

A Havas procurement whitepaper:

ETHICS AND SUSTAINABILITY

THE RISE OF CORPORATE CITIZENSHIP

INTRODUCTION

Ethics and sustainability in business have always been grey areas, with profit weighing-over purpose, people, and planet as the key measure of success for an age-old time. But since the 1960s and the rise of CSR (Corporate Social Responsibility) businesses have been compelled and called out to show the positive impact they make on the world.

Yet all too often, these 'efforts' remained adjunct to core business operations and objectives - with many seeing public displays of social or environmental work purely as corporate 'greenwashing.' Businesses needed to go further to demonstrate their commitment to the greater good, and since the rise of ESG (environmental, social, and governance) reporting in the early 00s it is now THE three-letter acronym on everyone's lips.

THE WORLD HAS CHANGED.

NEW DEMANDS AND EXPECTATIONS.

70% of consumers are tired of businesses pretending to want to help.¹

72% feel companies are not transparent with their commitments.²

AND SO HAVE THE ATTITUDES OF CORPORATE EXECUTIVES.

69% of C-suite leaders believe ESG is as important - or more so - than the overall financial performance of their business.

2023: the age of corporate citizenship is now truly here. Businesses know they can no longer remain opaque to outsiders to the new ethical transparency demanded by the world. Smart CEOs now expect every part of their business to be subject to public scrutiny. Only the fastest to adapt will survive but creating a path to success is no quick or easy journey.



AN UPHILL BATTLE

In a study conducted with YouGov, across 100 UK C-suite leaders, client procurement, and 1,000 UK employers, Havas found that a striking: **79% of C-suite leaders believe ESG will create more resilient business operations.**

But most are struggling to envisage and bring about the change they want to see.

64% said there had been no major shifts in implementing their company's sustainability agenda and **70% said they lacked the capacity needed to deliver direction for ESG.**

So, whilst it's clear leaders resoundingly agree that ESG is not only important for the good of people and the planet but also organisational success, they see **capacity and capability** as their major barriers to fulfilling ESG goals and promises.

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Employees, meanwhile, are feeling even more underwhelmed and jaded by lacklustre efforts.

80% said they didn't feel their expectations for their employers' ESG plans were being met even though over half of respondents, said they found work more fulfilling when they personally have an environmental and social impact.

But with **only just 8% of employees directly involved in sustainability at present**, there seems to be a missed opportunity by corporate leaders to counter their 'capacity issues' and advance their ESG agendas. Which is of course easier said than done.

¹ Meaningful Brands™ 2021 – Havas Group proprietary research study with You Gov – 280k respondents in the UK

² Meaningful Brands™ 2021

A PARTNER WITH PURPOSE

Businesses who do not grapple with this situation, and quickly, are at high risk of irrelevance. But our data shows that **business leaders do not feel equipped to make the changes their company needs**. And this is where the agency sector must take a firm leadership role.

Marketing agencies of all varieties have always ultimately been about providing ideas to their clients. In today's climate, those ideas increasingly need to talk to how a company is run, which is why at Havas, our consultancy and specialist ESG offerings - which include Gate One, H/Advisors Maitland, and Genus - are tightly integrated with our creative, media, and PR agencies through our Village model, where all specialisms sit within one P&L, under one roof with one vision and way of working.

We believe the best way to encourage positive change among our clients is to lead by example. **In 2018, Havas London became the first major ad agency to achieve B Corp status**, a certification that requires meeting a series of high standards of verified social and environmental performance, transparency, and accountability. Havas New York followed with B Corp status in 2021 and consequently Havas Amsterdam and Havas Malaysia.

AN ETHICAL AGENDA

At Havas, we are proud of our pioneering role in driving this philosophical change, but the marketing and advertising industry face major challenges. Our sector's reputation with the public is at an all-time low:

For the last two years, ad execs have been named in Ipsos Mori's Veracity Index as the least trusted profession among the UK public, below politicians.³

Our survey in 2022 of 109 procurement decision makers, half each from the UK and US, also revealed worrying signs for agencies.

56% of respondents said they thought that agencies overpromise and under-deliver, and almost half reported a disconnect between what they need and what agencies are offering.

Unlike most other professions, advertising does not have any formal ethics training or certification. But agencies and their clients *can* and *should* put ethical considerations first, by following simple principles: **do no harm**, and **try to do good**. The first part is core to creating sustainable businesses, while the second recognises that circumstances vary with geography, culture, and economics: it is not always possible to 'do good' with every campaign or initiative.

An ethically led approach means questions about ESG are asked throughout the supply chain, rather than being placed in a silo. The growth of organisations dedicated to this shift is encouraging. In May 2022, Havas Media Group became the first agency to offer the Institute of Advertising Ethics' (IAE) Certified Ethical Advertising

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³ <https://www.campaignlive.co.uk/article/ad-execs-reputation-improves-profession-least-trusted-british-public/1735205>



A STAGGERED APPROACH

The global marketing industry has driven plenty of positive change in the world. But while some purpose-led campaigns have achieved tremendous impact, consumers see through activity that disguises unethical practices. Marketers are more than aware of the risk: in Forrester's B2C Marketing CMO Pulse Survey in May 2022:

76% of B2C CMOs said they would like to communicate more on green initiatives, but fear 'greenwashing'.

Businesses with reputational issues around ESG do not need to panic but should focus on making changes that will reduce harm, before trying to do good and risking public consternation. For example, a brand that makes a point of featuring underrepresented communities in its advertising - but doesn't prioritise diversity, equity, and inclusion throughout its operations - will be called out.

Research has consistently shown that creators of colour, particularly black creators, earn less from brands than their white peers.^{4 5} In June 2022, Havas partnered with Spotter, the US YouTube creator agency, in a scheme to allow brands to directly fund diverse creators. Havas has chosen to fund this project up front because there is both an ethical and commercial imperative: brands that ignore the diverse array of creators currently reshaping the media industry could significantly limit their potential reach.

THE POWER FOR CHANGE IS IN OUR HANDS.

PEOPLE – we must empower and engage employees to be ESG change agents.

PARTNERS – we must challenge and employ agency partners who are catalysts for positive impact and behaviour.

PROCUREMENT – we must set the agenda and benchmark for ethical and sustainable vendor selection and what successful corporate citizenship truly is.

⁴ <https://www.businessinsider.com/marketers-underpaying-black-influencers-businessweek-2021-3?r=US&IR=T>

⁵ <https://www.fastcompany.com/90796567/bipoc-women-creative-economy-earning-disparities>