
Elaboration of Successful ESG Policy: Learning From European Companies¹

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Abstract. *The ESG (Environmental, Social, Governance) approach serves as a strategic response to contemporary social and environmental challenges, embodying a company's awareness, vision, and measures towards achieving sustainable development goals. Simultaneously, ESG policy is a communication tool with stakeholders and a determinant of the company's competitiveness. This study aims to delineate the principal components of ESG policy and strategy – namely, vision, values, and goals – through an in-depth examination (textual analysis) of successful ESG companies' practices. To this end, ten leading European companies were selected based on their ESG ratings by Sustainalytics, and information regarding their sustainability vision, goals, and values was collected. Textual analysis was conducted using Voyant-tools.org v. 2.6.13. The findings show that the content and context of companies' ESG policies are shaped by terms such as sustainability, social and environmental issues, labour, development, business, responsibility, climate, stakeholders, people, impact and change. Sustainability is often associated with strategy, culture and design, while business is associated with responsibility, impact and value. The predominant issues identified in ESG policies relate to social and environmental aspects, governance, corporate management and partnerships. In particular, the emphasis on social and environmental issues – including policies, practices, responsibility and impact – is pervasive. Each company takes a different approach to developing the core principles of its ESG policy. In outlining this, the study underscores the diversity and multifaceted nature of ESG policies, with the consideration of industry specifics emerging as a critical feature to ensure effective implementation. The findings serve as a valuable resource for companies, providing guidance on the development of key components of ESG policies (vision, goals, values) and as an empirical basis for improving scientific and methodological approaches to assessing the effectiveness of ESG policies.*

Keywords: *strategy, sustainability, business, textual analysis, Voyant-tools.*

JEL Classification: *Q56, M14, L21*

1 Introduction

The contemporary landscape is characterised by a confluence of pressing issues, encompassing the exacerbation of climate change, environmental

degradation, societal challenges arising from digitalisation, pandemic risks, and military conflicts. These multifaceted concerns have permeated the forefront of present-day discourse, influencing the

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agendas of modern businesses through intricate supply chain integration and interdependencies with business partners. A company's reputation, its unambiguous stance on these issues, and its commitments and proactive measures to address them collectively shape its image in the eyes of consumers and stakeholders. Such perceptions exert a significant influence over market positioning and competitiveness, thereby underscoring the importance of non-financial considerations within contemporary business paradigms. Indeed, the Environmental, Social, and Governance (ESG) policy framework delineates a company's overarching vision, values, and objectives regarding environmental stewardship, societal welfare, and optimal governance practices. This encapsulates the company's stance on non-financial imperatives.

The growing significance of these elements within the business domain and their tangible influence on competitiveness is evidenced by the emergence of numerous frameworks designed to assess, evaluate, and rank business sustainability. Consequently, the necessity of substantiating, articulating, and implementing an efficacious ESG policy and strategy has become increasingly apparent. In this context, a comprehensive examination of exemplary ESG practices assumes paramount importance, elucidating the fundamental constituents and synergistic configurations of a successful strategy.

2 Literature review

The prevailing discourse among contemporary scholars is to empirically substantiate the advantages inherent to ESG policies and strategies within business contexts. Scholars emphasise the necessity and efficacy of integrating the ESG approach into corporate operations, highlighting its transformative influence on overall performance and its pivotal role in fostering sustainable development, enhancing risk mitigation, and bolstering long-term profitability (Dong, 2023; Fu & Li, 2023; Wang et al., 2022). Notable findings highlight the tangible impact of ESG initiatives on financial outcomes (Fu & Li, 2023), investment efficacy (Wang et al., 2022), and the challenges associated with progress assessment and technological integration (Dong, 2023). Moreover, scholars have illuminated the profound ramifications of ESG policies and actions on employee satisfaction. This has involved empirically scrutinising factors such as corporate environmental transparency and internal control mechanisms (Zhang et al., 2024).

Scholarly attention is converging on the central role of digital technologies in enhancing

ESG performance, highlighting their catalytic potential to enhance corporate sustainability efforts (Fu & Li, 2023; Huang et al., 2023). At the same time, specialised studies address the formulation of ESG strategies, delineating key stages and areas of focus while aligning with contemporary challenges (Lagodiyenko, 2022, 2023). In addition, research highlights the economic benefits of prioritising social dimensions within ESG strategies (Di Simone et al., 2022), while also outlining pragmatic steps to seamlessly integrate ESG strategies, underpinned by principles of transparency, accountability and stakeholder engagement (Kulova & Nikolova-Alexieva, 2023).

While acknowledging the significant advancements within this domain, it is pertinent to underscore a notable lacuna: a need for more research that delves into the experiential insights garnered from specific companies in crafting and executing ESG strategies. Despite the pivotal role of ESG reporting as a cornerstone for strategy development, a critical gap persists in comprehensively examining business practices. This impedes a nuanced understanding of real-world exemplars and may potentially hamper the efficacy of policy development processes. Efforts to bridge this gap by scrutinising corporate experiences could yield invaluable insights, enriching the discourse and fostering enhanced efficacy in ESG policy development endeavours.

3 The primary objective of this study

The primary objective of this study is to identify the fundamental elements of ESG policy and strategy, namely vision, values, and goals. This will be achieved through an exhaustive investigation (textual analysis) of the practices of successful companies.

4 Data and methods

The most recent Sustainalytics Country Risk Rating (Sustainalytics, 2024b) indicates that European nations are leading the way in embracing the ethos of sustainable development, with 14 European countries securing positions within the top 20 of the sustainability ranking. Consequently, for the purposes of this study, ten prominent European companies were selected based on their Sustainalytics' ESG ratings (Sustainalytics, 2024a) (Table 1).

In order to gain insight into the approach to ESG strategy, a textual analysis was conducted on the objectives, vision, and values articulated within the companies' ESG policies. The data for this study was extracted from the companies' websites and non-financial reports. The textual analysis

Table 1 Main characteristics of companies under the study

Company	Industry	Country	Global Top 50	Region Top 50	Industry Top 50	ESG risk rating (Sustainalytics)
3i Group Plc https://www.3i.com	Diversified Financials	United Kingdom		+	+	10.4 (Low)
ABANCA Corporación Bancaria SA https://www.abancacorporacion-bancaria.com/en	Banks	Spain	+	+	+	6.7 (Negligible)
Abertis Infraestructuras SA https://www.abertis.com	Transportation Infrastructure	Spain	+	+	+	7.1 (Negligible)
Accenture Plc https://www.accenture.com	Software & Services	Ireland		+	+	9.8 (Negligible)
Ackermans & van Haaren NV https://www.avh.be/en	Diversified Financials	Belgium	+	+	+	7.6 (Negligible)
Adecco Group AG https://www.adecgroup.com	Commercial Services	Switzerland		+	+	9.1 (Negligible)
AEDAS Homes SA https://www.aedashomes.com/en/esg	Real Estate	Spain		+		10.9 (Low)
Aedifica SA https://aedifica.eu	Real Estate	Belgium		+		11.0 (Low)
Aena S.M.E. SA https://www.aena.es	Transportation Infrastructure	Spain		+		10.1 (Low)
Amer Sports Oy https://www.amersports.com	Consumer Durables	Finland		+	+	10.4 (Low)

Source: Sustainalytics Data (Sustainalytics, 2024a)

was conducted using Voyant-tools.org v. 2.6.13 (Sinclair & Rockwell, 2016).

The main characteristics of the text corpus assembled for analysis are as follows: the corpus consists of 10 documents containing a total of 5,141 words and 1,246 unique word forms. The most common words in the corpus are "sustainable" (45 occurrences), "sustainability" (45 occurrences), "business" (29 occurrences), "social" (27 occurrences) and "environment" (25 occurrences). In order to improve the accuracy of the results, the following terms were added to the automated stop-word list: "aena", "Avh", "aedifica", "Amer".

5 Main results

The word cloud provides insight into the thematic focus of companies' ESG strategies. The visual representation of the frequency of words across the aggregated text corpus provides a snapshot of the dominant themes and focus of the companies analysed within the ESG domain.

As shown in the word cloud, the main facets highlighted in companies' ESG strategies and policies include sustainability, social and environmental issues, labour, development, business, responsibility, climate, carbon, stakeholders,

people, impact and change. This delineation underscores the recognition of the importance of ESG in business, as well as the emphasis on social dimensions and climate-related concerns within contemporary ESG frameworks. Furthermore, it signifies a recognition of the responsibility of companies for their impact on society and underlines the importance of prioritising stakeholder interests and people's well-being.

For a more nuanced understanding of the interrelationships among these terms, Figure 2 offers a detailed elucidation.

Figure 2 depicts the three most prevalent keywords (in blue) derived from the analysed text corpus, augmented by the words with which they are most frequently associated in word combinations (in orange). The findings indicate that within the context of ESG strategies, the term "sustainability" is most frequently associated with the concept of strategy, occurring on five separate occasions. Additionally, sustainability is referenced in the context of opportunities, culture, and design, with a frequency of three occurrences. Furthermore, the prominence of business within ESG policies is underscored by its association with responsibility (six occurrences), impact (four occurrences), and value (three occurrences).



Figure 1 Word cloud of the 50 most frequent words

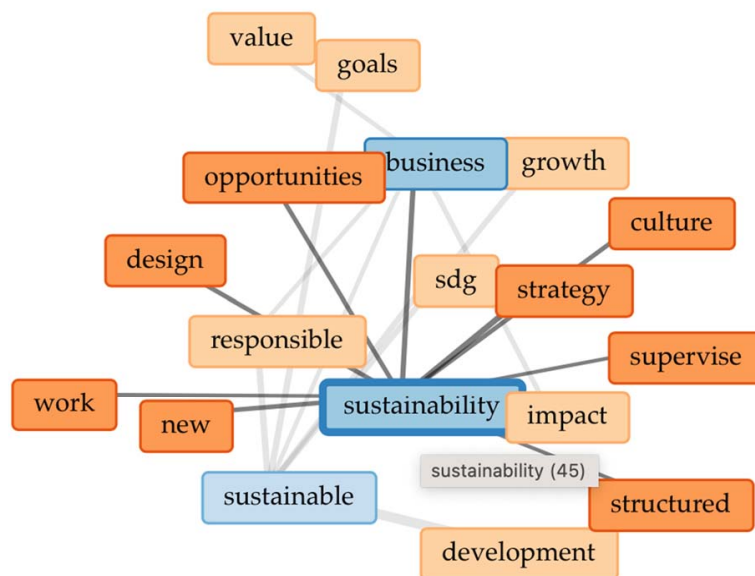


Figure 2 The most frequent words network

The analysis of text using automated tools enables the identification of primary topics, which can be defined as clusters comprising the most prevalent words. Consequently, the initial 200 iterations, which employed the built-in Latent Dirichlet Allocation (LDA) method, yielded the following delineated topics (Figure 3).

In examining the data presented in Figure 3, it is notable that the words characterising each topic are arranged in order of decreasing importance. This indicates their respective contributions to the topic. Consequently, the primary themes elucidated in the ESG strategies and policies of the surveyed companies encompass social and environmental considerations; sustainability and value; business, impact and responsibility; company management. Furthermore, the significance of talent development,

reducing carbon emissions, and fostering a positive corporate culture is highlighted.

Furthermore, it is evident that there are specific aspects pertaining to the company in question. For example, Aedifica SA demonstrates a pronounced focus on the construction, assessment, real estate, healthcare, and green issues sectors, with a significant emphasis on achieving zero emissions goals. Both Aedifica SA and AEDAS Homes SA, which are engaged in real estate transactions, share common foci on business sustainability, impact, responsibility, and portfolio management.

Aena S.M.E. SA is a transport infrastructure company. It focuses on company management, energy, strategy, and policy. Accenture Plc is a software and services company that puts sustainability, value, stakeholder engagement,



Figure 3 Ten main thematic areas by the LDA method

climate, opportunities, and growth at the top of its list.

In addition, as shown in Table 2, an analysis of word combinations allows for a more detailed examination of the contexts in which certain terms are used.

The data presented in Table 2 serves to highlight the consistent emphasis placed by companies on the matter of sustainable development. This is evidenced by the acknowledgement of the imperative of a strategic approach and the necessity for sustainable business transformation. ESG strategies are founded upon the recognition of the interconnectivity between environmental and social dimensions. They seek to create value for stakeholders and adopt an integrated approach that encompasses the entire supply chain through

sustainable and responsible business practices. It is notable that there is a strong emphasis on the impact of business activities on value, with a concerted effort to mitigate adverse effects.

However, each company employs a distinctive methodology for formulating the fundamental tenets of its ESG policy. Figure 4 presents a visual representation of the frequency of specific terms in policies across different companies. For example, the policy of ABANCA Corporación Bancaria SA is characterised by a predominant focus on environmental aspects, whereas the policies of 3i Group Plc and Accenture Plc place greater emphasis on value. Conversely, terms such as "value" are less prevalent in the policies of companies such as ABANCA Corporación Bancaria SA, Ackermans & van Haaren NV, and Aedifica SA.

Table 2 Top-ten keywords and collocations

Keyword (count)	Collocates (count)
Sustainable (45)	Development (14), responsible (6), goals (6), sdg (5), growth (5)
Sustainability (45)	Strategy (5), sustainability (4), business (4), work (3), opportunities (3)
Business (29)	Sustainability (5), impact (4), value (3), sustainable (3), responsible (3)
Social (27)	Environmental (11), economic (5), governance (4), responsibility (3), commitment (3)
Environmental (25)	Social (13), impact (5), operations (4), sustainability (3), impacts (3)
Development (24)	Goals (6), united (5), nations (5), sustainable (4), promote (3)
Work (23)	World (6), balance (3), thrive (2), sustainability (2), making (2)
Value (20)	Stakeholders (5), chain (5), esg (3), creating (3), approach (3)
Responsible (19)	Sustainable (6), practices (4), investment (4), esg (4), business (4)
Impact (18)	Business (4), reducing (3), management (3), value (2), sustainability (2)

Managers at Ackermans & van Haaren NV place a premium on responsibility, a term that is less frequently found in the policies of Abertis Infraestructuras SA, Adecco Group AG, and AEDAS Homes SA. This highlights the considerable diversity of approaches to formulating ESG policies and their multifaceted nature. Nevertheless, despite these variations, there is a common recognition among companies that addressing social and environmental aspects is of paramount importance.

An analysis of company policies using the keywords "social" and "environmental" reveals various trends. Social aspects are addressed in different contexts by different companies, including the following:

- 3i Group Plc emphasises social policies and influence;
- ABANCA Corporación Bancaria SA highlights obligations to promote social progress and people's well-being;
- Abertis Infraestructuras SA underscores compliance with social challenges;
- ABANCA Corporación Bancaria SA, Accenture Plc, Adecco Group AG, AEDAS Homes SA, and Aedifica SA recognise social aspects as integral to the ESG approach and sustainability;
- Ackermans & van Haaren NV prioritises respect for social aspects;
- Adecco Group AG focuses on social value and development;
- AEDAS Homes SA addresses social footprint;
- Aedifica SA emphasises corporate social responsibility;
- Aena S.M.E. SA underscores social progress, development, policy, equity, and commitment;

- Amer Sports Oy highlights social compliance. Environmental issues are discussed in various contexts as well:

- 3i Group Plc and AEDAS Homes SA mention environmental policies and impact;
- Accenture Plc, ABANCA Corporación Bancaria SA, and AEDAS Homes SA consider environmental issues as components of the ESG approach;
- ABANCA Corporación Bancaria SA, Ackermans & van Haaren NV, and AEDAS Homes SA outline key actions related to environmental aspects;
- Abertis Infraestructuras SA and Adecco Group AG address contemporary environmental challenges;
- Ackermans & van Haaren NV stresses respect for environmental aspects;
- Adecco Group AG mentions the environmental aspects of the supply chain;
- Aedifica SA, Aena S.M.E. SA, and Amer Sports Oy focus on ecological footprint and impact;
- Aena S.M.E. SA emphasises ecological balance, sustainable development, and environmental management.

These trends demonstrate the sophisticated ways companies are addressing social and environmental issues as part of their ESG policies, reflecting their commitment to sustainable development and responsible business practices.

Conclusions. The textual analysis of the ESG policies of successful European companies has revealed key components that are integral to a robust ESG strategy. Companies that are leaders in ESG performance consistently emphasise sustainability

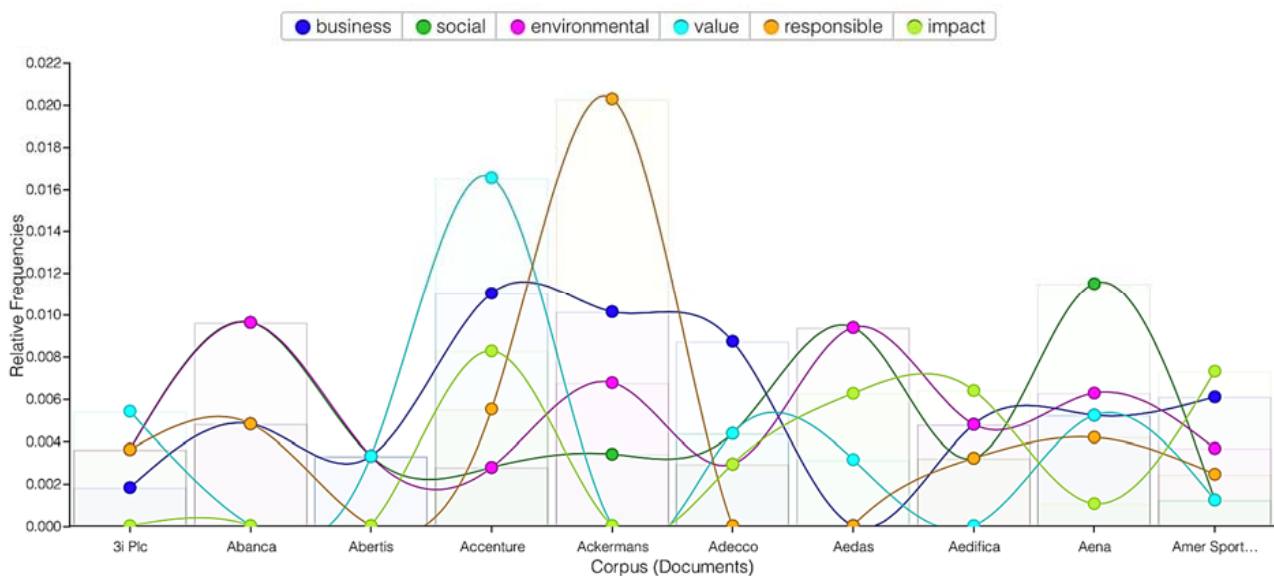


Figure 4 Keyword usage trends by company

goals that include social and environmental aspects, as well as related impacts, measures, policies and internal commitments. These policies firmly align the company's activities with the principles of sustainable development, emphasising the value of sustainability, business impact, carbon emissions and efforts to mitigate climate change.

In addition, companies articulate their roles, responsibilities and commitments, while engaging stakeholders and prioritising the well-being of employees. Corporate culture and management practices also emerge as focal points of successful ESG policies. However, the analysis reveals the diverse and multifaceted nature of ESG policies, reflecting industry-specific nuances in terms of responsibility, stakeholder engagement, impact

and environmental and social objectives. Tackling climate change is also a key issue, influencing industry-specific policy considerations and language.

Ultimately, the absence of a one-size-fits-all solution is evident, and this underscores the need for further research in this area, especially in identifying sector-specific aspects of ESG policy.

The findings provide valuable guidance for companies in the formulation of the core components of ESG policies, namely vision, goals and values. Furthermore, they serve as an empirical foundation for enhancing scientific and methodological approaches to assessing the effectiveness of ESG policies. Finally, the insights gained can inform and improve corporate practices with regard to sustainability and responsible business conduct.

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