



ESG HAS GONE MAINSTREAM— WHAT'S NEXT?

DATA-DRIVEN BEST PRACTICES
FOR ESG COMMUNICATORS IN
A CHANGING LANDSCAPE

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kivvit

EXCLUSIVE DATA BY KIVVIT

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EXECUTIVE SUMMARY

There’s a wide discrepancy between how the global business world sees environmental, social, and governance (ESG) and how everyday Americans see it – or, rather, don’t see it.

As we enter 2023, global ESG-related assets are expected to surpass \$41 trillion according to a **study by Bloomberg Intelligence**, which illustrates the importance of considering ESG in investment strategies. At the same time, nearly 9 out of 10 U.S. adults don’t know what the acronym stands for. **However, our data definitively shows that Americans are trying to find out.**

- **Google searches for “ESG” overtook those for “CSR” in 2022 for the first time**, reflecting not only the former’s newfound dominance in corporate vernacular, but also a surge in public curiosity. (The top related search is: “What is ESG?”)
- For comparison, in 2020, ESG’s search popularity outranked CSR’s in just one state – New York, underscoring the term’s origins on Wall Street as a financial term.
- Since then, search interest in ESG has spread to other regions and is on track to outpace CSR in every state.

Helping drive public interest and curiosity about ESG is a rise in attention from policymakers, particularly Republican officials at the state level, who have targeted ESG as the agenda of “woke corporations.” By restricting state pension funds from investing in entities with ESG funds, officials like Florida Governor Ron DeSantis have accused Wall Street firms of implementing policies through the boardroom instead of at the ballot box.

- Kivvit data found that in the majority of states, **the most vocal policymaker discussing ESG is doing so negatively.**
- Policymaker mentions at all levels of government have **increased 50% in the past year.**
- The 2024 presidential election is likely to create **even more attention and polarization around the topic.**

In light of increased public and policymaker engagement, and in such a fraught and polarized environment, companies are often left with one overarching question: how should they adapt their ESG communications strategies?

- **The nation’s largest companies are using their ESG reports** – *an annual publication once geared toward Wall Street audiences – as public-facing platforms that use more accessible language, a lighter tone, and more personable imagery.*
- *According to Kivvit’s ESG Audience Axis, the Fortune 5 have begun to position their ESG reports with more regard for external audiences than for investors, B2B customers, or suppliers.*
- *Among the Fortune 500, the most engaging ESG content is human, accessible, and authentic. Importantly, this content rarely mentions the term ESG, but instead focuses on the stories themselves.*
- **Even anti-ESG elected officials still praise impactful corporate citizenship** – *such as providing disaster relief in the aftermath of major storms – demonstrating that the substance of ESG prevails even with the staunchest opponents.*
- *High-performing ESG communications also have a clear rationale for why a company is engaged on an initiative. When companies stake out positions seemingly at random, they face ridicule.*



INTRODUCTION

The concept of ESG dates back to a 2005 United Nations report titled “**Who Cares Wins**,” which declared that incorporating ESG factors into markets would increase the sustainability of global business practices. The report proved prescient, as ESG-aligned financial assets grew from \$22.8 trillion in 2016 to an estimated total beyond **\$35 trillion in 2020**. That figure could surpass **\$41 trillion by the end of 2022**.

News stories over the last few years intensified interest in environmental and social topics, drawing corporate ESG and public activism closer – the 2020 murder of George Floyd in Minneapolis increased awareness in racial inequality, while catastrophic storms and wildfires across the globe created growing concern about **climate change**. The pandemic exposed systemic inequalities in health and ignited an employee empowerment movement.

When ESG first became a concept, investors were largely the only audience that cared about it. As business interest has grown, Fortune 500 companies’ ESG reports are increasingly crafted with the layperson in mind via more accessible language and eye-catching photography. Also, engagement with the term “ESG” has notably increased over the last few years – today, searches for “ESG” outnumber searches for corporate social responsibility (“CSR”) by a substantial margin.

CSR

CORPORATE SOCIAL RESPONSIBILITY

Largely qualitative description of a company’s values. Also a way to describe traditional corporate and foundation-sponsored initiatives.

ESG

ENVIRONMENTAL SOCIAL & GOVERNANCE

A quantifiable assessment of an organization’s operations that focuses on measurable goals.

That said, this interest hasn’t entirely translated to the general public: 86% of U.S. adults don’t know what ESG stands for, according to Morning Consult, and two of the top related Google searches are basically asking “what is ESG?” Absent the actual term ESG, significant majorities support the idea of environmental, social, and governance issues being important factors in investment decisions.

So how should today’s companies bridge that gap as ESG becomes a larger part of the mainstream conversation? To broaden understanding of ESG, we need to review the language in circulation today and take stock of widely shared values to determine what will resonate.

We’ve used our award-winning data expertise to explore overall engagement with ESG and track how it is migrating from Wall Street to mainstream discourse. We’ve analyzed the progress of ESG as a distinct concept, as well as the communications strategies that are — and are not — working, to determine how they connect to brand health. (To get a deeper look at our methodology, check out the Appendix.)

By pinpointing effective content and communications strategies regarding ESG, we can help businesses capitalize on the increasing interest in the topic — and successfully incorporate the right language into their larger communication practices.

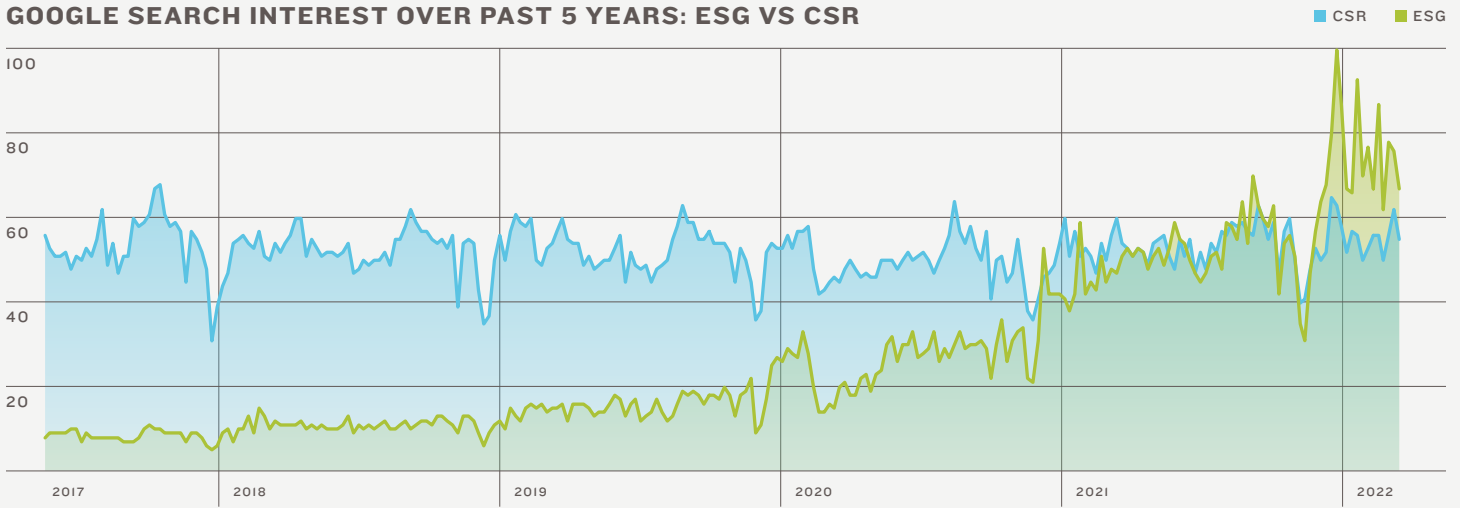


SHIFTING FROM CSR TO ESG

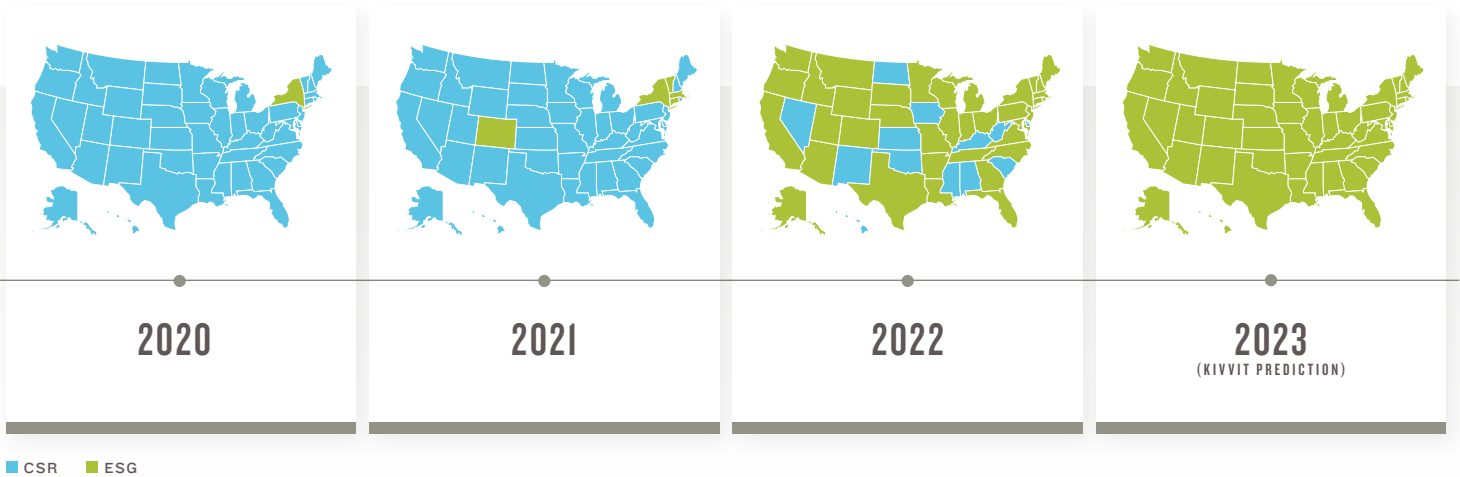
Our analysis begins with an examination of Google search trends for ESG from 2017 to 2020, which shows that the search volume of CSR-related terms clearly surpassed the number of searches for ESG-related terms. Then, in 2021, while the search interest in CSR remained largely stagnant, search interest in ESG started to grow.

Just one year later, the search volume of ESG-related terms surpassed the search volume of CSR-related terms. (Clearly terminology within the business realm is changing, so it’s likely time to update your vocabulary if you are still using “corporate social responsibility” as a phrase.)

GOOGLE SEARCH INTEREST OVER PAST 5 YEARS: ESG VS CSR



When we break down that search data by state, we find an even more engaging story.



Only two years ago, New York — the home of the world’s finance capital — was the only state where search interest in ESG exceeded that for CSR. Today, the audience searching for ESG is transforming from the bubble of the financially focused world to the general public that is trying to understand the concept.

Based on these trends, we are confident that search interest in ESG will surpass search interest in CSR in every state in 2023. This will not only create implications for companies that are seeking to communicate about ESG at a broader scale, but also force them to contend with the political machinations around ESG that are taking place at the state level. The most vocal policymaker discussing ESG in the majority of states is amplifying a negative stance, which means public audiences are likely first hearing about ESG in a polarized context.



THE IMPORTANCE OF ACCESSIBLE LANGUAGE & STORYTELLING

The ESG landscape continues to evolve, but in some ways it remains uncharted territory. As previously noted, nearly 90% of U.S. adults don’t know what ESG stands for, and two of the top three ESG-related Google searches are efforts to determine what the initials actually mean.

However, poll after poll finds that Americans support the foundational elements of ESG as important factors in investment decisions. In order to connect these two ideas and communicate your company’s ESG efforts effectively, it helps to speak concretely, with case studies and tangible results, as opposed to using broad strokes or far-flung goals. It’s also critical to remember the different context and relevance of ESG to different audiences, including investors, employees, and policymakers.



INVESTORS: *We recently analyzed a Fortune 500 energy company’s communications, and we found they referred to “sustainability” in the context of bringing down emissions. However, when we examined language from their largest shareholders, we saw that the focus on sustainability meant that a company was forward-looking and managing risk over a long-term horizon. While such nuances are important to align messaging with investor audiences, broader consumer audiences will care less about jargon and ultimately respond to the most compelling stories.*



EMPLOYEES: *A clearly communicated ESG proposition can help with recruitment and provide employees with a sense of purpose, which is positively correlated with shareholder returns. Companies that lift up employees as drivers of ESG initiatives see higher engagement when those stories are presented on social media.*



POLICYMAKERS: *Comments from federal policymakers about ESG have increased by almost 50% in the past year, and it’s expected that policymaker engagement will only increase as we approach the 2024 presidential election. The risk posed by a polarized ESG landscape, as well as a general public that has a limited understanding of the concept, reinforces the opportunity for companies to still do the right thing for their communities without fear of ESG political backlash. For example, in analyzing policymaker mentions of a Fortune 500 retail chain, even the staunchest anti-ESG officials commended the company for its assistance in disaster relief after major storms, showing how impactful corporate citizenship transcends ESG polarization.*

Looking at the bigger picture, we’ve found that brands are increasingly realigning their ESG reports — an annual publication initially geared toward investors — to speak to a broader consumer audience. **We’re finding that as a result of this shift:**

- *The tone and language used in the reports are becoming **MORE ACCESSIBLE**.*
- *There’s greater use of **AUTHENTIC PHOTOGRAPHY, STORYTELLING, INFOGRAPHICS, AND OTHER CONTENT** that is clearly intended to humanize what might otherwise be a fairly technical report.*
- *More companies are making a real effort to **BRING THESE REPORTS TO LIFE ONLINE** rather than burying them in a list of links on a hidden compliance page, including launching advertising campaigns to promote the report’s release.*

In addition, the more that brands are realigning their ESG reports, the more the very structure of their reports is around a literal E-S-G framework. So what used to be organized around more abstract terms like “corporate responsibility values” or “impact goals” is now increasingly commonly being reorganized around actual “environment, social, and governance” buckets.

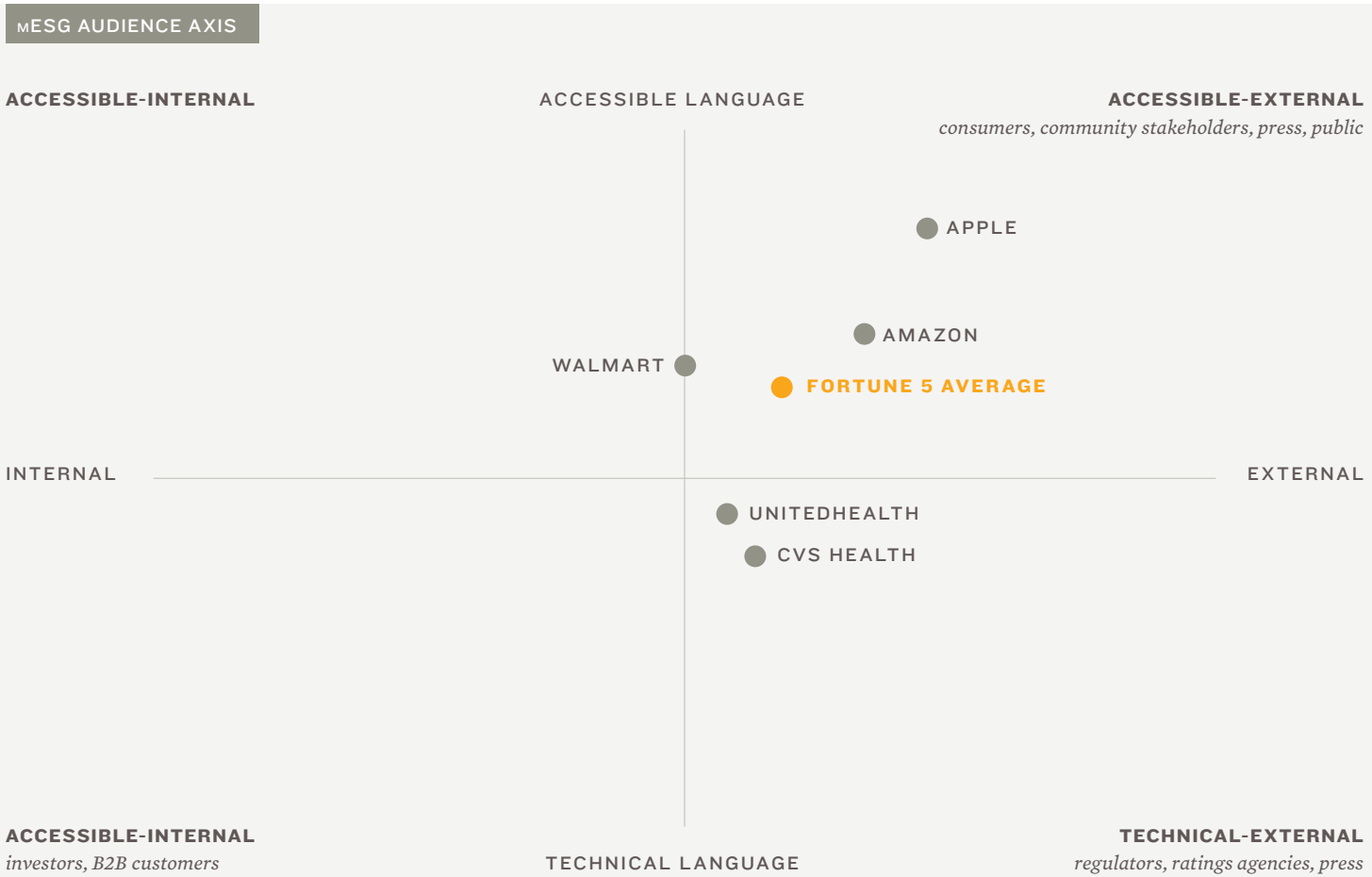
By creating a structure based on literal environment, social, and governance themes, companies are trying to clarify these terms for their readers. In other words, they are saying: “For us, THIS is what ‘E’ means and THIS is what ‘S’ means....”

At the same time, while companies are seeking to create clarity — and score points — in each of the three pillars, it’s important to remember that the broader public doesn’t think in terms of an E-S-G framework. The most compelling and impactful stories are likely to cut across these pillars — for example, healthcare companies addressing social determinants of health naturally weave environmental and social issues together. When communicating about ESG, companies should stay focused on telling their story fully and authentically.

HOW THE WORLD’S BIGGEST COMPANIES TALK ABOUT ESG

To determine how the largest companies communicate their ESG agenda, we analyzed key sections of the ESG reports published by the Fortune 5: Amazon, Apple, CVS Health, UnitedHealth, and Walmart.

Many of these reports begin with aspirational statements from the company’s CEO or chief sustainability officer and make explicit references to organizational values. While technical language appears in these reports, all five companies place a strong emphasis on using familiar, accessible language, particularly compared with ESG reports from companies outside the Fortune 5. We plotted this language on our mESG Audience Axis, which measures two key spectrums: accessibility vs. technicality and internal vs. external focus.



See appendix for mESG audience axis methodology.

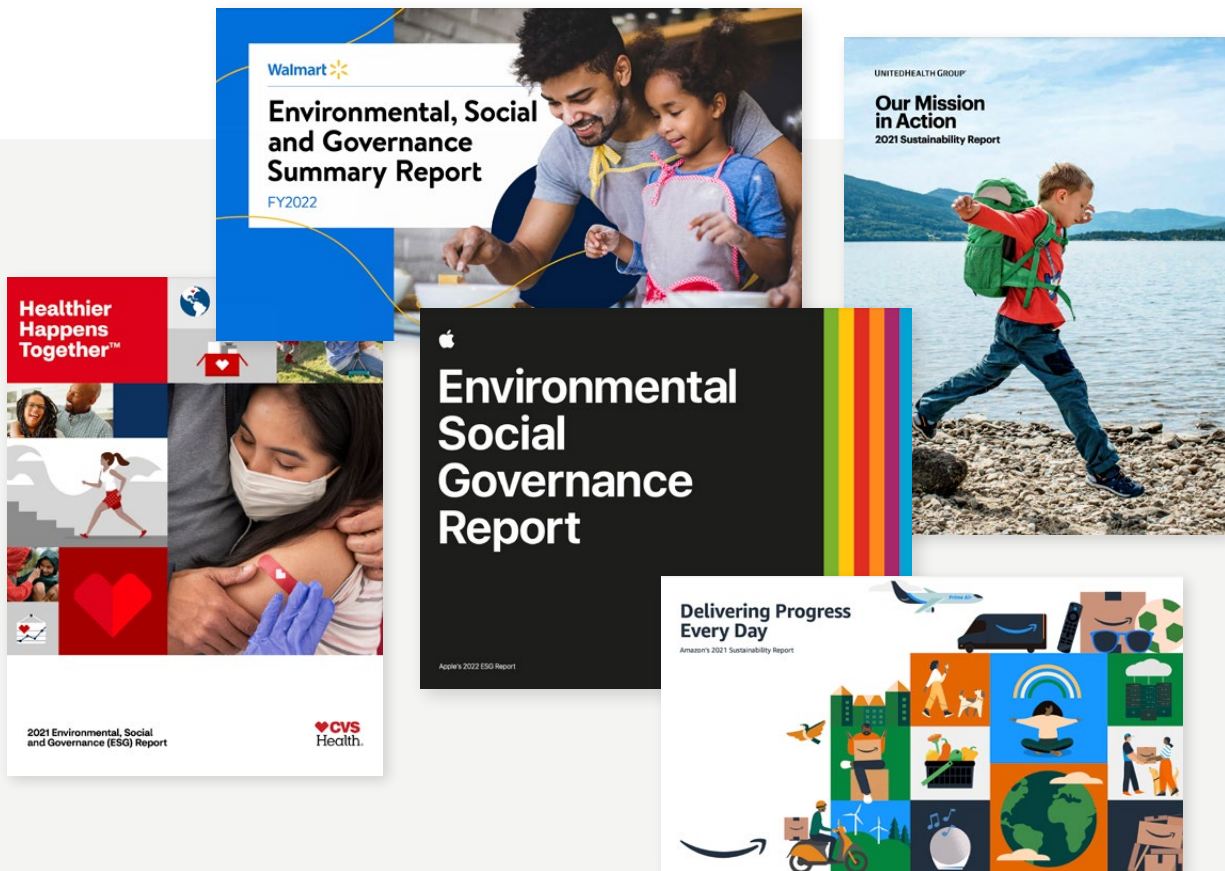
CEO MESSAGING

UnitedHealth Group CEO Andrew Witty offers clear examples of internally and externally focused language in his introductory letter:



Given our reach and resources – and the millions of people we touch each day – we feel a deep sense of responsibility to chart a more sustainable path forward, helping to build a modern, high-performing health system that improves access, affordability, outcomes, and experiences for people who depend on it. That’s what makes a health care system sustainable, and it is embedded in our mission and throughout our business strategy.

Witty calls attention to external audiences (“the millions of people we touch every day”) but later, explicitly ties ESG commitments to business goals “throughout our business strategy.” This rhetorical shift sends a clear message to investors that ESG commitments do not supersede shareholder value, but are instead an integral part of it. No other CEO letter among Fortune 5 companies featured such direct links between business imperatives and ESG goals.



The opening sentence of Tim Cook’s letter underscores Apple’s unique approach to ESG:



At Apple, we believe the measure of any great innovation is the

POSITIVE IMPACT IT HAS ON PEOPLE’S LIVES.

The short paragraphs that follow continue the same aspirational line of thought, and his introductory letter makes no connection between ESG commitments and shareholder value or the growth of the company.

Instead, Apple chooses to emphasize the company’s “steadfast commitments to the communities [they] serve.” These are examples of accessible, externally focused communication likely to resonate with consumers and community stakeholders.

Technical language was prevalent in all reports, and CVS Health offers many such examples, with topics like the social determinants of health, science-based target initiatives, and internal prioritization assessments all appearing in their introductory pages.

WHAT’S IN A TABLE OF CONTENTS

Likewise, the table of contents can signal a company’s intended audience, often guiding savvy readers to sections of interest. Companies can also use the table of contents to direct investors and regulators to company-specific issues of interest or directly address potential criticism.

APPLE

*Includes sections on **TAX PAYMENTS** and **HUMAN RIGHTS** in the supply chain.*

WALMART

*Dedicates an entire chapter of their report to “**COMMUNITY**,” and “**GOOD JOBS & ADVANCEMENT FOR ASSOCIATES**” is the first section of the first full chapter of the report.*

AMAZON

Is unique among the Fortune 5 companies for its **EXTREMELY TECHNICAL APPENDIX**; only highly specific groups like ESG ratings organizations would know what these acronyms mean without looking them up. No other Fortune 5 company uses their appendix like Amazon does.

Each of these five companies takes a slightly different approach in their most recent ESG report, which only stands to reason — each company wants to reach a slightly different audience. The key question is whether each company is reaching the audience they intend to.

PUBLIC ENGAGEMENT: TWO FORTUNE 500 COMPANIES RISE TO THE TOP

Heightened Google search interest into ESG and a more external-facing positioning for ESG reports all reinforce the trend of ESG going mainstream. To measure the effectiveness of ESG communications at the broadest level, we analyzed ESG content performance on Facebook, the most popular social media channel and a crucial platform for any company’s public engagement strategy. There, we analyzed ESG and CSR-focused organic Facebook posts from Fortune 500 companies over the past year (August 31, 2021 – September 1, 2022) to identify which companies and what ESG-related content stood out – and why.

Of the Fortune 500 companies included in this analysis, there were two whose posts stood out from the rest: Delta Airlines and Danaher Corporation.

DELTA AIRLINES: SECRET SOCIAL INGREDIENT = INSPIRATION

The Delta post below received over 150,000 interactions – more than 2.5 times any other ESG- or CSR-focused organic Facebook post from a Fortune 500 company. The focus revolves around diversifying Delta’s workforce, as only about 9% of commercial pilots today are women.



Delta Air Lines ✓

1 month ago · 3,355,004 Followers

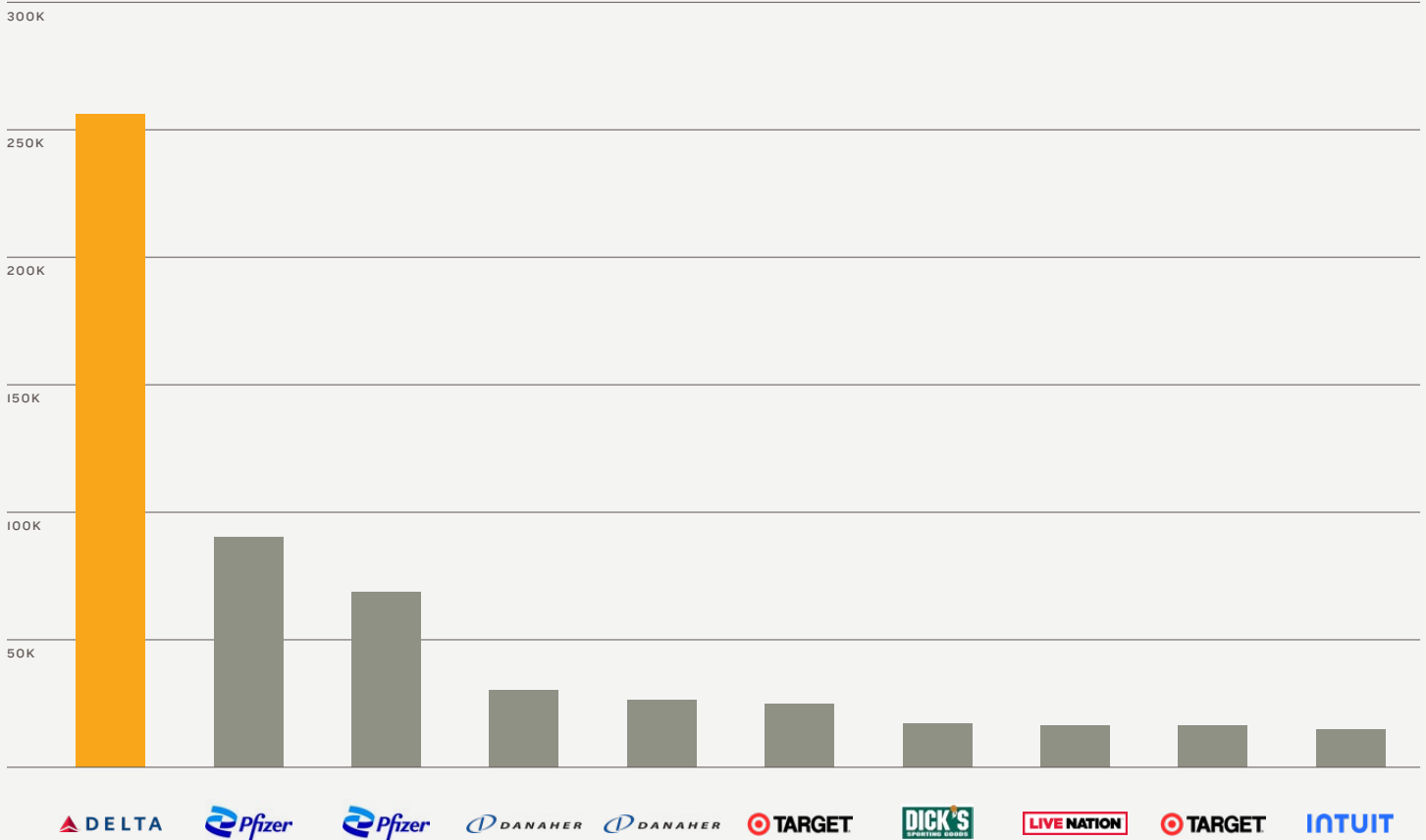
“Our flight tonight was expertly piloted by First Officer Natalie Stromgren who had just completed her final flight for her full pilot certification. While we waited to deplane, I could not help but look up: ‘How long does it take to become a pilot?’ No surprise, becoming a pilot is no easy feat to reach a milestone like Natalie did tonight. How many female pilots are there? In 2022, only ~9% of all pilots are women. As a little girl, I dreamed of a career in mission control. In the end, I did not have the stomach for flight, but would that have been different if I had seen more women in the field? Surely there were many other little girls who needed to see women in the field to feel confident it was possible for them. Last summer, my then 6-year-old daughter asked me if girls could be pilots. Of course, I told her yes. Tonight, I came home with a story and pictures to prove it. Congratulations, Natalie! A huge accomplishment, and now there is one more woman in the skies pushing that 9% higher. Thank you for being a voice and face in the cockpit your future young passengers can be inspired by. Tomorrow morning, my 7-year-old wakes up to your story/picture.” - Lindsey O., Delta customer We're grateful for employees like Natalie, who show us endless dedication and continue to inspire future generations.

When we break down why this post drew so much attention, the first element we find is **authenticity**. This post is a repurposed customer testimonial celebrating First Officer Natalie Stromgren’s final flight for her full pilot certification. It’s firsthand evidence of Delta’s connection with its audience – in the audience’s own words.

The photograph used in this post is clearly taken by a cellphone, which further adds to the feeling of authenticity.

Next ingredient? **Humanization**. This post tells the story of Delta’s brand through an employee, which makes the company relatable to its audience. Last, but not least, is **inspiration**. In this post, Delta goes beyond affirming support for the advancement of female pilots. Instead, First Officer Stromgren’s story illustrates that the airline isn’t just giving lip service to equality.

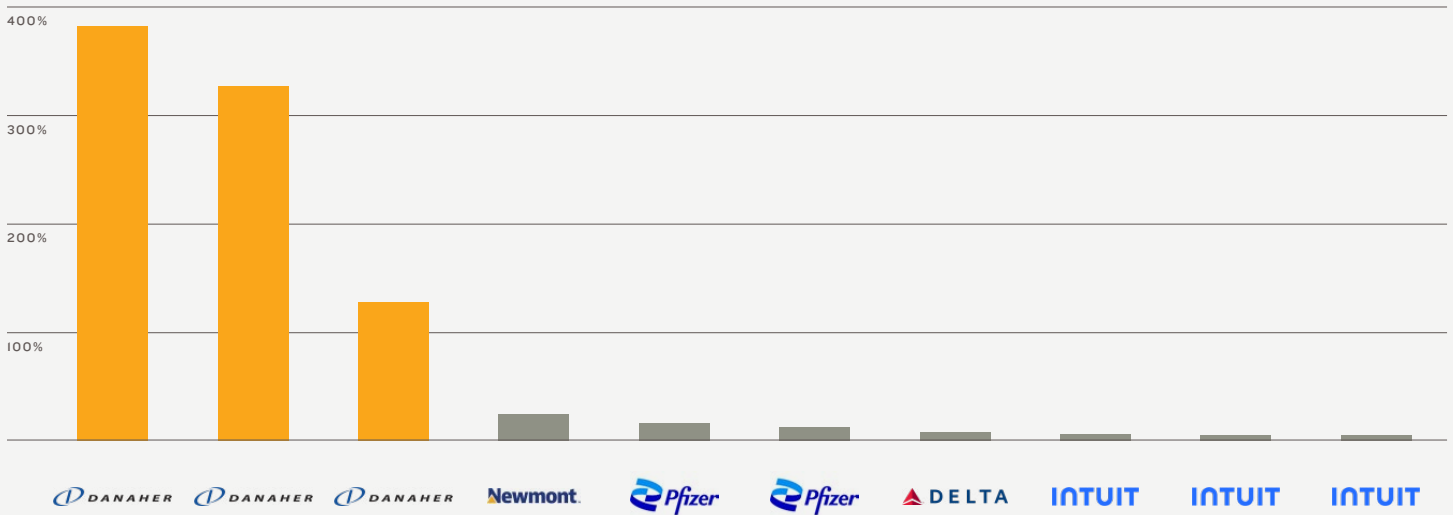
TOP 10 MOST ENGAGED-WITH ORGANIC FACEBOOK POSTS: ESG & CSR
TOTAL # OF INTERACTIONS PER POST



DANAHER CORPORATION: REACHING NEW AUDIENCES BY TAPPING INTO CULTURE

Even without household name brand recognition, two of Danaher’s posts received the highest engagement rates — i.e., the number of interactions relative to a company’s audience. So while Delta as a consumer brand commands a large built-in following, Danaher does not. Nonetheless, through shares and reposts, Danaher’s content reached an audience more than four times larger than its following.

**TOP 10 BREAKTHROUGH ORGANIC FACEBOOK POSTS: ESG & CSR
ENGAGEMENT RATE PER POST**



The Danaher playbook is similar to Delta’s: Danaher’s posts focus on diversity and inclusion, starting from a base of authenticity and humanization. The images used are personal photographs from employees, including a selfie and a picture taken on a family vacation. The post copy includes quotes from — or stories about — the employees featured in these photos. Once again, a Fortune 500 brand humanizes itself and proves that these best practices apply to not only B2C brands, but holding companies and B2B brands as well.

Danaher Corporation
 11 months ago · 10,813 Followers

“We’re not going back to how things were.” In our latest Danaher Careers Blog piece, Pall Corporation’s VP of HR, Carli Stoller, explains that productivity is how and why we work, not where. Focusing on flexibility and performance, her team is hard at work setting people up for success as we recover from the COVID-19 pandemic. “We understand that their success is our success. So our platform leaders and OpCo presidents are working together, identifying the most critical roles and the associates who are ready for new opportunities. We call it ‘wearing the Danaher hat.’ We’re all a family, and we support each other.” From having the hard conversations about diversity and inclusion to finding new ways to support career growth, Carli knows that our associates are at the root of all our achievements. Read on to learn more about Carli Stoller’s journey to Danaher and her commitment to the success of all team members: <https://bit.ly/3k2iZu2> #lifeatdanaher #wonderwhatswithin



Danaher Corporation
 11 months ago · 10,813 Followers

When Gerardo Gutierrez joined Cytiva in August 2020, he already knew how remarkable the company was from his own interactions with them as a microbiology researcher. But as a sales specialist working remotely, he wondered if he could truly connect with his customers and colleagues. He quickly discovered Cytiva’s friendly, people-centered culture easily let him connect with others—from advising scientists on how to best use Biacore instruments to solve problems to swapping favorite recipes with coworkers. Gerardo turns challenges into opportunities, like taking advantage of remote work to reach new customers. He follows his passion of problem-solving in advanced biotechnology while also taking time for fun; recently, he signed up for salsa lessons with Danaher’s Latinx + Friends Associate Resource Group. In celebration of Hispanic Heritage Month, learn more about what makes Cytiva’s culture so unique, read Gerardo’s interview at the Danaher Careers Blog: <https://bit.ly/3BeHytO> #wonderwhatswithin #lifeatdanaher



The other secret ingredient here? **Culture**. A vice-president of HR refers to the company as a family and tells how they all support each other. Meanwhile, the other post tells a story of an employee who started work remotely and quickly found a people-centered culture that allowed him to easily connect with others.

As we see in the examples above, companies that are successful at ESG communications identify the most authentic ways to connect ESG principles to their brand — and, frankly, without contorting themselves to be so ESG-driven that they lose sight of telling compelling stories. It is critical to be authentic, bringing the human or humanity forward, and being inspirational in messaging and accompanying visuals.

It’s also important to emphasize current, tangible issues as opposed to fuzzy scenarios that can feel more hypothetical. For instance, companies that feature case studies are telling real stories about their efforts and come across as more authentic than companies that discuss long-term goals with far-off trajectories.

For example, let’s say a pharmaceutical company posts about its 20-year commitment to addressing climate change as part of its ESG strategy. This could be met with criticism because, while the topic checks a box for the E pillar, it does not intuitively align with the company’s perceived values.

But let’s say that same company leads with an ESG campaign that focuses on its efforts to address the social determinants of health and integrates elements of environmental, social, and possibly even governance. This effort would resonate much more deeply, because the area is an authentic place to engage in the conversation.

MEASURING ESG COMMUNICATIONS: NEW BENCHMARKS

A changing ESG landscape requires new ways of measuring communications effectiveness. Here are 3 ways we are helping companies measure their ESG communications performance:



LANGUAGE ALIGNMENT: Without a consistent nomenclature surrounding ESG, ensuring you are speaking the same language as your audience is key.



CASE STUDY VOLUME: Content will always be king and good storytelling will outlast the latest fad or terminology. Benchmarking the volume of tangible ESG stories you can tell vs. your peers reflects your ESG brand potential.



EARNINGS CALL MENTIONS: Quarterly earnings calls are becoming new venues for espousing ESG commitments. Tracking the rise and fall of different topics acts as a barometer for C-suite ESG priorities.

CONCLUSION

Every ESG communications strategy features a breadth of language and content that is painstakingly chosen to reach specific audiences. With this in mind, the question becomes:

- IS YOUR ESG REPORTING REACHING ITS INTENDED AUDIENCE?
- ARE YOUR ESG COMMUNICATIONS ALIGNED WITH YOUR COMPANY’S VALUES?
- IS THAT MESSAGE RESONATING? HOW ARE YOU MEASURING ESG COMMUNICATIONS?

Deep analysis of ESG communications enables us to distinguish between fleeting fads and enduring themes. This analysis identifies not only how companies are evolving their ESG communications, but how audiences are responding and what the best communications strategies are to showcase their ESG goals.

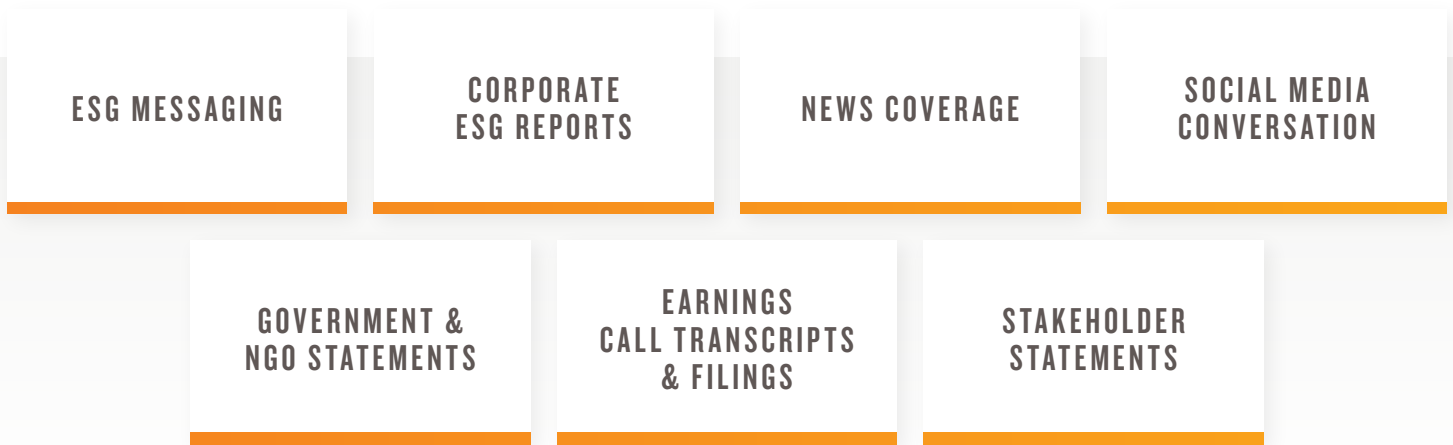


ABOUT KIVVIT



To help clients hone their ESG message, Kivvit developed mESG. This proprietary offering uses data-driven language analysis to align a company’s ESG messaging with their investors, customers, competitors, and stakeholders.

MESG ANALYZES:



Kivvit is a full-service strategic communications firm built to help organizations meet their moment and navigate their most complex issues. We identify, shape, and amplify ideas and issues to move critical audiences. We are over 150 professionals across multiple geographies working together as one team to serve Fortune 500 companies, entrepreneurs, nonprofits, advocacy groups, public agencies, and institutions.

Our foundation in politics, government, media, and civic advocacy, our experience in high stakes issues, and our data-driven ethos combine to give our clients the insights to drive results.

SO, HOW CAN WE HELP YOU MEET YOUR MOMENT?

WWW.KIVVIT.COM

APPENDIX

MESG AUDIENCE AXIS METHODOLOGY

Kivvit’s Insights team first identified the primary features of ESG report language, then categorized and scored the summary content in companies’ most recent ESG reports, including the table of contents and CEO/CSO letter(s).

Each of the following factors played a role in how we rated companies:

- *Flesch-Kincaid reading level scores*
- *Frequency of terms and sentences classified as **internal/external***
- *Frequency of terms and sentences classified as **technical/accessible***
- *Assessment of the most **strongly emphasized headers, sentences, and terms** — as well as whether they could be classified as *internal/external* or *technical/accessible**
- *Iterative analyst **group discussion and revision process***

DEFINITIONS

Accessible language is defined by everyday speech. It likely has a lower reading level than technical language and does not include the industry jargon or academic terms that are hallmarks of more technical language. While higher-brow terms may signal competence to investors or ESG ratings organizations, familiar language has a better chance of reaching rank-and-file employees or the general public.

Relatedly, internal and external focus are defined as much by what companies explicitly mention as by what they do not. For example, mentions of shareholder value, business growth, compliance practices, and employees tend to have an internal focus; the company is talking to its investors, executives, or rank-and-file employees. Discussions about public policy or broad values statements — especially when they are not tied to shareholder value — have an external focus, often targeting groups like ESG ratings organizations or policymakers.



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