

The importance of ESG and DEI in 2023

By [Michelle Cave](#)

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DEI (Diversity, Equity, and Inclusion) and ESG (Environmental, Social and Governance) are not widely understood acronyms but have crept onto broader industry agendas of late.



Michelle Cave, MD of BrandFundi, examines the importance of ESG and DEI in 2023

Accelerated by movements such as #MeToo and #BlackLivesMatter as well as climate change and the spotlight on employee rights and corporate transparency, DEI and ESG are being adopted and incorporated into companies' 2023 strategic and communication approaches as a staple.

Being au-fait with what DEI and ESG stand for, understanding the real impact these will have on your brand and knowing how best to communicate your commitments to these social responsibilities will have a bearing on your brand reputation.

Dictionary.com defines DEI as "a conceptual framework that promotes the fair treatment and full participation of all people, especially in the workplace, including populations who have historically been underrepresented or subject to discrimination because of their background, identity, disability, etc."

Gartner Glossary defines ESG as "a collection of corporate performance evaluation criteria that assess the robustness of a company's governance mechanisms and its ability to effectively manage its environmental and social impacts. Examples of ESG data include the quantification of a company's carbon emissions, water consumption or customer privacy breaches."



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Brands' social licence

More brand leaders and their supporting communication teams are recognising a significant shift amongst consumers to base their purchasing decisions on how seriously brands take their 'social license', i.e., the perception by stakeholders that a business or industry is acting in a way that is fair, appropriate and deserving of trust.

Further, PwC's 2021 report on ESG Consumer Intelligence Series states that 76% of consumers "will discontinue [their] relationship with companies that treat the environment, employees or the community in which they operate poorly."

This social license expression by McKinsey affirms that good corporate citizenship and sustainable brand practices can contribute to a stronger reputation, higher customer retention, increased sales, attract more diverse talent and improve employee loyalty.

What's more, a brand's social performance impacts investment decision-making. PwC reported that "79% of investors identified ESG risk as an important factor in their investment decisions." And *Forbes* shared, "Investment processes now require publicly-traded companies to demonstrate a quantitative approach to ESG reporting."

UN's Sustainable Development Goals (SDGs)

Without globally accepted standards on sustainability targets, many companies reference the UN's Sustainable Development Goals (SDGs).

Experts suggest that brands should be authentic, align their social responsibility efforts to their company's purpose and values, and make an impact where possible.

A *Forbes* contributor explained, "You don't have to save the world, but you have to commit to it. Have a plan and report progress toward the goals."

In September 2022, outdoor retailer Patagonia announced, "Earth is now our only shareholder. All profits, in perpetuity, will go to our mission to 'save our home planet'."

The brand has been committed to nature conservation for decades, but this novel move is corporate environmental leadership at its best.



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A disconnect between brands and stakeholders

There's often a disconnect between how brands view their social responsibility efforts and how their stakeholders see it. In most cases, brands feel that they're doing more than what their audiences perceive, which often stems from poor brand communication.

Reporting on the progress of these social initiatives tends to be dry, complex and fact- or figure-heavy. That said, when

brands attempt to simplify and communicate more impactful messaging about their ambitions, it's met with scepticism and alarms of greenwashing.

Creative ways brands can promote social responsibility

There are creative ways to bring these reports and social responsibility ambitions to life.

Car manufacturer Kia is a case that illustrates the power of the stories behind the facts and figures.

Using film, Kia expressed its strategy for creating a more sustainable future. Called 'The Dilemma of Movement,' the beautifully produced 17-minute video shares how nature inspires Kia to innovate. The brand's ambition and efforts are conveyed in an entertaining way that lands with its audiences.

Video, podcasts, interactive graphics, and other supporting creative collateral will help articulate engaging and memorable stories that resonate with all stakeholders.

User-generated content (UGC)

User-generated content (UGC) is another way to promote a brand's social responsibility. The British Heart Foundation (BHF) launched a UGC campaign a couple of years ago called [#TheBigStitch](#).

Riding on the coattails of the upcycling trend (giving new life to second-hand items) at the time, the brand encouraged consumers to visit a local BHF charity shop, pick an item and convert it into something new and exciting.

Participants were to post 'before and after' pics on social media, tag the charity and include the hashtag #TheBigStitch. It was well-supported and engaging, positively impacting those involved and those exposed to the campaign. Message received.



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Emotive issues

DEI and ESG are highly emotive issues for people. The emotions connect us with the story and inspire support and/or action. Storytelling that connects stakeholders to the brand's social responsibility facts and stats and unpacks progress and achieved outcomes is the best way to create and demonstrate the brand's impact.

ABOUT MICHELLE CAVE

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