

WINTER 2023



IGNITING
IMPACT,
ACCELERATING
SUSTAIN-
ABILITY

A QUARTERLY VIEWPOINT ON THE
MOBILITY AND FRAGILITY OF ESG TODAY

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This quarter's theme is accelerated accountability. Whether an organisation is built for change or building for change, communicating with transparency, accountability and consistency has never been so mission-critical.

The net is closing in fast. Focus is shifting from “greenwashing” (what you say) to “greenhushing” (what you don’t), new legislation in the EU requires large companies to disclose their societal and environmental impact and there’s increased media interest in the ‘internalities’ of business (unattended say-do gaps). All this while advances in AI, crypto and nuclear fusion bring new possibilities and quandaries into focus. All while dealing with sustained economic, social and geo-political pressures.

So how can we as communications professionals make sense of all of this without becoming overwhelmed? First, pause and take a breath! We suggest taking some time this quarter to map and triage the issues and expectations at play, challenge previous assumptions, and prepare for non-urgent items with the propensity to become urgent fast. For many of us, focus is the name of the game in 2023. However we must always be mindful of what falls outside our gaze and be prepared to pivot.

We hope the examples highlighted in this report spark fruitful discussions as you embark on this journey.

Your Porter Novelli Team

CON- TENTS

BIG PICTURE

- 'Language loopholes' put COP's impact in question
- Business drives historic agreement for nature at COP15
- The future of sports sponsorship in question
- Are 'internalities' the new 'externality'?
Brewdog lose B-Corp status
- No escape from accountability

SECTOR HIGHLIGHTS

Energy

Nuclear Fusion offers a solution for sustainable energy

Tech

Collapse of cryptocurrency firm FTX exposes issues with Effective Altruism movement

Food & Agriculture

Ingka Group models the future of sustainable food halls

Dutch government targets agricultural industry in drastic action to mediate the nitrogen crisis

Healthcare

Increasing acceptance of AI technology can unleash game-changing solutions to healthcare challenges

BIG PICTURE



Following a lacklustre COP27 in Egypt in November, many were left wondering if COP is the right forum for urgent action on climate change.

With a record number of fossil fuel lobbyists in attendance, outnumbering those of frontline countries' and communities' delegations, it is not surprising that for a second consecutive year weakened language was attached to the final agreement. The inclusion of phrases such as "phase-down-of-coal" and "low emission" energy created loopholes for some countries and fossil fuel companies to focus on new gas projects and perhaps even justify new fossil fuel development. The lack of transparency in the negotiation process made the outcomes even more difficult to follow.

With the next event, COP28, being held in another of the world's largest oil-exporting countries, the United Arab Emirates, the conflicts of interest are disconcerting.

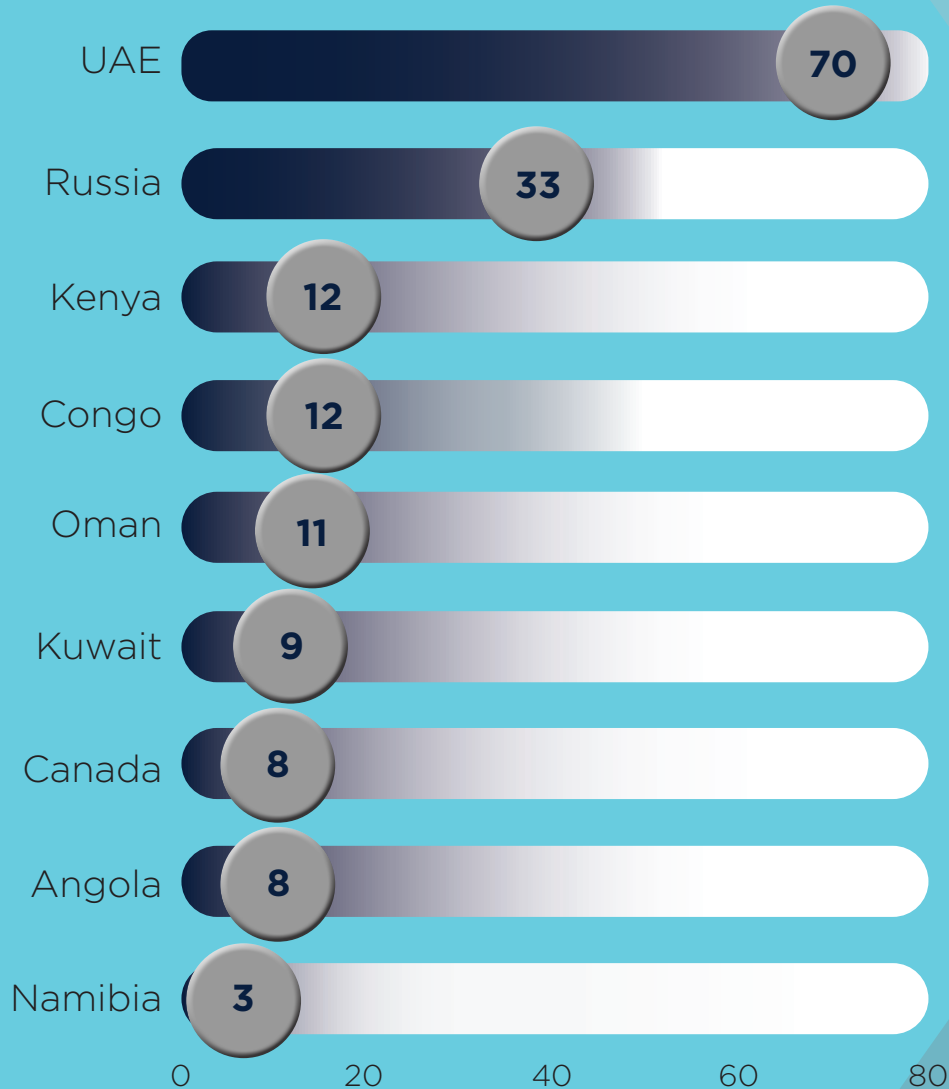
LANGUAGE LOOPHOLES' PUT COP'S CLIMATE CHANGE IMPACT IN QUESTION



The messaging coming out of COP contributes to how people view the effectiveness of these forums, and confusing contradictions will not help public perception of their impact. Currently, only 22% globally believe that COP will lead to significant progress in tackling climate change (Kantar, 2022).



COP27 FOSSIL FUEL LOBBYISTS IN COUNTRY DELEGATION TEAM



30 COUNTRIES IN TOTAL HAVE FOSSIL FUEL LOBBYISTS IN THEIR DELEGATIONS

And if the lack of transparency in the negotiation process is to become the norm, then the pressure on businesses to take the lead in demonstrating progress is likely to increase. The address by the We Mean Business Coalition at the end of COP27 demonstrated the commitment of over 200 business leaders and major civil society to deliver on the Paris Agreement – a sign that the corporate community is willing to take on the mantle of progress.



Business drives **HISTORIC AGREEMENT** for nature at COP15



Despite two years of Covid delays, the COP15 summit in Montreal delivered a new “Paris-style” deal for nature. Companies and investors called on COP15 negotiators to strengthen Target 15 of the Global Biodiversity Framework and make it mandatory. This would effectively charge governments with a new responsibility to ensure that large and transnational companies disclose “their risks, dependencies and impacts on biodiversity” in their reporting.

Up to 1,000 companies attended COP15, the first time they had turned up in force to a biodiversity COP. These companies were keen to play a leading role in the discussions, something that was as much about risk mitigation as it was about opportunity. After all, failure to address your impact on nature, risks damaging supply chains and reputations.

Many businesses in attendance used the event to demonstrate their commitment to protecting biodiversity. Kering and L'Occitane launched their Climate Fund for Nature to invest \$300 million in nature-based solutions, and the 'Nature Action 100' initiative provided a new platform for investors to engage with the most impactful companies on nature.





WHAT THIS MEANS FOR YOU

After the historic Kunming-Montreal Global Biodiversity Framework was adopted on 19th December, biodiversity projects are likely to gain a lot of attention as many businesses seek to achieve the goal of 'effective restoration'. However, greater action will lead to more scrutiny and it is crucial that companies demonstrate that the projects they fund have a 'cause coming from inside the house', meaning they invest in ecosystem services directly tied to their business operations or value chains.



In the coming year, we expect biodiversity disclosure to evolve quickly, with many businesses demonstrating their proactivity by engaging in voluntary initiatives. The exact methods of implementation will likely filter down through legislation over the coming months, but no matter how the framework is applied, now is the time for businesses to put biodiversity on an equal footing with climate change.



The future of SPORTS SPONSORSHIP

Recognition of the 'soft power' imbued into sporting events is nothing new. Yet the World Cup in Qatar brought the concept of "sportswashing" into mainstream parlance and left significant numbers of fans feeling upset, outraged or conflicted about the event in light of Qatar's stance on LGBTQ+ rights and treatment of migrant workers.



With the tournament raising so many ethical debates about the role of sponsors, players, broadcasters, cultural differences between nations and the significance of holding the first World Cup ever in a Muslim country, one must not overlook the personal significance the event held for many, such as families of migrant workers, or many LGBTQ+ people who felt their existence was being discredited as allies had abandoned them.

Given the complexity and hard-hitting emotions at play, one of the biggest surprises was the range of ways individuals and corporations responded to criticisms. This ranged from relative silence by tournament ambassador David Beckham, to the unforgettable "today I feel Arab... today I feel gay" speech by FIFA President, Gianni Infantino, chastising critics for hypocrisy grounded in a colonial worldview. Then there was the knowing but hastily deleted tweet by tournament sponsor Budweiser on news that sales of beer would be banned at some venues, saying "well, this is awkward". This bucked the trend of top-tier sponsors who overwhelmingly stayed quiet.

“TODAY I FEEL ARAB... TODAY I FEEL GAY”

BY FIFA PRESIDENT, GIANNI INFANTINO



WHAT THIS MEANS FOR YOU

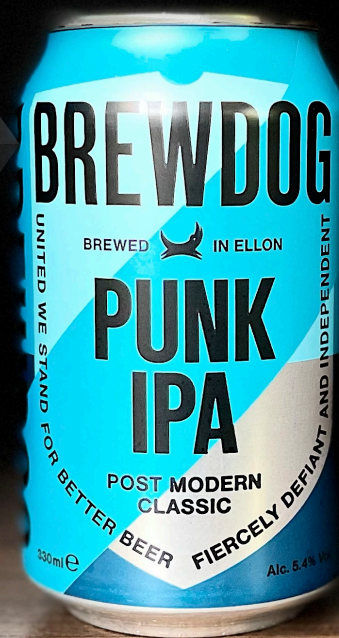
Sports sponsorship will continue to appeal to global brands seeking to drive relevance with international audiences. Those who value international growth, promotional rights, owning a consumption occasion, or aligning themselves with healthy and active living may well determine the benefits outweigh the risks. In such situations, here are some tips to keep in mind. First, follow the will of your workforce – they can provide a sound temperature check as those who will be the front line for negative criticism. Second – avoid gesturing before, during and after the event which will feel incongruous and token in light of your sponsorship. Third – be prepared to explain why your participation reflects not only your brand/corporate purpose, but your broader ESG strategy.

ARE 'INTERNALITIES' THE NEW 'EXTERNALITY'?

BrewDog loses
B Corp status
over employee
complaints



BrewDog was stripped of its B Corp status after the accrediting body investigated complaints about a “toxic” workplace culture on the BBC show, Disclosure. In the 2022 programme, ‘The truth about Brewdog’, 15 staff alleged abuse of power in the workplace by higher-ups, including inappropriate comments made to female staff. Prior to the investigation, Brewdog received its highest score in worker categories of their B Corp Assessment.



Brewdog has since hired a consultancy to review its business culture and continues to remain committed to B Lab values. Meanwhile they have doubled down on climate-related certifications, such as Carbon Negative Company by Positive Planet, and Lost Forest, which are “central to [their] ethos as a business and.... [allow them to be] laser-focused on those areas of our business that deliver the most real-term value.”

This comes at a time when the B Corp community, particularly smaller social enterprises, are calling for strengthened criteria when it comes to workers' rights elements of the accreditation.

And it matters to citizens too, with PN's own research showing treatment of workers to be a leading area of concern post-pandemic, with a majority citing 'employee health and safety', 'protecting livelihoods' and 'human rights' as key areas where they want to see companies take action.

Source: Closing the Say-Do Gap, Baseline Research - Autumn 2021



WHAT THIS MEANS FOR YOU

While it has always been important for companies to identify and remedy 'say-do' gaps between their external promises and internal reality, particularly in the context of their workers and suppliers, the latest news concerning BrewDog shows what is at stake when gaps persist – particularly for brands building their reputation on social impact.

Media will not ignore widespread worker complaints coming from within well-known organisations (see also Twitter's recent approach to redundancies), particularly when such reports are so incongruous to their stated purpose. The internal effects of doing business must be confronted with the same energy and commitment as external ones.

B-Lab
Values

NO ESCAPE FROM ACCOUNTABILITY



The impact of climate change is driving campaigners and citizens to use all means at their disposal to keep governments and companies to account, establishing a new era of environmental accountability.

The EU Parliament will soon require large companies to regularly disclose their societal & environmental impact and sustainability risks (known as The Corporate Sustainability Reporting Directive), potentially leading to sustainability reporting standards at a global level. In the UK, the Clean Air Bill (Ella's Bill) would establish a right to clean air and increase the powers of the UK Health Security Agency.

89%

of PR professionals have pushed back against their clients' attempts to greenwash

Failure to meet environmental standards is even dragging governments and companies to court. In Germany, a group of claimants is suing the government over lack of progress in meeting WHO recommendations on air quality levels. And in France, Danone has been taken to court by three environmental groups for failure to reduce its plastic footprint sufficiently and violating a law that requires large companies to address their environmental impact.

Hiding behind comms to escape accountability is also becoming difficult. The latest PRCA Climate Misinformation Strategy Group report found that 89% of PR professionals have pushed back against their clients' attempts to greenwash and 57% have managed to change the approach.



WHAT THIS MEANS FOR YOU

Efforts to integrate ESG practices into corporate policies and investment decisions are facing divergent pressures, but as people continue to experience the real impact that climate change is having, not just on the planet but on their own health, we're seeing that they're not afraid to go as far as litigation to force companies and governments alike to take action. "Greenhushing" (i.e. refraining from disclosing details of a company's sustainability goals and practices for fear of being penalised) and "greenwashing" are not an option.

SECTOR HIGH- LIGHTS

ENERGY

Nuclear Fusion offers a solution for **SUSTAINABLE ENERGY**



In a big breakthrough for clean energy, nuclear fusion researchers managed to release more energy than they put in, in a positive gain known as ignition. This breakthrough could mean 'near-limitless energy' offering a safe, clean source of energy which is sustainable and low-carbon.



Nuclear fusion as a viable source of large-scale electricity supply is still likely to be decades away so this should not mean that focus is shifted away from reducing carbon emissions. Efforts still need to be concentrated on building clean energy sources such as solar and wind power, and battery storage.

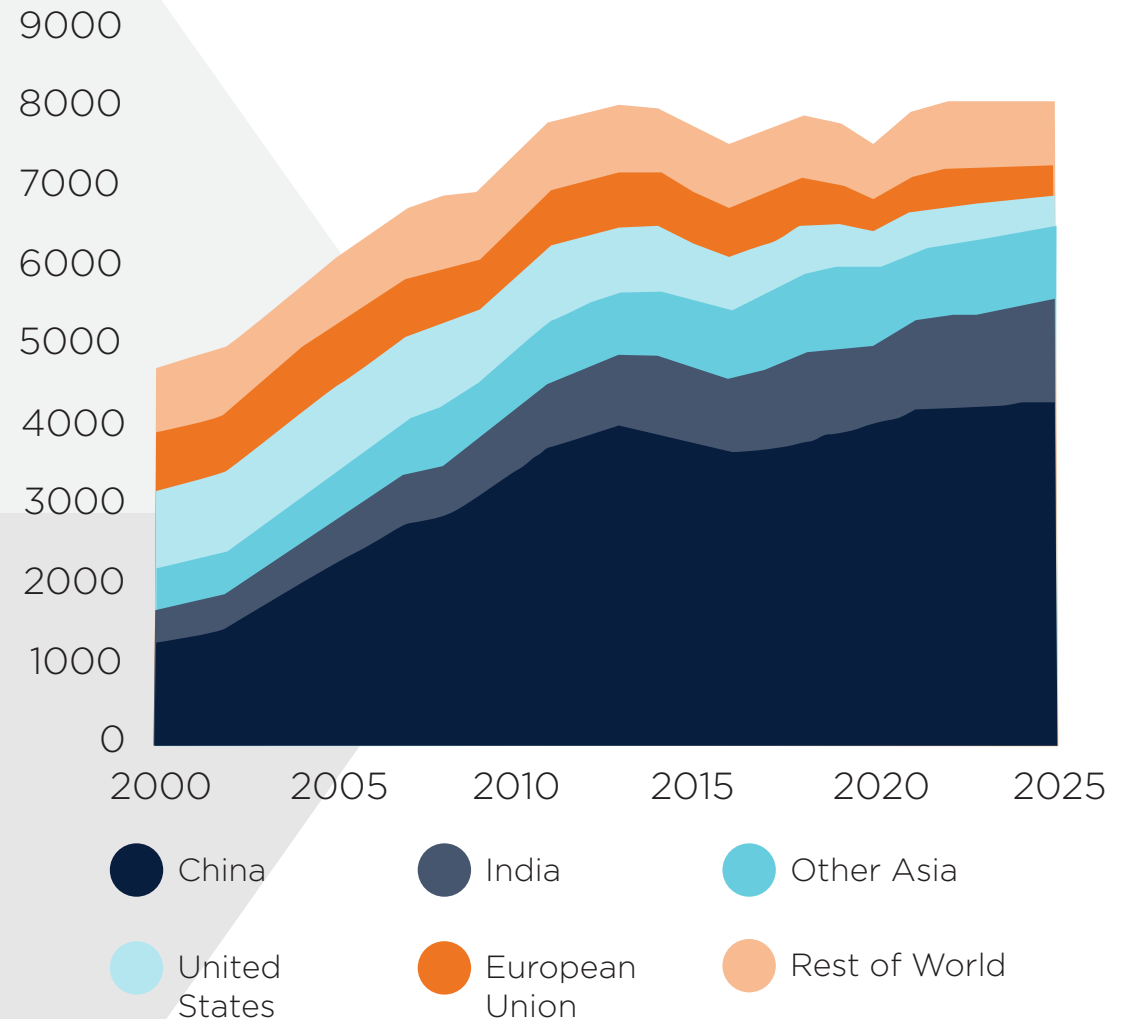
Simultaneously, global coal consumption is set to rise to an all-time high and remain there if stronger efforts are not made to move to a low-carbon economy (according to the International Energy Agency). The world is close to peak fossil fuel usage despite events such as the Russia-Ukraine conflict accelerating the world's transition to cleaner energy sources. Currently, the world is on course for about 2.5°C of warming by the end of the century, posing a serious threat to the stability of ecological systems.



WHAT THIS MEANS FOR YOU

While scientific breakthroughs such as ignition are promising, companies should not lift their foot off the accelerator, even when innovations such as these are framed as a 'silver bullet' for sustainable energy. Mitigating climate change impacts can only happen when everyone works together towards a common goal, across diverse industries and solutions.

Global coal consumption, 2000-2025



TECH

Collapse of
cryptocurrency
firm FTX exposes
practical and
moral issues with

THE EFFECTIVE ALTRUISM MOVEMENT





Since FTX founder Sam Bankman-Fried's arrest, and the subsequent collapse of his crypto trading company, the future of 'Effective Altruism' – a philanthropic movement he publicly advocated for - has been placed under the microscope. The concept, which started in the UK in 2009 and expanded swiftly, especially among America's tech A-list, contends that we should spend our lives attempting to assist as many people as we can in the most efficient ways.

However, the fall of one of its most well-known proponents has highlighted some of the issues with the philosophy's theory and application.

One concept at the centre of EA is "Earn to Give," which encourages its adherents to maximise their financial success so they can use a big portion of their wealth to benefit humanity. Although such a purpose may only be driven by altruism, another viewpoint emphasises that this is a vehicle to

protect those who want to make creating enormous wealth their life's work, boosting and supporting capitalism.

In one of his books, EA ideological guru William MacAskill promotes another crucial notion known as "longtermism." This framework accounts for potential good by counting beneficiaries, even those who have not yet been born. This has caused conflict among some who argue that "speculative futureproofing" undermines efforts to lessen current suffering.

Additionally, critics have warned that those who receive money from effective altruists may be reluctant to criticise the movement for fear of losing their support.



WHAT THIS MEANS FOR YOU

Moral and practical concerns aside, the collapse of FTX should not be viewed as a reason to completely dismiss philanthropic endeavours or the wider notion of corporate social responsibility. What it does show is that translating philosophy into successful outcomes requires a system of rigorous checks and balances.

Rather than look to save the world through their wallets, companies need to operationalise their positive societal and environmental impact. This means moving away from a pattern of fixing the problems they've created due to growth at all costs, and working to avoid them in the first place.

FOOD & AGRIC ULTURE

Ingka Group
models the
future of

SUSTAINABLE FOOD HALLS IN URBAN AREAS



The restaurant will be zero waste to landfill and zero single-use plastics.



The Ingka Group – which includes IKEA – has unveiled a new global food and beverage concept, Saluhall which will offer predominately plant-based food and beverages with a Nordic twist. The Saluhall concept builds on Ingka Centres’ recent track record of innovative investments such as the Circuit sustainability concept, ‘Hej! Workshop’ co-working space in Sweden, and ‘Light by Livat’ work-and-live units in China.

Saluhall will require all its vendors to subscribe to a manifesto and guiding principles that favour plant-based options, regenerative agriculture and seasonal and local ingredients. The restaurant will be zero waste to landfill and zero single-use plastics.

These concepts are intended for the company’s city-centre portfolio, which IKEA has been growing recently (such as the Livat centre in Hammersmith, west London) to cater to urban demographics.

WHAT THIS MEANS FOR YOU

Ingka Group and its subsidiaries, particularly IKEA, are known for their sustainable business propositions and values.

This new concept is the latest example of the company’s investment in innovation and shows why growing as a business doesn’t mean just expanding up, but sideways too i.e. incorporating elements of other business models and industries for the benefit of the brand and society at large.

From a consumer perspective, ensuring the values of the company are front and centre makes these lateral moves feel cohesive and authentic.

DUTCH GOVERNMENT TARGETS AGRICULTURAL INDUSTRY

in drastic action
to mediate the
nitrogen crisis



The Dutch government has been threatening to buy up and shut down 3,000 farms that fail to meet EU net-zero targets. The Netherlands has the second highest nitrogen balance (or surplus) in Europe and has been struggling with high emissions of nitrogen from agriculture, transport and industry, which threaten the country's nature and biodiversity.

Agriculture has been identified as one of the main causes of the crisis over the past decade, as the number of livestock herds (there are more than five times as many farmed animals in the Netherlands as its 17.8 million people) have led to high levels of ammonia and nitrogen oxides (from combustion fuels). Excess amounts of both can lead to acid rain, deterioration of the soil, groundwater pollution and biodiversity loss.

Part of the Dutch government's plans requires a drastic reduction in livestock by one-third over the next eight years. In December, the government announced that mandatory buy-outs would be coming next year, sparking large-scale protests by farmers, with major cities being drawn to a standstill. The farmers argue that they have been singled out by the government, which is forcing them to take short-term drastic action, while other sectors and industrial polluters have been let off more lightly.

Agriculture has been identified as one of the main cause of the crisis over the past decade.



WHAT THIS MEANS FOR YOU

As national policy responses to the climate crisis trickle down from global and regional policy changes, we can expect more of these drastic measures in the coming years. Businesses may have to engage more with political stakeholders so they can prepare and negotiate their standing. In the Netherlands, big polluters have done this already, which has allowed them to negotiate less drastic cutbacks at a slower rate than that of the agricultural industry.

HEALTH

INCREASING ACCEPTANCE OF AI TECHNOLOGY

can unleash
game-changing
solutions to
healthcare
challenges



While being a vital tool for the scientific community for the last ten years, AI technologies are now being used first-hand by millions of individuals thanks to applications such as ChatGPT, which in a matter of weeks, has “burst into the public consciousness in a way seldom seen outside the realm of science fiction” (FT).

Concerns over AI’s reliability have been widely discussed (even ChatGPT’s creators warn of its shortcomings) but the public’s increasing familiarity with AI creates an opportunity to bring the technology to life and boost its reach in areas of high unmet need.



A digital health worker, Florence supports an individual with their journey to a healthier life by providing advice on Covid-19

Particularly in a sector such as healthcare, which has acute inequity and workforce shortages, the widespread use of AI-based applications can help alleviate pressures and remove barriers.

Florence 2.0, the World Health Organisation's rendition of AI, is already helping to reduce the spread of misinformation. A digital health worker, Florence supports an individual with their journey to a healthier life by providing advice on Covid-19, how to eat or exercise better and quit tobacco, unlocking guidance that was previously confined within the space of a healthcare practice room.



WHAT THIS MEANS FOR YOU

An ageing population, demand for healthcare, and shortages of healthcare professionals are being deeply felt across many countries. No longer a nice-to-have, the use of AI and digital innovation in healthcare is becoming crucial to tackling these challenges. The public's interest in ChatGPT highlights a mindset shift and provides fertile ground for companies and organisations looking to encourage uptake of such technologies, from personal trainers to digital health coaches, who can communicate directly with patients, thereby making the healthcare ecosystem more efficient and accessible to all.

LOOKING AHEAD

1st-2nd March



<https://event.edie.net/forum/>

Formerly known as the Sustainability Leaders Forum, Edie23 will bring together board-level executives and sustainability and net-zero leaders, along with policymakers, finance experts, NGOs and academia for two days in London. The event has a strict no-greenwashing policy and promises to deliver action-oriented content.

ECONOMIST IMPACT

<https://events.economist.com/sustainability-week/>

The event is back in London for 2023 and will be bringing together 1,000 attendees, 300 speakers and 50 exhibitors, with a focus on helping businesses become more sustainable, faster. Key themes will include biodiversity, innovative technology, decarbonising business models and social sustainability.

29th-31st March

BEFORE YOU GO: TWO THINGS WE LOVE



WANT TO HAVE A GO AT SAVING THE PLANET?



We've enjoyed playing the [Climate Game from the Financial Times](#), which puts you in control of the future of the planet by asking you to mitigate the worst effects of climate change through a series of decisions and trade-offs that are necessary to reach net zero by 2050.

While the language and science around climate change can often feel daunting, this game shows how creativity and interactivity can make the complexity of climate change accessible and relevant. Not only that, it's a clever example of how to showcase multi-dimensional issues and the interrelated way decisions can affect outcomes.



CLIMATE CHANGE FOOTBALL CLUB KIT

P&I WINTER TRENDS REPORT

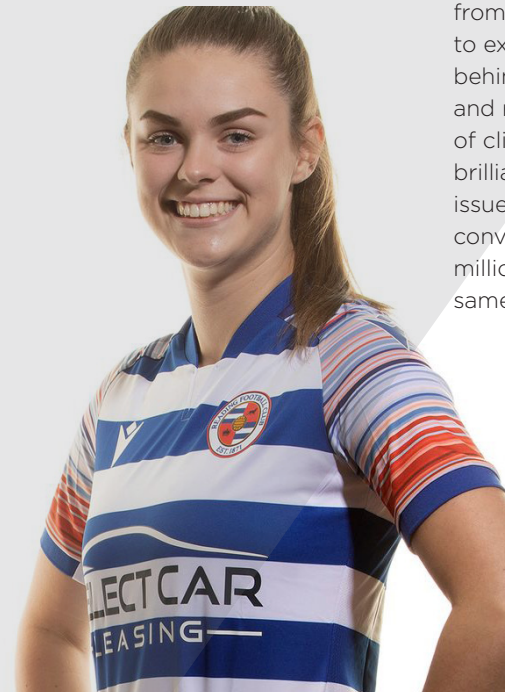


Football team, Reading FC, unveiled a new kit last year to draw attention to the impact of climate change and rising global temperatures.



Designed in collaboration with the University of Reading, the kit features 'climate stripes' changing from blue to red to represent the changing average temperatures from 1850 to the present day.

While the kit was launched last summer, it grabbed headlines last month when Reading played against top-flight club, Manchester United in the FA Cup. During the game's broadcast on national TV, the football commentators deviated from their usual analysis to explain the meaning behind Reading's kit and raise awareness of climate change – a brilliant way to bring the issue into mainstream conversation and reach millions of people at the same time.



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