iResearch

# The new reality for businesses in a world of misinformation

Spotlight on sustainability

Sustainability and misinformation present ongoing challenges for businesses. A wealth of resources are being put into sustainable efforts, but there remains no universal way to measure their success.

Misinformation can happen even without an intent to deceive. Businesses need to take a proactive stance on providing accurate information regarding their sustainability efforts.

## ESG frameworks

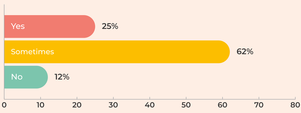
There are calls from the industry to review and regulate the current ESG reporting landscape, with international regulators and bodies flagging the narrow choice of ESG data suppliers in 2020, as well as the lack of regulation around suitable industry standards.

In the meantime, it is challenging for a business to find a framework that is fit for purpose to indicate how well it is doing to establish, promote and implement sustainable measures.

## Do businesses get sustainability 'right'?

iResearch Services surveyed 1000 consumers and 600 business leaders globally to get their thoughts on how businesses are performing when it comes to sustainability.

**Consumers: Do you think that businesses get it right when it comes to sustainability?**



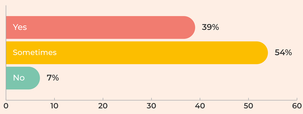

Only 25% of our global survey of individuals thought that businesses get sustainability right.

This presents a twofold problem for businesses:

- They need to ensure that their organisations are suitably sustainable
- They also need to be able to communicate this successfully to a wide range of stakeholders, including the public

Not doing so would lead to misinformation, which creates a space in which rumours and conjecture can proliferate. These could have a detrimental effect on companies' brand reputation, and perhaps even their profitability.

**Business leaders: Do you think that businesses get it right when it comes to sustainability?**




We found a discrepancy between business leaders and consumers in answering if whether companies were successful in their sustainability efforts. 39% of business leaders answered "Yes", compared to just 25% of consumers.

This difference suggests that business leaders may not be able to communicate what they think is 'good' sufficiently to the public.

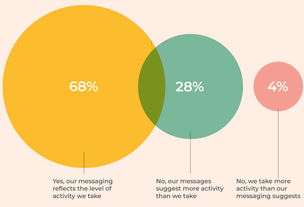
> It is one thing to be an expert, another to be understood. Crucially, data storytellers need to be able to demystify data for their audience, to be seen as reliable experts in their fields — and as experts who can speak against disinformation.
>
> *-Andrew Newby, Operations Director at iResearch Services*

## Greenwashing breeds misinformation

The lack of robust, comparative ESG data means that businesses run the risk of providing inaccurate or misleading information about their products, services and policies. These might be touted as being more sustainably sound than they actually are.

We asked business leaders whether they thought that their messaging — including branding, marketing and communications — reflected the amount of sustainable action actually taken.

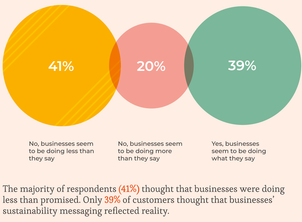
**Business leaders: Is the level of sustainability activity that your business takes reflected in your messaging (branding, marketing and communications)?**




68% of business leaders surveyed thought that their messaging was aligned to their actual efforts. 28% admitted to greenwashing.

However, results were less promising when we posed the same question to consumers:

**Consumers: Do you think that the data provided by businesses is aligned with the businesses' sustainability brand messaging and marketing?**




The majority of respondents (41%) thought that businesses were doing less than promised. Only 39% of customers thought that businesses' sustainability messaging reflected reality.

Often, sustainability disinformation stems less from an intent to deceive and more from the over-enthusiastic communications about companies' ESG initiatives that overstate actual levels of activity.

However, ESG ratings are very different from understanding policies and criteria. For example, a company can have excellent ESG strategies and be highly thought of by ratings agencies, but that does not necessarily make them 'ethical'.

> Investors really need to know their own ethical profile. Those who work within the industry have spent years trying to manage these moral and ethical conflicts. Brave strategies to deal with the issue of greenwashing may yet need to emerge.
>
> *-Julia Dreblow, Founder, SRI Services and Fund EcoMarket*

## What more can businesses do to tackle misinformation?

Businesses need to be more prepared in the fight against misinformation when it comes to sustainability.

Download the iResearch Services misinformation report for our five key pillars for misinformation risk mitigation.

Download the report

Find out more by contacting us at
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