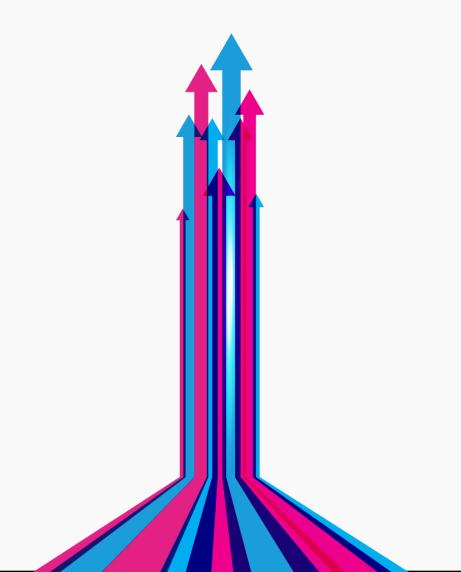


Toolkit Series

HOW TO ALIGN IMPACT, BRAND AND PURPOSE

March 2025

Part of our Six Catalysts of Responsible Business Series





The evidence is clear: there is insufficient progress being made on the Global Goals, also known as the United Nations' Sustainable Development Goals, and that businesses need to play their part if they are to be metⁱ. At Business in the Community (BITC), we are aiming to increase the pace and scale of responsible business action to tackle those Goals.

To achieve this, we have researched the greatest barriers and drivers of responsible business and identified six <u>Catalysts of Responsible Business</u>: actions that will accelerate, scale and perpetuate sustainable, inclusive and fair corporate actions to tackle the biggest issues facing society. This guide covers tips for responsible business practitioners to:

Align impact, brand and purpose:

Externally position your organisation as a responsible business, including through transparent reporting, advocacy and peer collaboration.

Why is alignment between impact, brand and purpose important?

In both prosperous and challenging economic times, businesses have the opportunity to integrate responsible practices into their long-term strategies. While market shifts and geopolitical events can bring new priorities, they also present a chance for companies to reinforce their commitment to sustainable and ethical business. Research indicates that in the wake of global challenges—such as the war in Ukraine, supply chain disruptions,

inflation, and economic uncertainty - CEOs are increasingly prioritising Governance within ESG^{II}. A 2024 Bain & Co. report highlights that while sustainability may not always be a top focus, businesses that successfully align impact, brand, and purpose can maintain their responsible business commitments, whilst also driving innovation, resilience, and long-term growth^{III}.

This alignment ensures that sustainability remains a core part of business strategy, even in evolving economic landscapes,

leading to more consistent action, stronger stakeholder relationships, and long-term business resilience.

Positioning the company as inextricably linked to responsibility. A strong, responsible brand builds trust, credibility, and long-term loyalty. According to the 2024 Edelman Trust Barometer, 62% of consumers now conduct more research before making a purchase, and 81% discover aspects of a brand post-purchase that deepen their loyalty^{iv}, indicating a shift towards more informed purchasing decisions, with consumers becoming increasingly discerning in their choices. This highlights the increasing expectation for companies to demonstrate authenticity and responsibility, beyond their marketing claims.

Aligning company identity with responsible business practices and purpose not only differentiates it in a competitive market but also strengthens consumer engagement, enhances reputation, and drives long-term value. This alignment ensures that responsible business commitments remain embedded in long-term strategy, even amid economic uncertainty. Research from

PwC emphasises that purpose-driven companies are more likely to uphold their ESG commitments, despite financial pressures, as their brand identity is tied to their responsible business practices. By integrating responsibility into branding, businesses create stronger emotional connections with consumers, maintain stakeholder trust, and reinforce their long-term commitment to sustainability and ethical practices.

the core of the company. Aligning impact, brand, and purpose ensures that a company's values, commitments, and external messaging aligns with its actions. While this doesn't always require a fully responsible core-business strategy, it encourages businesses to integrate responsible practices into everyday operations, rather than treating them as add-ons. Ensuring a responsible corebusiness strategy can make responsible practices mainstream, unlocking numerous benefits^{vi} and even adding up to 30% in value for investors^{vii}.

By embedding responsibility into everything a company does, from products

and services to innovation and operations, businesses can drive both positive impact and profitability, maintaining their commitments even in times of uncertainty.

Read more in BITC's guide on <u>How to</u> <u>Develop a Responsible Core-Business</u> <u>Strategy</u>.

Deepening stakeholder relationships.

Branding is one of the most valuable assets a business can have, shaping its identity and influencing how stakeholders perceive and engage with it. As mentioned above, purpose-driven companies are more sought out by consumers and investors alike, with KPMG's 2024 CEO Outlook suggesting that 31% of CEOs believe that ESG will have the greatest impact on their customer relationships over the next three years^{viii}.

Additionally, purpose-driven companies see 40% higher employee retention^{ix}, and 79% of adults consider a company's purpose before applying for a job^x. Creating a brand synonymous with responsible business means higher employee engagement, resulting in improved return on assets, net margin, customer satisfaction, and company reputation^{xi}.

Read more in BITC's guide on <u>How to</u>
Activate Employees on Responsible
Business.

What does alignment between impact, brand and purpose look like?

Aligning your brand with responsible business efforts requires a clear and embedded purpose, strategy, and impact. Without this, there is a risk of greenwashing when companies falsely claim or exaggerate their environmental efforts. Greenwashing can erode consumer trust, damage a brand's reputation, and misallocate sustainability resources.

Despite the risks, one study found that over 95% of consumer products claiming to be green had committed at least one type of greenwashing offensexii. The European Union Green Claims Directive aims to combat this by regulating environmental claims more strictly, to protect consumers and ensure genuine sustainable effortsxiii. Additionally, 68% of CEOs report that their ESG progress is not strong enough to withstand scrutiny from stakeholders or shareholdersxiv.

BITC's **Six Catalysts of Responsible Business** can help you authentically embed Responsible Business practices within your organisation. To align your brand and purpose, businesses should:

- **1. Communicate transparently.** To minimise the risk of greenwashing, be transparent about both the positive and negative impact of your product or service and acknowledge targets that are not yet met.
- 2. Link all communications to impact and purpose. A purpose-driven company integrates its purpose into all actions, including its reporting. Branding and marketing should align with the company's purpose, and Responsible Business reporting should be integrated with financial reports.
- 3. Use your company's platform to advocate for change. When impact and purpose are embedded in business as usual, companies should aim to influence beyond their stakeholder base. This could involve lobbying governments, collaborating with industry peers, or partnering with philanthropic organisations. Whilst this may seem scary

in changing landscapes, according to KPMG, 68% of CEOs in 2024 were still prepared to take a stand on politically or socially contentious issues, even in the face of potential board objections.

How to authentically align impact, brand and purpose

Start with purpose

At BITC, we define purpose as articulating why a business exists, beyond making a financial return, and how that benefits wider society. It is essential to get your purpose right to build a strong foundation for your responsible business strategy.

Work with both internal and external stakeholders to define or refine your purpose. Use this purpose to identify which material issues to address, embed Responsible Business within your core strategy, and set ambitious impact targets.

Read BITC's Toolkits on <u>Developing and</u>
<u>Embedding Your Purpose</u>, How to <u>Develop</u>
<u>a Responsible Core-Business Strategy</u> and
<u>Setting Ambitious Impact Targets</u> for more information.

Case study: Patagoniaxv

Patagonia has seamlessly integrated its purpose—environmental activism and sustainability—into its business strategy, making it a core driver of growth, brand identity, and customer loyalty. Through its mission-driven business model, bold sustainability commitments, purpose-aligned product innovation, and authentic activism, Patagonia has shown that a purpose-driven strategy can be both impactful and commercially successful.

Measure your impact, and be transparent and authentic in your communications

Transparency and accountability are key to building trust in sustainability efforts. By measuring your impact, communicating authentically, and aligning with recognised standards, you can demonstrate real commitment while fostering meaningful stakeholder engagement.

 Honesty and clarity in sustainability claims: Be clear and honest about what your company is doing, including successes and challenges. Avoid vague or unverifiable claims.

- Use recognised standards and certifications: Align your sustainability reporting with internationally recognised standards, such as ISO 14001, B Corp, or Fair Trade, to add credibility and help stakeholders to understand and trust your commitments.
- Engage in open dialogue: Maintain an open line of communication with your stakeholders, including customers, employees, suppliers, and the local community. Be responsive to feedback and criticism and use it as an opportunity to improve your sustainability efforts.

Case study: Microsoftxvi

Microsoft details emissions data, explains challenges, and revises strategies to stay accountable. For example, in its 2023 report, Microsoft admitted it was not on track to become carbon negative by 2030 due to an increase in overall emissions from its data centre expansions and cloud services

Integrate your reporting

Integrated reporting demonstrates that Responsible Business is embedded within a company's core strategy.

Integrated reports should:

- Include all aspects of ESG/Responsible Business related to the business and its purpose.
- Present both positive and negative impact.
- Show where the business is falling short, and the actions being taken.
- Demonstrate the link between impact and commercial success.

Some good examples of integrated reports are <u>CBRE</u>, <u>Henry Boot</u>, <u>Robertsons</u>, and <u>PwC</u>.

Consider responsible decision-making factors

Embedding Responsible Business means ensuring that every decision made is aligned with your purpose, values, regulations, and impact on stakeholders. A responsible decision-making framework minimises the risk of greenwashing and

builds trust with key stakeholders, creating long-term value while reducing reputational, financial, and legislative risk*vii.

Read BITC's Factsheet on Making Responsible Business Decisions for more information.

Use your communications as a platform for advocacy

Stakeholders increasingly expect companies to take a public stance on issues that align with their purpose^{xviii}.

When advocating for change, companies should:

- Focus on material issues: Avoid
 using social causes purely as a
 marketing tool. Ensure that your
 campaigns are aligned to your
 purpose and material issues, built on
 the foundation of impact, and tested
 with key internal and external
 stakeholders.
- Showcase successes and collaborate for greater impact: Use storytelling to share concrete achievements and challenges in sustainability, making the cause

relatable and inspiring. Engage in cross-industry collaborations and sector-wide initiatives to amplify the message, setting new benchmarks for sustainability that inspire collective action.

Educate and mobilise for change:

Empower consumers with knowledge and tools for sustainable living, turning them into advocates for change. Use corporate influence to advocate for supportive policies and regulations, sharing insights and experiences to shape effective and sustainable industry practices.

Case study: Patagoniaxix

Patagonia's "Don't Buy This Jacket" Black Friday campaign successfully combined environmental advocacy with brand messaging, reinforcing its commitment to sustainability.

Be consistent

Aligning your brand with Responsible Business requires consistency over the long-term. Survey stakeholders need to assess how they perceive your brand's responsibility and use their feedback to improve. Overall, transparency and vulnerability can help build trust and give you a competitive edge.

Next steps:

- Talk to one of our expert teams today to learn how <u>BITC membership</u> can help you take your responsible business journey further and drive lasting global change.
- For members, your Relationship
 Manager or Adviser can work with
 you to create, review and embed
 your organisational purpose and
 overarching responsible business
 strategy.

Endnotes

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