ‘climate justice’ occurs 29x more often in tweets than in ESG reports, highlighting a disconnect between companies and their consumer expectation - there is increasing pressure from populations to present solutions which create a fairer and more equitable world

Affordability: consumers are nearly twice (1.9x) as likely to use words relating to ‘affordability’ when compared with ESG reports, particularly with regards to energy and fashion. The public highlights that, with energy prices skyrocketing, it now makes even more sense to switch to renewable energy sources and to look for cost-effective ways to do this.

Urgency and emotion: people talking about sustainability online use a wide variety of emotional language when compared to ESG reports, including ‘greed’ (88x), ‘disappointment’ (29x), ‘selfishness’ (20x), ‘fear’ (16x) and ‘frustration’ (2x). While it is unsurprising that the general public uses more emotional and urgent language when compared to ESG reports, there is also an urgency to these discussions, which is not reflected in the reports. The public is 24x more likely to use the phrase ‘climate crisis’, and 36x more likely to talk about the ‘huge impact’ of unsustainable practices.

Greenwashing: consumers have become savvier at spotting when companies are looking to misrepresent their commitment to sustainability to exploit the rising demand for sustainable products and services. The word ‘greenwashing’ appeared in online conversations 55 times more often than in ESG reports, with the public happy to name and shame brands which are inauthentically adopting sustainability initiatives to tap into the “green pound”, rather than to help solve the problems facing the world.

Sustainability blind spots

To find out just how well companies' stated positions reflect truly sustainable practices, FuturePlus and Relative Insight analysed different-sized firms' ESG reports to see which areas of sustainability they focused on the most - and where there were visible blind spots. The results highlight two key areas where UK businesses are falling short in their sustainability strategy:

Diversity & Inclusion: when comparing ESG reports with FuturePlus' sustainability indicators, the word 'diversity' appears 2.5x less frequently and 'inclusion' 2.3x less frequently in the ESG reports. While this does not mean that organisations are not trying to improve D&I, it does indicate that D&I is not baked into overall sustainability strategy in a way that will ensure organisations get the best from their workforce, boosting their bottom line by bringing a wide range of views to the table.

Ethics: the topic of business ethics is also lacking in UK companies' ESG reports, occurring 2.6x less often than in the FuturePlus indicators - despite ethics underpinning every part of ESG. Only 26% of organisations using FuturePlus have a comprehensive and publicly available code of ethics in place, which is indicative of a broader trend.

Differences in ESG reporting in listed vs unlisted companies

The report also pinpoints the differences between how (larger) listed and (smaller) non-listed businesses talk about sustainability, finding that listed companies are more likely to employ words associated with 'Risk' and 'Leadership' in their reporting in order to show stakeholders that they are a steady, safe bet. They are nearly twice as likely (1.9x) to use words relating to 'danger' and 'risk' as their non-corporate counterparts.

However, non-listed companies, which are typically light on resources dedicated to ESG reporting, are almost 14 times more ‘Proud’ than listed companies to be transparent about their sustainability practices and ambitions - giving them a potential advantage with an increasingly sustainability-savvy public, and signalling to investors and consumers alike that doing the right thing is within their DNA.

Larger, listed businesses are more likely to use words related to leadership, such as ‘management’, ‘responsible’ and ‘control’, but use the word ‘leadership’ itself almost twice as often as non-listed firms. While this is language being used by listed firms who are compelled to offer ESG reports, it is more a reflection on the confidence of non-listed firms. In many cases, it is smaller non-listed companies who lead the way in terms of innovation and voluntarily setting out sustainability standards which they are choosing to follow.

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