

## Signaling the Difference Between Trust and Transparency

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It's become very easy for companies to merely associate with causes. Whether it's posting a black square on Instagram in support of Black Lives Matter or creating a branded hashtag in support of climate change, cause marketing - the idea of supporting a cause - doesn't necessarily suggest impactful activism, which is more about actively contributing to positive outcomes. Ultimately, businesses often talk 'purpose' without following through with action, and this is labeled as "impact washing," "greenwashing," or "slacktivism."

The cost and backlash of 'purpose hypocrisy' are greatest to those who fail to acknowledge it. Today's consumers are paying more attention to how brands respond in times of crisis. 46% of consumers report paying more attention to brand communications than they did pre-COVID. And silence comes with a price: 56% of consumers say they have no respect for businesses that remain silent on important issues ([Edelman Trust Barometer](#)).

This begs the question, "How can investors assess which investments are impactful enough?" [In our latest whitepaper](#), we discuss the power of transparency to mitigate the possibility of "impact washing." The following four factors are key in helping investors decide whether their public equity investments are impactful enough:

- **Intentionality:** Frame the problem that you are solving for and demonstrate an intention to generate positive social or environmental impact through investments.
- **Additionality:** Seek to produce beneficial social or environmental outcomes that would not occur if not for the

investment. Be consistent - and don't capitalize on 'moments in time' - to demonstrate ongoing value.

- **Active ownership:** Engage with investee companies to improve ESG or impact-related disclosures, mitigate negative impact, and drive positive impact in communities through activism.
- **Impact measurement:** Commit to measuring progress and report regularly on social and environmental performance of impact investments.

The opportunity is bigger now than ever before, particularly as people look to businesses to create positive change. However, it is equally important that companies take action on the issues that they stand for, as opposed to the slacktivism of proclaiming mere association. The world is waking up to hypocrisy by calling out such companies and investors who claim purpose, but lack action. So, as investors, it's important to signal the difference between trust and transparency.