



# SUSTAINABILITY STAKEHOLDER ENGAGEMENT

**SUMMARY & INSIGHTS REPORT FROM THE  
OFFICIAL ENTELECO LAUNCH EVENT**



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# INTRODUCTION

Effective stakeholder identification and engagement can lead to transformative opportunities within sustainability projects and companies.

Identifying stakeholders is much more than a tick-the-box exercise. It is an opportunity to identify the complex network of relationships within and surrounding a given sustainability project. Simultaneously, it can highlight unexpected stakeholders and avenues for innovation and partnerships.

Stakeholders often possess a wealth of knowledge, skill sets, and perspectives that can enrich the project's vision and add valuable contributions to the sustainability approach.

Engaging with stakeholders builds lasting relationships that boost project success and outcomes. It is an iterative communication process that enables organisations to align their goals with the aspirations of their stakeholders. A fully engaged stakeholder can become an ambassador for the project, creating positive ripple effects.

The first steps in the process are to identify potential stakeholders and how to effectively engage with them on sustainability matters.

Discussion at the official enteleco launch event held at the Conrad Hotel in Tokyo on the 18th of May focused on these areas, and this short report presents findings from both the peer group discussions and the panel debate on stakeholder identification and engagement.

We at enteleco and our parent company Global Perspectives wish to thank everyone who took part in the event and contributed to this report. A special thanks to our two panelists, Mari Kogiso from SDG Impact Japan, and Nico Mira from Volvo Car Japan, and to our gracious hosts, Conrad Hotel Tokyo.

# REPORT STRUCTURE

The report is structured around two central questions asked of both panelists and group discussion participants:

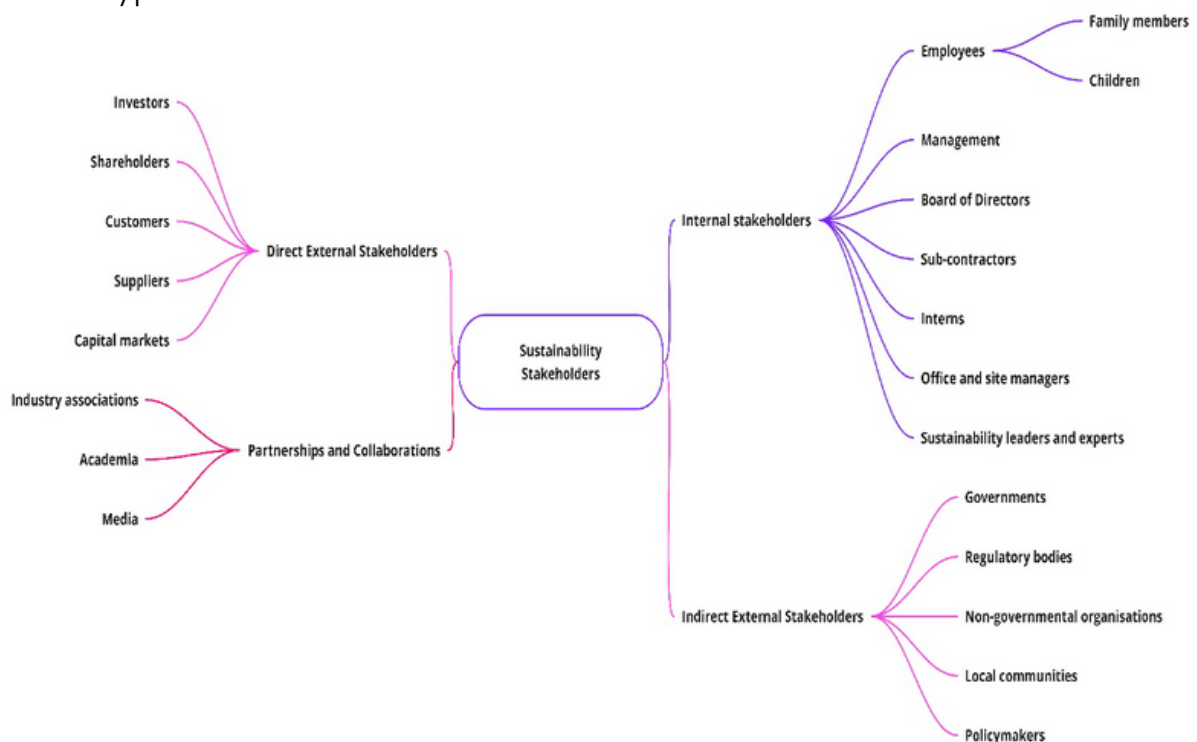
- **When it comes to sustainability, who are your key stakeholders?**
- **How does the gap between words and action where sustainability is concerned impact stakeholder engagement, and what might be some solutions to overcome the challenge?**

The report is split into the following sections:

1. An overview of the key stakeholder groups identified during the event
2. Stakeholder engagement findings and recommendations from the panel and group discussions
3. Conclusion and recommendations

## KEY STAKEHOLDER GROUPS

During the event, participants identified a wide range of groups that could be considered key stakeholders for companies in relation to sustainability initiatives. Below is an overview of the identified sustainability stakeholders. As indicated by the mind map, companies operate in complex environments involving many different types of stakeholders.



# STAKEHOLDER ENGAGEMENT FINDINGS

The group and panel discussions covered a broad range of topics related to the two main questions. In the following section, the main areas and points raised have been grouped as bullet points under ten headings.

## #1 Key sustainability stakeholders

- Key external stakeholders vary depending on the industry and company. For manufacturing companies, they will include end users/customers.
- Internally, top management is a key stakeholder. Having support and advocacy from top management is crucial to be able to act and execute on sustainability initiatives with speed.
- Who the key stakeholders are can often depend on what the goals are for a particular sustainability issue. For example, if you have a goal to lower electricity use as part of your plan to reduce overall carbon emissions, then building managers are critically important to your success.
- When engaging with each key stakeholder group consideration should be given to the messaging and values that will resonate best with that specific group.

## #2 Having a holistic view on stakeholders

- While key stakeholders vary, it should be mentioned that all individuals and groups connected to a business and its products can be considered stakeholders.
- Without a holistic overview and everyone being actively involved, companies and organisations will struggle to effectively execute on sustainability initiatives.
- A feeling of ownership is important to fully engage stakeholder groups. People need to have ownership to act on their own, but what creates ownership will vary for each stakeholder group.
- Most organisations may find that they have several “invisible” stakeholder groups. These are groups who have a vested interest in your sustainability initiatives, but have not been considered as potential contributors (or roadblocks) to their success and impact.

# STAKEHOLDER ENGAGEMENT FINDINGS

## #3 Addressing & incentivising stakeholders

- When addressing individual stakeholder groups, use 'their language' where possible.
- Clear goals and objectives are central to being able to incentivise stakeholders and make your sustainability goals tangible.
- Sales and business departments provide a good example of how to engage a specific stakeholder group. Linking sustainability with long-term growth opportunities, and as a way to interact with prospective clients, can resonate strongly here.
- When addressing external stakeholder groups, consider which part of your organisation they are regularly in contact with and try to include these groups as drivers of sustainability conversations with the external stakeholders.

## #4 Investors' approach to sustainability

- Investors are increasingly focused on sustainability and companies' sustainability performance as part of their due diligence processes.
- There still remains some confusion regarding what defines specific sustainability-focused investment vehicles, such as sustainability funds.
- Japan may be lagging slightly behind other regions, in particular Europe, where sustainability investment is concerned.
- Investors and markets are increasingly using sustainability metrics to chart the year-on-year performance of a company.

## #5 The framing of sustainability

- Some of the conversations around sustainability and how it is framed may need to change. Some companies continue to view it as a compliance exercise, which only encourages the bare minimum effort required to comply with regulations.
- Sustainability should, internally and externally, be made exciting and explained as core to the company's future and profits.
- Often, companies will not have thought about the links between sustainability KPIs and profit creation, but instead more of risk management.
- Risk management should not be forgotten in the framing of sustainability. Accusations of greenwashing and other types of reputational risks are only a few of the risks that a lack of sustainability awareness and action can lead to.

# STAKEHOLDER ENGAGEMENT FINDINGS

## #6 Addressing the words-to- action gap

- Ownership and action are core to affecting real change. Without those factors, sustainability risks becoming little more than a buzzword and companies' risk of greenwashing increases dramatically.
- Ownership can be chosen or imposed. Experiences tend to suggest that even imposed ownership can create strong results and leads to sustainability engagement over time.
- Overlooked or invisible stakeholders – for example, your office manager – may be key to turning words into action. They are core drivers of improvements in areas like waste management and CO2 emissions.
- Frameworks and KPIs can help, but people are at the core of all your sustainability efforts. Without focus on leading, incentivising, educating and enabling your people, sustainability efforts cannot reach their full potential.

## #7 The role of sustainability drivers

- Creating an anchor or central hub where sustainability gets coordinated and data and results are collected provides strong starting point.
- Inter-departmental teams often work well. They ensure broad representation and ownership, and can function as invaluable two-way communication networks between sustainability professionals and the rest of the organisation.
- One of the key assignments for the sustainability team is to assign priority and ownership of the actions for each specific initiative.
- The messenger and the message are hard to distinguish. To be successful in engaging your stakeholders you need to be a people person and be empathetic. As sustainability professionals it is not our job to be gatekeepers. You need to be open to broad conversations and discussions about the best path forwards, and realistic about where your organisation is today.

# STAKEHOLDER ENGAGEMENT FINDINGS

## #8 Finding sustainability -focused talent

- There is a shortage of sustainability-focused people in the market. Many companies are having a hard time hiring sustainability professionals.
- On the job training, including sustainability education, may be a way to counter this. The goal is to make sustainability become a part of standard job onboarding programs.
- The S of ESG (covering areas like social and gender equality, equal pay, and more) is especially challenging, particularly in Japan. There is a distinct lack of focus, professionals and KPIs for these areas in many companies and organisations.
- The human component can be the most difficult area to measure. For example, it can be difficult to accurately evaluate the awareness and engagement of your employees, or the benefits of initiatives such as skill development programs.

## #9 Embedding sustainability knowledge, mindset & behaviours

- When looking to embed sustainability knowledge and action into your organisation, technical insights and understanding are different from values and feelings.
- Coupling the value/emotional aspects to more technical sustainability knowledge often produces stronger, longer-lasting effects.
- Companies may find it helpful to focus less on technical knowledge and more on activating values and shifting mindsets during training and when launching initiatives.
- Companies may also look to work beyond traditional channels and forums when affecting real change. For example, joining forces with neighbouring companies - or even competitors - in your industry can help boost the sustainability outcomes for all participants.

## #10 Upcoming sustainability developments

- Companies and organisations should be keenly aware of how the people component of sustainability is becoming increasingly important. For example, it is central to attracting and retaining talent.
- Governments are working on goals for how companies can measure and elevate human capital. This also makes sense for companies, as they stand to gain much from maximising everyone's potential.
- HR is often viewed as a sort of black box that even CEOs can't touch. That has to become more transparent, so stakeholders are better able to evaluate efforts and initiatives.
- Disclosure levels are increasing, and investors are increasingly focused on and worried if they see low ESG ratings. Creating a format for measuring the current situation and charting the course to correct any issues will continue to become more and more important.



# CONCLUSIONS

While many companies are doing great work on sustainability, discussions at the enteleco event underscored that there is still much work left to do.

## Strategy, processes, AND PEOPLE...

Many companies and organisations remain extremely focused on processes, metrics and data. All are core to affecting real change, but there is often a lack of focus on those who are going to be the ones actually implementing the changes: the people.

The best strategy in the world cannot succeed if the people in the organisation don't understand or don't care about what you as a company are trying to achieve.

## ENGAGEMENT is key...

Whatever business you are in, it is likely that you interact with a diverse and extensive network of stakeholders.

Finding ways of aligning goals and creating a shared pursuit of those goals, where each group of stakeholders feels a sense of ownership, is critical to achieving the best possible outcomes. Not just from a sustainability perspective, but for the company's overall results and bottom line.

# ACKNOWLEDGEMENTS

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**Finally, thank you to all who participated in the launch event group discussions. We hope you will continue to partner with us at enteleco to unleash the power of your people to create a sustainable future!**

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