

The Research on ESG Network Communication in the EU under the Actor Network View

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Abstract: *With the deepening of sustainable development and ESG (Environment, Society, and Governance) theory, conducting ESG communication is of great significance to national enterprises and other transmission subjects to enhance their self-reputation and international competitiveness. This paper takes the actor-network theory as the theoretical perspective by means of case analysis method to conduct a further investigation of the ESG communication network in the European Union (EU), a pioneering region. The aim is to clarify how the ESG communication actors in the EU connect with other actors through ESG communication standardization and strategies, understand the network architecture and mechanisms of ESG communication in the EU, and provide a reference and inspiration for China.*

Keywords: *Actor-network; ESG (Environment, Society, and Governance) Communication; ESG (Environment, Society, and Governance); EU (European Union)*

1. Introduction

ESG is the abbreviation for Environment, Society, and Governance. These three words have become important criteria for measuring the sustainable development of business operations. As a new concept applicable to experience management in the capital market, ESG coincides with China's goals of ecological civilization construction, high-quality development, and enhancement of international competitive power. ESG communication refers to the publicity and communication activities conducted by various communication agents in the areas of sustainable development, environment, society, and corporate governance. The primary objective of ESG communication is to convey the ideas, values, practices, achievements, and commitments of entities in the area of ESG to both internal and external stakeholders. This is done to promote the image of subjects, enhance market competitiveness, and promote the achievement of sustainable development goals.

In the field of ESG communication, it seems that the discussion of ESG in the Chinese academic circle fails to keep up with the industry. In industry practice, numerous listed companies have devoted themselves to ESG communication practices and actively showed their outstanding performance in ESG. For instance, the establishment of the 'ESG Communication Awards' in the industry has provided a positive motivation for ESG communication in China. Meanwhile, the China Public Relations Network as well as numerous KOL (Key Opinion Leader) on various social media platforms, offer methodologies for enterprise ESG communication by publishing articles and reports related to ESG communication strategies, trends, and topics for discussion.

In the academic field, the research on ESG concentrated on the field of economics, and the investigation of its dissemination is still far from in-depth. For diversified transmission subjects, some scholars began at the national level and delved deeply into the development of ESG discourse capabilities in China within the ecological discourse system [1]. Meanwhile, some researchers are also turning their attention to enterprises, focusing on how social media influences enterprise ESG communication, how enterprises adjust their strategies to accommodate social media, and searching for effective ways for ESG communication [2][3]. Most of the ESG communication research in academia adopts a traditional research paradigm and focuses on a single subject, without integrating enterprises, governments, investors, NGOs (non-governmental organization) and other multi-stakeholders into a unified research framework.

ANT (Actor-Network Theory) emphasizes that integrating humans and non-humans into a unified research vision. It focuses on how actors of different natures build complex networks to address issues through translation. Since ESG communication is restricted by various factors and involves multiple

levels, and has the characteristics of diversity of topics and subjects, the application of actor-network theory can reveal the interconnections and uniqueness among every actor in ESG communication practice. This can lead to a deeper understanding of the operational logic of ESG communication, and provide a theoretical foundation for enterprises and other transmission subjects to optimize their ESG communication strategy. Meanwhile, as the EU is a world leader in ESG performance, both in terms of regulatory measures and policy promotion, the development of ESG in the EU has always been at the forefront, gradually creating a favorable environment with multiple constraints. Therefore, under the ANT framework, clarifying the ESG communication network of the EU has a significant reference value for ESG communication in China.

2. Clarity of ESG Communication Actors in the EU

The ANT framework consists of three core concepts: actor, translation, and network. The network consists of multiple dynamic actors who exert their influence through action assemblage [4].

The ESG transmission subjects of the EU spread widely and involve various organizations and individuals. As enterprises become the main communication subjects, ESG communication has influenced not only shareholders and governments but also employees, suppliers, consumers, communities, and society as a whole. The stakeholders interweave with each other, forming a complex communication network. They play both the role of information receiver and information communicator in ESG communication. Shen Qi (2023) summarized the main body of ESG communication into three levels: macro, medium, and micro. The macro-level includes national (or regional) and supranational organizations, the medium-level is mainly composed of institutions and enterprises, and the micro-level involves individuals such as the chief of government [5]. If the roles mentioned above are linked to the EU ESG communication network, the primary actors can be categorized into the following levels:

2.1 Macro-level

The main actors in EU ESG communication at the macro level include governments and cultural values. Among them, the EU government, the governments of relevant countries, and their management are important actors in ESG communication. The propulsion of ESG discourse construction and communication requires complementary policy support. Thus, governments have the responsibility to formulate and implement policies and regulations concerning environmental protection and corporate social responsibility. These policies and regulations have a binding and guiding effect on enterprises and individuals, directing them to focus on, implement, standardize, and disseminate ESG concepts, thus enhancing the country's ESG discourse power in the international community.

Secondly, in addition to formal institutional constraints, ESG communication may also be influenced by informal institutions such as values, culture, and cognitive systems [6]. Cultural values, as the implicit actor in ESG communication, influence people's cognition and attitudes toward ESG issues, thereby affecting their behaviors related to ESG matters.

2.2 Medium-level

The main actors in the medium-level of ESG communication in the EU are enterprises, industry associations, NGOs (Non-Governmental Organizations), and other organizations. Enterprises and their management are responsible for implementing ESG policies and practices and disseminating them to stakeholders. They serve as both the source and the object, as well as the initiator and the beneficiary of ESG communication content. According to EU relevant policies and regulations, there are several types of enterprises participating in EU ESG practices and communication: large enterprises with a significant footprint in the EU; enterprises listed on EU-regulated markets; important suppliers of EU enterprises exporting products and services to the EU; parent companies that are non-EU enterprises generating significant revenue within the EU group or having a listed company; enterprises making financial and strategic investments in EU enterprises.

Industry associations and NGOs play a crucial role in promoting the development of ESG practices in the industry, advocating for corporate social responsibility, and facilitating communication and collaboration among all stakeholders on ESG issues.

2.3 Micro-level

At the micro level of the EU ESG communication, there are numerous actors, including human actors like investors, corporate employees, and consumers, as well as non-human actors like media, medium information, and communication technology.

Investors pay attention to the ESG performance of a company and use it as an important basis for investment decisions.

As the executors and internal audiences of enterprise ESG practices, employees and their comprehension and involvement in enterprise ESG practices influence the effectiveness of enterprise ESG practices and communication.

Consumers are a crucial audience and the main body of ESG communication. According to an industry report released by PwC, as consumer sustainability consciousness rises, over 40% of end-consumers worldwide are willing to pay a premium of up to 10% for products and services with ESG attributes [7]. Both legitimacy theory and stakeholder theory emphasize that the ESG behavior of enterprises should align with social desirability, as public perception significantly influences the sustainable development strategy of enterprises. [8][9]

Finally, with the advancement of technology, communication channel methods are constantly evolving. The utilization of social media, big data, artificial intelligence, and other emerging technologies, making ESG communication more precise and efficient. Communication technology, as the instrumental actor, can help enterprises monitor and evaluate the effectiveness of ESG communication. Communication technology enables them to adjust communication strategies promptly and enhance communication effectiveness.

The actor which mentioned above participates in ESG communication practices directly or indirectly, connects with each other, and then forms an EU ESG communication network.

3. Construction and Formation of EU ESG Communication

Among the three core concepts of ANT, translation as a key part of achieving network construction, and each actor collaboratively forms a dynamic network during the process of translation [10]. The translation process is divided into four stages: problematization, interessement, enrollment, and mobilization.

3.1 Problematization

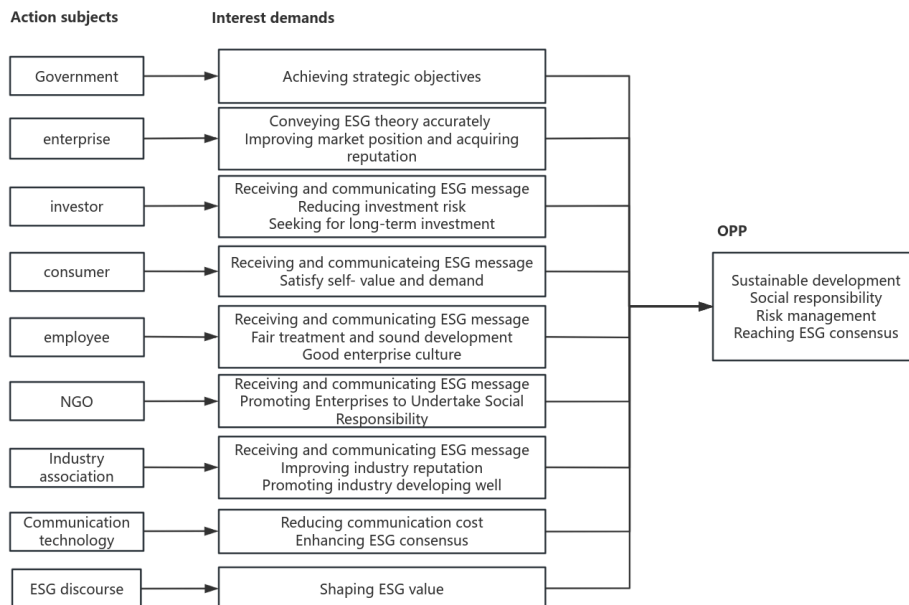


Figure 1: Analysis of obligatory passage point in the EU ESG dissemination network

Problematization is the initial stage of translation, serving as the initial driving force for the formation of actor alliances, and its core purpose is to clarify the roles and goals of each party and subsequently establish connections. Under the EU ESG actor network, each actor assumes their relative responsibilities and obligations, and performs their own functions. In order to achieve the goal, the focal actors transform individual issues faced by others into collective issues and gather them to navigate through the obligatory passage point. The obligatory passage point connects different actors' subjects, helping them overcome existing difficulties in order to achieve interest and value consensus. A summary of the presentation and obligatory passage point of various issues related to the EU ESG communication are outlined in Figure 1.

With the long-held ESG idea, the EU has always played an active role in the field of ESG. The promotion of this long-held idea is not only due to the crisis atmosphere initiated by the EU's long-term dependence on overseas resources, but also its pursuit of cohesion in the integration process and the need for honor on issues such as climate diplomacy. The EU government has realized that ESG communication plays an important role in a nation's sustainable development strategy.

For enterprises, the pressure of ESG policies and ESG investments will make future competition no longer limited to the quality or price of products and services. The ESG performance of enterprises will become crucial. Enterprises not only need to actively respond to ESG requirements, but also need to utilize communication technology and various media channels to fully disseminate high-quality ESG cases and information, integrate them into corporate culture and operational strategies, attract investors, reduce corporate risks, and provide advantages in global capital competition. Influenced by the EU's ESG philosophy, the expectations of investors and consumers are also changing. They are concerned not only about the price and quality of products and services, and the economic value of enterprises, but also about the green production processes of enterprises, their performance in social responsibility, and the transparency of firm governance mechanisms. For those enterprises, understanding and receiving ESG information from authoritative sources is of great significance for purchasing or investment decisions. As part of the ESG practice and discourse within enterprises, the complete acknowledgment of ESG concepts by employees is not only beneficial for the healthy development of corporate culture but also serves as a dependable source of information for the dissemination of ESG concepts within enterprises. For organizations such as NGOs and industry associations, enhancing ESG consensus within society and industry through ESG dissemination is of great significance for promoting a positive cycle in the entire society and industry.

Finally, the choice of ESG discourse and communication technology provides convenience and assurance for ESG communication, helping to promote and implement ESG worldwide [11].

3.2 *Interesement*

At the stage of interest formation, focal actors establish the subject identity of each actor, and endeavor to persuade others to achieve a commonality of interests. According to the social embeddedness theory, an enterprise occupies a structural hole position. With a high degree of embeddedness, it also holds a central position in the EU ESG communication actor-network. Meanwhile, enterprise resources such as content, funds, and channels play a crucial role in ESG communication. They enable enterprises to identify issues from various perspectives, solve problems, coordinate interests, and empower other actors. Therefore, enterprises are the focal actors in EU ESG communication practices.

By analyzing the obligatory passage point, it can be seen that achieving sustainable development, fulfilling social responsibility, conducting risk management, and reaching ESG consensus are the core issues in constructing an actor-network. The EU enterprise has established a coordination mechanism through *interesement* to ensure that the actor-network operating orderly:

The first step is to ensure that the top-level design of ESG communication is reasonable by engaging with the government, interpreting policies, and implementing other measures. As one of the world's first regions to incorporate ESG and sustainable development into regulations, the European Union initially introduced the concept of ESG in the Non-Financial Reporting Directive (NFRD), which was revised in 2014. Subsequently, in order to achieve the shared commitment of member states to the United Nations Sustainable Development Goals (SDGs), EU policymakers actively developed a top-down ESG regulatory system, with the Sustainable Development Financing Action Plan and the European Green Deal emerging as the central documents steering the EU region towards sustainable development. The interpretation of policy documents is an important prerequisite for relevant enterprises to implement ESG actions and disseminate ESG within the EU region.

The second step is to select ESG communication discourse reasonably. When leading ESG companies choose ESG issues, they often align these issues with the macro policy goals of the region or country, as well as social expectations and cultural values. At the same time, companies often integrate the ESG evaluation system with their industry characteristics and strengths to establish a comprehensive ESG communication framework. For example, in terms of environmental governance, many EU multinational corporations, such as LVMH in France and Unilever in the Netherlands, have incorporated environmental goals from the European Green Deal into their sustainable development plan reports. Against the backdrop of the growing demand for human rights and employee welfare protection in EU society, these companies also consider employee welfare protection and human development to be crucial aspects of ESG practice.

The third step is actively participating in various industry organizations and ESG platforms actively. For example, the European Green Bond Standard, the European Climate Benchmark, the European Sustainable Finance Public Service Platform, and so on. Enterprises participate in activities on these platforms to obtain the latest ESG-related information, knowledge, and resources, while also have the opportunity to showcase their ESG practices and experiences, thereby enhancing their reputation and competitiveness in the ESG field and fostering the development of ESG in the entire industry.

The fourth step is to enhance communication with stakeholders through comprehensive and reasonable channels. Taking Schneider Electric, a French company ranked fourth among the "Top 100 Global Sustainable Development Enterprises," as an example, it maintains open and continuous communication with various stakeholders. The company seeks their support and participation in ESG goals and actions by responding to their concerns and expectations regarding ESG issues. (see Table 1)

Table 1: Communication channels between Schneider Electric and stakeholders [12]

| Stakeholders | Communication channel |
|---------------------------------------|---|
| Customer | Quarterly customers satisfaction survey |
| | Joint innovation plan |
| | Online release of product environmental information |
| Financial stakeholders | Reporting financial and non-financial information |
| | Shareholder meeting and Quarterly report to shareholders |
| | Answering non-financial rating questionnaire |
| Partner | Procurement and supplier meeting |
| | Supplier day |
| | awareness of the Global Compact organization and ISO 26000 improvement |
| Employee | Participating in committees and working groups on sustainable development of professional groups |
| | Annual employee satisfaction survey |
| | Communicating with Employee representative organization |
| Institutions and social organizations | Sustainable development network radio |
| | Participating in and promoting the Global Compact organization |
| | Maintaining relationships with public institutions, legislative bodies, and the European Commission, particularly in the field of energy efficiency |
| | Participating in working groups as well as local and international organizations to deal with industry challenges |
| | Participating in community projects |
| | Establishing partnerships with local NGOs |

The fifth step is to establish a media matrix grounded in ESG strategies and specific ESG actions, and to effectively utilize communication technology and resources in a reasonable and comprehensive manner. Enterprises showcase their performance and achievements in environment, society, and governance (ESG) to the public by establishing dedicated sustainable development or corporate social responsibility sections on their official websites. At the same time, to facilitate public access and understanding of ESG information of enterprises, these enterprises also utilize the rich media attributes and topic aggregation functions of social media to assist audiences in quickly obtaining relevant information. For instance, the French luxury goods giant LVMH and the Danish pharmaceutical company Novo Nordisk both have sustainable development and corporate social responsibility sections on their official websites. Additionally, they provide ESG-related information and stories. These sectors encompass not only the strategies and goals of enterprises in sustainable development, but also the

specific practices and achievements of enterprises in environment, society, and governance aspects. At the same time, these companies also publish articles, images, and videos about their ESG information through social media platforms such as Facebook, Twitter, and Instagram to attract more audience attention to their sustainable development practices.

3.3 Enrollment and Mobilization

Enrollment mobilization is a successful demonstration of interest giving, a method of integrating actors into the network, and a way for various actors to navigate obligatory passage points. During the enrollment and mobilization process, actors are given mutually recognized rules, take measures to solve shared problems, and then present the final translated representation.(see figure 2)

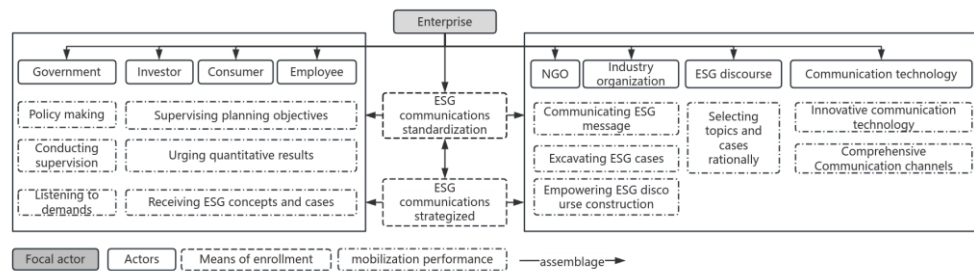


Figure 2: EU ESG actor-network

There are common means of enrollment in the EU ESG communication network:

3.3.1 ESG Propagation Standardization

Within the EU, the dissemination and disclosure of corporate ESG information is trending towards standardization. The trend is reflected in two main aspects: first, the standardization of policy and institutional regulations on ESG communication and disclosure in enterprises, and second, the standardization of ESG communication within enterprises.

The EU has put forward clear requirements for the mandatory and consistent of ESG information disclosure. In the past decade, the European Commission has piloted corporate sustainable information disclosure, beginning with the Non-Financial Reporting Directive (NFRD) and progressing towards the implementation of the Corporate Sustainable Development Reporting Directive (CSRD). This series of reforms has enhanced the mandatory disclosure and expanded its coverage scope. In order to support this standardized disclosure process, the European Union has released the European Sustainability Reporting Standards (ESRS). These standards are designed to integrate mainstream ESG international disclosure frameworks and build upon information disclosure in the NFRD stage to enhance consistency in corporate ESG disclosure. This standard requires that the ESG information disclosed by enterprises complies with international standards and best practices, has clear definitions and calculation methods, helps enterprises and stakeholders establish a common language and framework in ESG, and promotes cooperation and communication between both parties. This necessitates that the ESG information disclosed by enterprises complies with international standards and best practices, has clear definitions and calculation methods, helps enterprises and stakeholders establish a common language and framework in ESG, and promotes cooperation and communication between both parties.

In order to enhance the reliability of ESG information and fully demonstrate the practical effects of ESG, some leading enterprises in the European Union have implemented standardization measures. For example, Schneider Electric's Responsibility Principles governance model includes four levels: policy, standards, procedures, and guidelines. The policy level selects social responsibility issues, while the standard level concentrates on establishing quantifiable indicators to ensure effective and meaningful policy implementation. However, it is worth noting that while the benefits of adopting standardized measures for ESG communication are obvious, due to the difficulty in quantifying ESG issues at the social and governance levels, standardized recruitment methods may lead to companies placing more emphasis on environmental issues in the selection of communication issues, and relatively ignoring the challenges at the social and governance levels.

3.3.2 ESG Propagation Strategization

ESG propagation standardization is mainly reflected in the marketing and public relations of strategic communication thinking which introduced by relevant enterprises in ESG communication. In order to

establish an integrated marketing system with ESG at its core, enterprises begin at a macro level, combine policy orientation, industry demand, and the external public opinion environment, and find their points of integration with ESG issues. On this basis, the enterprise is able to commit to future goals and formulate an ESG strategy to ensure that the strategy can penetrate deep into the business level of the enterprise. At the communication level, in order to achieve effective ESG communication, enterprises should fully mobilize communication media resources, select appropriate media channels tailored to different stakeholders, plan various activities, and disseminate the ESG narrative of the enterprise, thereby strengthening the brand awareness of the enterprise. In terms of internal communication and training, enterprises will establish a systematic mechanism from top to bottom, management to execution, to ensure that ESG concepts are widely disseminated and deeply understood throughout the entire enterprise.

4. Reference and Enlightenment

The reason why ESG communication behaves the feature of globalization is that environment, society, and governance are common topics faced by all human beings, and most enterprises influenced by ESG engage in cross-listing. There is a cross-overlap between the actors in the EU ESG communication network and ESG communication in China. Their experiences and lessons in ESG communication can provide valuable insights for ESG communication in China.

4.1 Promoting the Construction of Actor Networks through Shared Interests

Although the proposal of policies such as the "dual carbon" goal has provided a fertile ground for the progress and development of ESG. In 2022, the China Securities Regulatory Commission also included ESG in the Guidelines for Investor Management of Listed Companies for the first time, aiming to encourage enterprises to disclose ESG information actively. However, due to the relatively late initiation of ESG initiatives in China, the public and some enterprises are still in the early stages of understanding ESG principles. For some microenterprises, they may believe that ESG practices and ESG dissemination are only related to listed companies that require investment, or only to industries or businesses highly related to environmental protection. For some listed enterprises, ESG initiatives and dissemination only serve as symbolic representations of the enterprise's superficial actions or false socially responsible packaging of products and services. In order to enhance social awareness of ESG and promote the construction of the China ESG communication network, each communication subject should strive to find obligatory passage points when conducting ESG communication, shape ESG discourse based on the shared interests of actors, incorporate more actors into the ESG communication network, and develop the network structure from a basic operational mode to a more advanced and organized collaborative mode [13].

4.2 Focal actors Give Full Benefits to Other Actors

Chinese enterprises, as focal actors in ESG communication in China, should actively engage with other actors to maximize benefits. Taking the benefits of communication technology and ESG discourse as an example, some Chinese companies have a limited understanding of ESG communication. Most of their reports exhibit a single visual presentation and contain false content. Some companies only consider investors and other audiences when conducting ESG communication, failing to fully understand the ESG communication mechanism, recognizing their responsibility to empower industry and social ESG development, and rarely establishing a comprehensive ESG communication matrix. Enterprises, as focal actors, should strive to establish and maintain cooperative relationships with other actors by providing them with benefits, in order to enhance the stability and reliability of ESG communication networks.

5. Conclusion

In summary, as an important standard for measuring the sustainable development of enterprises, ESG's dissemination and communication are gradually receiving attention and showing a thriving development trend in China. The Actor-Network Theory (ANT) provides a new perspective for understanding the complexity and dynamics of ESG communication. Chinese enterprises should learn from the experience of the European Union, strengthen the standardization and disclosure of ESG information, improve the reliability and transparency of information, and win the trust and support of domestic and foreign stakeholders. In addition, with the deepening implementation of policies such as

the "dual carbon" target, China's ESG communication has ushered in unprecedented development opportunities. At the same time, Chinese companies need to recognize their key role in ESG communication. They should enhance their understanding and awareness of ESG concepts and actively build a comprehensive ESG communication matrix, strengthening interaction and cooperation with multiple stakeholders such as the government, investors, and non-governmental organizations. By innovating communication methods, such as using diverse media, enhancing the storytelling and interactivity of content, and enhancing the quantifiability and verifiability of data, enterprises can more effectively communicate their efforts and achievements in the ESG field, thereby enhancing brand image, enhancing market competitiveness, and promoting the achievement of sustainable development goals. In the future, Chinese enterprises should closely follow policy guidance, grasp market trends, continuously optimize ESG and communication strategies, and contribute to their sustainable development and that of society.

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