

# Effectively Communicating ESG Strategies – A Resource for Borrowers

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# Effectively Communicating ESG Strategies – A Resource for Borrowers

## Executive Summary

- Now more than ever it is necessary for businesses of all sizes and within every sector to develop ESG strategies and integrate ESG practices.
- Adopting and clearly communicating an effective ESG strategy and policy demonstrates a commitment to sustainability, provides a competitive advantage and helps future proof the business.
- To help borrowers and their advisors communicate their ESG Strategies, ELFA held a workshop with sustainability consultant Amanda Campbell, exploring how borrowers can effectively communicate sustainability strategies.
- Ahead of an upcoming workshop for borrowers on developing ESG strategies, we are publishing some key takeaways from Amanda's presentation.

## Introduction

Now more than ever it is necessary for businesses of all sizes and within every sector to develop ESG related strategies and practices. Mounting evidence shows the multi-faceted benefits of embracing ESG, including talent retention, efficiency, cost reduction, and access to capital.

However, along with adopting a strategy, it is also key to ensure that businesses approach to ESG is fully understood and supported across all stakeholders from employees to suppliers to customers. How borrowers and their advisors navigate this complex and fast changing environment has never been more important.

Hence, as part of our continued efforts to support the growth of ESG investing and integration in the European leveraged finance market, last year ELFA recently held an ESG Strategies Workshop for borrowers. During the workshop, we explored:

- How can borrowers develop a comprehensive sustainability communications strategy?
- Why is narrative important?
- What is sustainability washing?

In this Insights report, we summarise the key themes from the workshop and explore how borrowers can effectively communicate their sustainability strategy.

## ELFA ESG Fact Sheets

For over three years, through our ESG Disclosure Initiative, we've been gathering input from hundreds of professionals, including over 60 leveraged finance corporate borrowers from across 15 sectors, along with dozens of credit analysts and credit rating agencies.

With the input gained from participants during these workshops, we developed the ELFA ESG Fact Sheets, that are designed to facilitate engagement on ESG factors between credit investors, the borrowers to which they lend, and their advisers.

Each ESG Fact Sheet outlines key topics for their respective sectors under the three ESG pillars, along with the related policies, processes, controls, and associated metrics that could be relevant to an investment decision.

To ensure that these resources stay aligned with market and regulatory requirements, we remain in continuous dialogue with market participants and incorporate feedback periodically.

Our ESG Fact Sheets include an ESG KPI table along with relevant definitions, making it easier for borrowers to disclose information that credit investors need to make investment decisions. The tables make the resource more user-friendly so that borrowers can easily discern when quantitative data is preferred to qualitative disclosures.

These resources will help align market expectations and streamline the disclosure process, serving as an excellent starting point for borrower's ESG journey.



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## Communicating ESG Strategies

### a. The Role of Communications

Communicating your ESG strategy to stakeholders is a critical aspect of successfully integrating and delivering it. This is about bridging the knowledge gap, which is where the communications team and the strategy have a key role to play.

A key objective of great communications is about bringing clarity to complexity, this is particularly so in the environmental area. ESG can be highly technical, using jargon and acronyms and research shows that this can alienate stakeholders. So, the first step, is to take these complex ideas and make them easier and simpler to understand.

Then it is about Building Belief. Business needs to enable stakeholders to understand why it is important and build belief that they are genuine in their efforts and that their plans are achievable.

Once these two steps have been mastered, we then move to possibly the hardest element – influencing behaviour change. What it is that organisations need people to do differently and how do they inspire action? Once people are actively involved in the journey you can start to create advocacy, which is how you build lasting change.

### b. The Importance of Narrative

A sustainability narrative is the golden thread that provides connectivity and for the best organisations combines corporate goals effectively and authentically with sustainability strategies.

From your hero areas such as people, planet, profit right down to the detailed targets – the same narrative needs to apply.

There are some key principles in developing your narrative:

1. Consider your audience first. It isn't about what you want to say, rather what is important for your audience. Consider language that is appropriate to your audience.
2. Use diverse voices to tell your story. Having a tangible and honest narrative given by different voices within your organisation will help build on support and collaboration.

### c. Achieving Balance – Learning From Greenwashing

Greenwashing concerns arise when organisations appear to be more environmentally friendly or less environmentally damaging than they really are. Although greenwashing is widely known, it is only one quartile of a matrix that also includes silent brown, green hushing, and vocal green.



Silent brown refers to organisations that are underperforming and keeping quiet. Green hushing is a growing phenomenon where organisations choose to keep quiet about their environmental activity even though they may have sound practices. Where you want organisations to get to is, the top quartile - vocal green - honest and effective communication.

Although designed for consumer protection by the Markets and Competition Authority, The Green Claims Code is a good guide as it provides a simple checklist and although called 'Green' the principles can relate to any element of your ESG communications.

## Conclusion

Today's stakeholders expect companies to go beyond compliance and to clearly articulate how they are addressing the global challenges from loss of biodiversity to climate change to workers' rights. It's no longer enough to minimise your impacts. Organisations must demonstrate how they are contributing to the solution.

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Today, more and more organisations are communicating their stories. Leading businesses are being open about the challenges they face, the actions they are taking as they address the complex social and environmental issues.

By communicating effectively, and truthfully, these organisations demonstrate credibility, earn greater trust and recognition.

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**About ELFA:**

ELFA is a professional trade association comprised of European leveraged finance investors from over 60 institutional fixed income managers, including investment advisors, insurance companies, and pension funds. ELFA seeks to support the growth and resilience of the leveraged finance market while acting as the voice of its investor community by promoting transparency and facilitating engagement among European leveraged finance market participants. For more information please visit ELFA's website: [www.elfainvestors.com](http://www.elfainvestors.com).

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**About Amanda Campbell**

Amanda is an experienced executive director and Trustee working for listed and private organisations including intu Properties plc, Lend Lease, Adams Childrenswear and ATS Euromaster. She brings a deep understanding of the challenges and practicalities that leaders and organisations face as they navigate today's ever-increasing climate of change and complexity to achieve their goals.

As a seasoned corporate affairs and sustainability leader she has created and driven cultural and strategic transformation, helped shape, communicate, and embed strategies delivering business performance and improving reputation and stakeholder relationships. She has deep experience of charting paths through complex problems especially in moments of crisis.

Amanda believes in people first transformational change and influencing a more sustainable approach to business and uses her understanding of the challenges today's organisations face advising business leaders in all things corporate affairs and sustainability.

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