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# Media and Public Discourse on Corporate Responsibility

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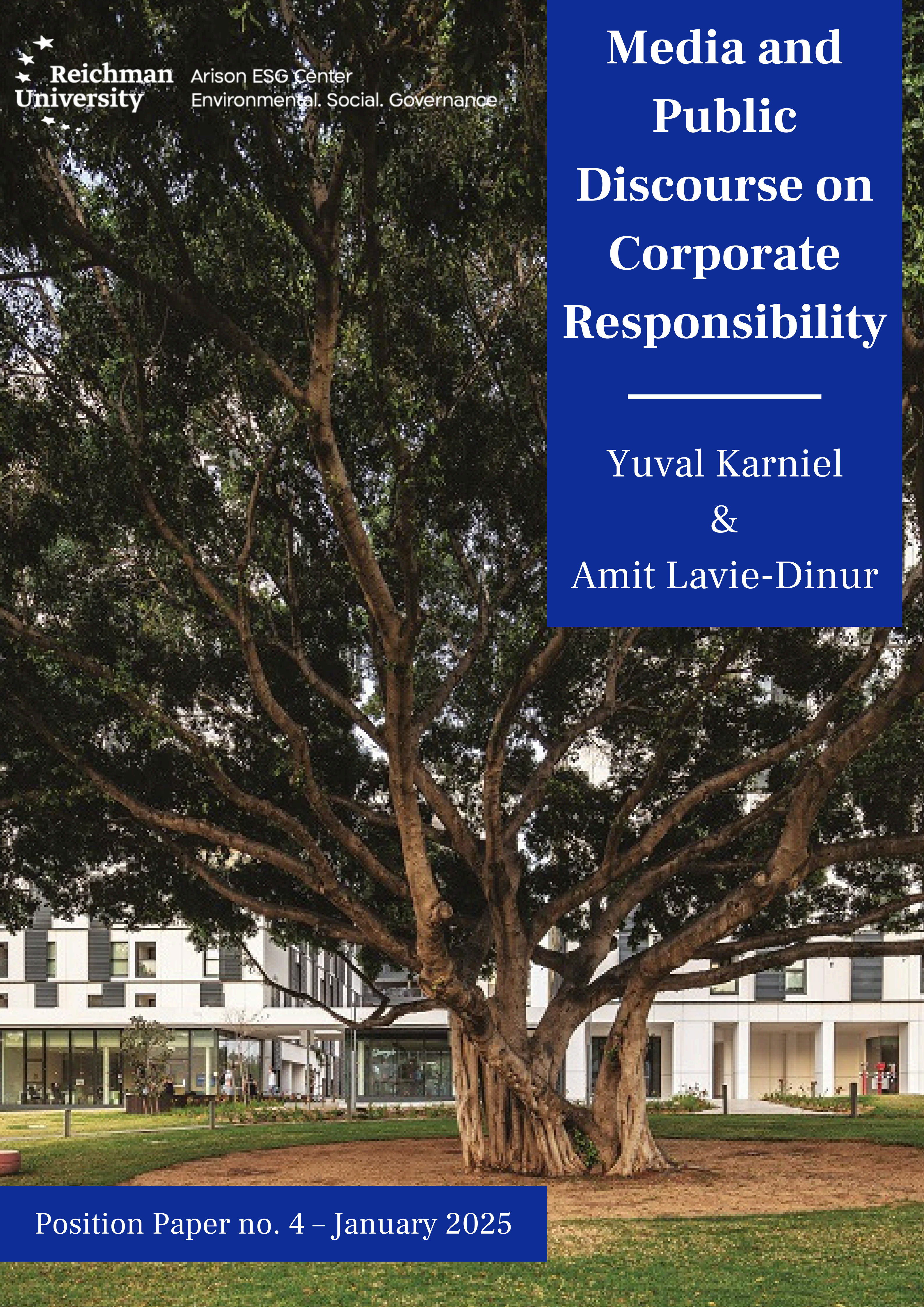

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# Abstract


The character, substance, and style of public discourse on corporate responsibility are critical and important to the acceptance and adoption of the subject by corporations and investors. The image of the field—whether it is professional or political, substantive or artificial, relevant to the company's performance and success or only to its public relations—influences decision-making processes on the subject, how organizations and corporations engage with the field, and the investment decisions of institutional bodies, investment houses, and investors.

The clear conclusion emerging from the review of the existing situation in Israel, against the background of international discussion and professional discourse in the field in Israeli media and in public discourse in Israel, is that the subject is not sufficiently known and does not receive prominence, professional discussion, appreciation, and importance. Discussion on Environmental, Social, and Governance (ESG) issues of corporations (hereinafter referred to as: corporate responsibility) in Israel is marginal and negligible, and exists mainly due to public relations of corporations trying to gain points in public opinion, usually through methods considered greenwashing, meaning pretending to contribute to the environment, community, and society, rather than significant action in the field.

Against this background, we formulated **five recommendations** that can help implement and improve public discourse on the subject: (1) Increasing transparency and reporting; (2) Making accessible and emphasizing relevance to the public; (3) Nurturing and strengthening public literacy; (4) Improving professional indices; (5) Training students, professionals, and experts in the field.

Development and implementation of these recommendations can help and make a substantial contribution to improving public and professional discourse in the field, raising awareness and demand among the public and among investors for responsible investments, and at the end of the process also an increase in social responsibility shown by corporations towards the broad public of employees, customers, and the entire community. In our opinion, this is a crucial and important role of corporations that occupy a large place in the economy, culture, and society, in the world and in Israel, and bear responsibility, no less than governments, for our future and that of our children.

## Introduction and Background on Public and Media Discourse Regarding Corporate Social Responsibility

The subject of this position paper is the public and media discourse on corporate responsibility. This discourse exists largely in isolation, with only partial connection to corporations' actual engagement with the issue, which is mostly hidden from view. Many corporations recognize the importance of public engagement and declarations of commitment to various environmental, social, and governance issues, and they address these in dimensions related to public relations, communications, advertising, and marketing of their products and services.

Often it is difficult to isolate this dimension of visibility and branding from the substantive and practical dimension related to the management of the corporation itself. The purpose of this paper is to attempt to present the connection, as well as the gap between the two, to examine the influence and significance of engagement with public opinion, visibility, branding, public relations, and issues of corporate responsibility, and to examine the phenomenon of the gap between these and the actual performance of corporations, and their actions that do not always align with declarations and promises to the public. Additionally, this paper will attempt to examine whether discourse on the subject exists, to what extent it occurs, what are the benefits and harms of existing discourse, whether it is necessary, whether it may cause harm, and whether it can be improved, refined, and managed more effectively as public discourse on the subject.

The target audience of this position paper is primarily corporations engaged in the subject, alongside regulators, the media, advertising and public relations professionals, as well as measurement bodies in the field, investors, customers, and employees, all of whom are part of the broader interaction system of the world of corporate social responsibility.

The central question we will attempt to answer is how to promote more effective and accurate public discourse on corporate responsibility issues, reduce misleading abuses, and promote the values underlying the approach of corporate responsibility, from the position that the subject is indeed worthy and has a positive connection to good corporate performance (Eccles, Ioannou & Serafeim, 2014).

### 1. Existence of Flawed and Problematic Public Discourse on Corporate Responsibility

The character, substance, and style of public discourse on corporate responsibility are critical to the acceptance and adoption of the subject by corporations and investors. The image of the field—whether it is professional or political, substantive or artificial, relevant to the company's performance and success or only to its public relations—influences decision-making processes on the subject, how organizations and corporations engage with the field, and the investment decisions of institutional bodies, investment houses, and investors.

The central challenge we face is the existence of flawed and problematic public discourse on the entire subject. The main problem can be seen in the fact that a significant part of the discourse on ESG issues is perceived as meaningless rhetoric, as marketing public relations discourse that does not truly express the real interests of corporations and their mode of operation. This is an artificial discourse that is also perceived as such by a large portion of the audience (Lyon & Montgomery, 2015).

Our starting assumption, based on deep familiarity with the subject over many years, is the recognition that many among the general public, including the target audience for the subject, see the field as lip service paid by managers and business people, company owners, and investors to public discourse that is politically correct. Public discourse on the corporation's responsibility for ESG issues is perceived as part of the important public relations that business people create for themselves and their organizations, as a subject worth talking about in personal and celebratory interviews, in ceremonies, in lectures to audiences, especially young or ideological audiences, and worth presenting in advertisements and marketing campaigns, but it is not truly a central topic for strategic discussion in the board of directors and senior management during discussions on performance, operations, financial reports, sales, human resources, and even marketing (Karniel & Lavie-Dinur, 2022, pp. 228–239).

The fact that there is a dual discourse on this subject—on one hand, definitive statements to the media and at public events in favor of the organization's investment and commitment to environmental and social issues, and on the other hand, a cynical approach to the subject when the discussion is operational, economic, managerial, legal, and internal-strategic in the closed circles of business decision-making—causes distrust towards the subject and nonrecognition of its contribution and true importance, even to the financial bottom line.

The claim we wish to examine and address in this paper is that the flawed public discourse in the field causes engagement with ESG issues to be perceived as managerial weakness and as a deviation from the required focus solely on the financial bottom line. The politically correct discourse becomes an obstacle to more efficient management of the field, in all aspects of strategy and proper and quality management of corporations.

## 2. Review of the Development of Knowledge, Discourse, and Public and Professional Discussion on Corporate Responsibility, and Mapping of Central Concepts Present in Public Discourse

Public discourse in Israel on corporate responsibility has been progressing and developing for many years. However, this progress and development are slow, and the discourse is always on the margins of the central discussion on issues of economy, corporations, management, and investments.

The difference between Israel and the world is significant. While in the Western world, especially in the United States and Western Europe, the discourse is dominant and central, and the ESG investment market is growing rapidly, the situation in Israel is entirely different, with the field still in its infancy. This difference is another expression of the gap between Israel and the world on ESG issues, as in the Western world the field holds a prominent place (KPMG, 2020), especially around the climate crisis and the need to reduce greenhouse gas emissions; while in Israel, the political-social-economic agenda focuses on security, economy, high-tech, and law, and less on issues considered "green."

For the purposes of this paper, it is sufficient to note that current estimates indicate that about a third of the value of total assets managed globally are managed as ESG assets. This amounts to approximately $50 trillion. The value of impact investment assets is also growing rapidly and is currently estimated globally at about $1 trillion (Israeli Forum for Impact Economy (IFIE), 2023).

In Israel, as in the world, it is customary to distinguish between several concepts and to conduct public discourse around them. It can be said in advance that most of the Israeli public is not aware of the different concepts and the differences between them, as are large parts of the investment world. This conceptual lack of clarity also expresses the weakness of the field and the alienation of large segments of the capital market and the Israeli public from these worlds. The first concept is "impact investments," which deals with ventures and investments aimed at producing social or environmental benefits, meaning they have an intention to create a defined positive impact alongside financial returns, all in a measurable way (according to the UN's Sustainable Development Goals – SDGs).

Since this is a relatively narrow definition, impact investments are only a small part of the economic world. Alongside these is the much broader concept, which claims to include the entire economic and corporate world, this is the concept of "responsible investments." This concept refers to an approach to investment management that in fact takes ESG considerations into account in decision-making when investing in one company or another.

Alongside these concepts, there is another concept of "corporate philanthropy," which refers to corporations that, alongside their central and commercial activity (which is not necessarily focused on positive actions), and alongside their risk management and responsibility in ESG issues, also make contributions to various social causes.

It is important to note here that there is no broad agreement in the world today and no single precise definition on what impact investments are, or what responsible investments are, or ESG investments, meaning what is the accepted and reliable standard for examining the conduct and performance of corporations on ESG issues. On this subject, there are many indices (Ramakrishnan et al., 2022), from rating agencies and assessment bodies that use different methodologies to examine the risks and performances of corporations in the ESG field. This fact also contributes to the lack of clarity in the public discourse in the field and to the political controversies that accompany it, as we will see below. This position paper focuses, as stated, on the discussion of corporate responsibility, and not on the broader field of impact.

The pioneer in Israel in the field is the Maala Organization, which was established in 1998. The organization encourages the publication of corporate responsibility reports by its members, maintains an index that examines performance in the field, annually publishes prominent and outstanding companies in the Maala index, and also operates an index on the Tel Aviv Stock Exchange for investment in companies with corporate responsibility according to the index. In recent years, additional factors and bodies have entered the field, including various regulators, who are trying to encourage and incentivize the publication of corporate responsibility reports, but have not yet made the subject a mandatory obligation. Israeli regulation is soft and general; there is no reporting obligation according to fixed standards, and there is no obligation to take these issues into account in investment processes. This fact also contributes to the subject being perceived in Israel as a luxury and a hobby rather than an essential field for every corporation and every investor. Nevertheless, it can be clearly seen that regulators in Israel are signaling an intention to encourage the market, corporations, and investors to engage in responsible investments, to become familiar with the field, and to take it into account in investment considerations.

## 3. On the State of Public Discourse in an Era of Social Networks, Trust Crisis, Fake News, and the Declining Status of Truth

Public discourse on ESG does not exist in a bubble. Israeli media and social media, like those in other Western countries, are in a period of unprecedented decline. Public trust in media and information shared on social networks and other mass media channels is at a low point. We are in an era of trust crisis (Karniel & Lavie-Dinur, 2022), widespread and systematic dissemination of fake news, misleading and false information and propaganda, and experiencing a continued decline in the status of factual truth and in the power of traditional media and public discourse to reflect reality as it is (Vosoughi, Roy & Aral, 2018). The implications of these matters for our subject are particularly severe, both regarding the value questions underpinning corporate social responsibility, and regarding the ability to collect and establish factual data on performance in the field.

In order to establish the assessment of corporate performance on ESG issues, a broad agreement on the nature of these concepts and their importance and value is required. To evaluate, establish metrics, measure, and rank corporations, a basic agreement is needed on questions relating to the nature of the relationship between corporations and social and environmental impacts, such as: What are the required performances on environmental issues? What is the required relationship of a corporation to society? Are values of equality, inclusion, diversity, tolerance for others, condemnation of harassment, etc., desirable values? What is the required contribution to the community? What products and services are harmful to it? In many of these issues, there is no broad social agreement today, not in the United States (Matos, 2020) and not in Israel.

Moreover, even assuming we have agreed or at least created a broad consensus on the basic questions, there is still ample room for controversies and doubt regarding methodological and ideological questions relating to the collection and establishment of factual information that allows assessment and rating of corporate performance in various fields. In an era of fake news, propaganda of lies, lack of trust in various systems and establishments, there is also disagreement on the reliability and weight to be attributed to determinations and data published by authority bodies (Lazer et al., 2018). For example, some doubt scientific research findings, information from environmental enforcement agencies and bodies, recommendations from health authorities, decisions of capital market and securities authorities, findings of investigations published in the media, and even decisions of courts and similar authorized bodies. Therefore, it is very difficult to establish data and agree on reality, especially on complex questions such as a corporation's performance in broad areas that are partly controversial.

## 4. The Special Difficulty of Engaging with the Complex and Sensitive Professional Subject of Corporate Responsibility in an Era of Short, Simple, and Catchy Messages

Public discourse and discussion on corporate responsibility also suffers from being a complex and complicated professional subject, which is essential in an era where media is capable of containing, transmitting, mediating, and communicating primarily short, simple, and catchy messages. Often, discourse begins and ends with the question of whether it is good or bad? Black or white? Politically correct or not? Who is for and who is against? These are binary questions that are not capable of dealing with the depth of the subject of corporate social responsibility. The complexity of the subject allows some corporations to adopt a strategy of "greenwashing," which we will discuss later.

The issues under the ESG heading are numerous and different from each other, also in their measurement method, so that often one can see that corporations have different performances in the different components of responsibility. A company can handle its corporate governance excellently, ensure the independence of its board of directors and audit institutions, avoid conflicts of interest, etc., and alongside this maintain activity that significantly harms the environment or society, and vice versa.

When public attention is on short, catchy, and sharp messages, there is a clear tendency to paint the corporation and the public attitude toward its performance in a positive or negative color, according to the latest subject that was published or measured. Thus, for example, employee layoffs in a sensitive period or specific pollution at one of the plants can deeply affect public discourse, the public's perception of the corporation, and this is while ignoring many other components in its activity and performance. Sometimes the opposite also occurs: when a corporation has a good and strong reputation built over many years, in real actions, or even in extensive advertising and brainwashing of consumers, it will be difficult for the public to change its attitude and assessment of the corporation despite new and different data indicating another direction. In other cases, the publicity and marketing of an achievement in one area can overshadow and blur the other, less good components of the corporation's performance. This is a subject that includes many components, some professional and scientific, some with an ideological element, so that measurement and analysis are complex and controversial. Public discourse cannot contain this complexity, and usually focuses on the latest media crisis, the sensational revelation, the exceptional publication, and makes it difficult to realistically assess corporations.

## 5. The Challenge of Engaging with a Subject Related to Values and Ideology in an Era of Political, Value-Based, and Ideological Polarization

One of the reasons for the charged public discourse on issues of corporate responsibility is the indirect connection that the subject has to the central political disputes dividing the public in different countries in the West, and to a large extent in Israel and especially in the United States (Smith & Lewis, 2011).

The ESG topic often appears in the media and public discourse on social networks as a subject belonging to the liberal side of the political map, and therefore it is frequently presented as a controversial political issue at the heart of the growing polarization between the conservative and liberal sides of the political map, and not as a purely professional subject treated according to professional and agreed standards. As is known, in recent years, mainly in the United States but also in Israel, the polarization between two main camps that divide the public almost into two equal parts has significantly increased: the liberal, Democratic side in the United States and the center-left in Israel, versus the Republican side in the United States, the right and religious parties in Israel. The disputes between these two sides of the political map have become more acute in recent years, and have changed from a legitimate political disagreement to a real battle concerning values, ideology, and also the rules of the game themselves.

For example, in the United States, former President Trump claimed that the elections were stolen from him illegally, and in Israel, the legal reform that the right-wing government sought to pass in the Knesset was described as a regime revolution threatening Israeli democracy. The dispute has become a battle of identities and culture, and has spilled over into topics that were previously beyond any dispute, such as the authority of the Supreme Court in Israel or the integrity of the election process in the United States. Against the background of chaotic reality and lack of trust between the sides, and against the background of political polarization that also led to polarization in media systems, the issue of corporate social responsibility has also fallen victim.

Seemingly, this is a professional subject related to metrics that affect ESG risks. Objective and neutral metrics that have the power to give investors important information about the risk inherent in their investment, and to assist them in planning their steps (Schaltegger & Wagner, 2017). However, in the polarized political reality, these issues—from greenhouse gas emissions, through community contribution to inclusion and diversity—have become controversial. Not only regarding their impact on the performance and risks of corporations, but also regarding the very right of the corporation to consider them and give them priority and weight when making decisions regarding the economic and financial condition of the corporation (Di Giuli & Kostovetsky, 2014).

Three main objections to the use of ESG metrics regarding investment decisions in a corporation can be described:

1. The basic claim is that a corporation is forbidden to consider considerations that do not directly relate to the financial benefit of shareholders. ESG considerations, according to this approach, are not aligned with the fiduciary duty of corporate officers to maximize the benefit of the corporation, in the narrow sense of returns to shareholders (Karniel, 2001; Carroll, 1991).
2. The additional claim is that there is no direct connection between the real risks facing the corporation and the measurement and rating method of existing ESG metrics. That is, the issues currently in the discourse and

measurement of corporate responsibility as they are measured today by the central organizations measuring them—do not express financial risks but rather political and liberal preferences of those formulating these standards.

3. According to the third claim, even if the corporation is allowed to take into account the benefit of other stakeholders (customers, employees, and the community around it), still the standards currently existing in the central measurement systems and the ways of measuring the various issues are not reliable and not accurate but rather promote a political, liberal, sometimes extreme agenda, which interferes with corporations' ability to fulfill their purpose, and requires them to direct resources and managerial attention from the essential to the trivial, from the profitable to the ideological.

## Chapter I: Review of the Current State of Corporate Social Responsibility in Israel

The current normative and regulatory situation in Israel, as also reflected in public discourse on corporate responsibility, is that there is an obligation to report to the public on ESG events and crises only when they are exceptional and prominent events, such as when there is a reporting obligation in explicit law or according to securities laws as expressed in the Securities Law, 1968, which requires reporting on material events.

The terms "material," "significant," and "important" are used interchangeably in the Securities Law and in Regulation 36 of the Securities Regulations (Periodic and Immediate Reports), 1970, but their meaning in the context of the disclosure principle is singular: the corporation is obligated to report information that can influence investment decisions of investors in securities (Baum, 2014). The implication is that the vast majority of events fall below the "materiality" threshold, especially events, facts, and data related to the "soft" worlds of ESG that are not extreme events. The result is low and only partial reporting of these issues to authorities and investors.

The traditional position of the Israel Securities Authority is that in the current legal situation, it has no authority to impose disclosure obligations on broad aspects of ESG topics beyond what is established by law, or on material events, meaning significant ones, whose impact is clear to any reasonable investor. In fact, the Authority mostly waits for legal change or a more explicit demand from investors, investment bodies, institutions, and funds for additional information on the performance of corporations in these areas. Only then will a clearer regulatory requirement for proper disclosure in these soft areas come. In the meantime, the Authority, and it must be said also most large investors and institutional bodies, are satisfied with voluntary or very partial disclosure of data on the subject. For example, in recent years, the Authority has taken several steps, such as establishing the Forum 35+ project for reporting on gender diversity in the board of directors, and conducting horizontal review on disclosure and reporting on environmental quality risks. The Banking Supervisor took a step forward, requiring banks to address ESG in special reports, and even published a proper banking procedure of principles for effective management of financial risks related to climate.

Against this background, it is clear that discourse on ESG issues (beyond the requirements established by law) remains largely in the public and media sphere, and not in financial reports or required announcements and reports of public companies. Thus, the subject's place is pushed from the center of the media arena, usually dedicated to regulation, finance, and law, towards the softer areas of discussion in public companies related to public relations, corporate philanthropy, special projects for environmental and social issues, or conferences and discussions dedicated to these topics, where corporations come to boast of their achievements and demonstrate their commitment and social action for public relations purposes.

Since discourse on the subject is primarily a discourse of public relations, advertising, community relations, and branding, we focus in this position paper on understanding how it is conducted in the media, on whether the public trusts it, whether this discourse promotes the field within corporations, promotes the professionals engaged in it, and whether it promotes and contributes to corporations engaged in it, to investors, and to the general public.

## Chapter II: What is Greenwashing and Is It Objectionable?

Public corporations, and sometimes private ones as well, are aware of the importance of discourse on ESG issues among segments of the public. Many of them apparently believe that regulation and public service also expect them to engage in the field. Sometimes this is entirely a matter belonging to their public relations and advertising to customers interested in the field, and to the need to participate in discourse that seems to them progressive, green, positive, environmental, and social. Sometimes the background for engagement in the field is the personal commitment of shareholders or managers to the subject, or, in less common cases, explicit regulatory requirements in the corporation's field of activity. The more global presence and international activity corporations have, the greater their awareness of the subject, since in many places around the world, especially in Europe, Australia, Canada, New Zealand, and to some extent also in the United States, there is more explicit and stricter regulation on these issues, particularly in the environmental field.

Against this background, corporations have employees engaged in the field, writing corporate responsibility reports, and promoting internally and externally a discourse of corporate responsibility on these issues. In many cases, these are not the senior managers of the corporation, not the CEO, not the CFO, and not the senior marketing managers, but additional people in the corporation, sometimes in the legal department on compliance and enforcement of regulation issues, sometimes in marketing and public relations departments. In a small minority of corporations, there is a senior vice president who deals with the subject fully, and even about them it is difficult to obtain data since only some corporations publish a corporate responsibility report and openly and explicitly address the subject.

Since the central component of engagement in the field is the public component, related to public relations, community relations, and corporate advertising, there is naturally concern that the purpose of some of the engagement in the field, and some of the activity or discourse conducted around it, is to promote the corporate brand and the public's perception of it, and not necessarily to change the business, operational, or commercial practices of the organization (Laufer, 2003).

One can point to many examples of corporate publications (we will deal with some of them below, in the chapter concerning examples and case studies and examination of media publications), sometimes also during media advertisements or marketing, image-building moves, and sponsorship of conferences and events, and sometimes also in specific social activities, whose purpose is to launder the problematic image of the corporation and attempt to boast of green and social activity. All these are focused in the field of advertising and public relations and image, mainly towards customers, and sometimes also towards employees, and in corporate responsibility reports also towards investors. The central characteristic of these actions is that they usually involve secondary activity, on the margins of the central activity of the corporation and organization. Sometimes in a one-time move, in community contribution, in employee volunteering, and not in significant change at the heart of the organization's commercial and operational activity. A change that often requires great effort, large budgets, and has the potential to change the corporation's mode of operation. Therefore, in many cases, these moves lead to limited change in the impacts that corporations cause to the environment and society, but even these moves have importance.

Despite the extensive criticism in academia, media, and among the public towards the phenomenon of greenwashing (Boiral, Heras-Saizarbitoria & Testa, 2017), we believe it also has considerable benefit and value. The phenomenon has the power to influence social norms and the acceptance of perceptions regarding environment, society, and ethics, and to indicate that even in the eyes of large corporations, which are often perceived as aggressive and cynical, there is place and weight for values of environmental protection, contribution to society and community, and fair and responsible treatment towards others. The effort itself, even if only external, and the allocation of resources, even if only for advertising and public relations purposes, indicate that these are important issues, and that they can contribute to their acceptance, especially in Israeli society, which has a high degree of cynicism or disregard towards social issues expressing corporate responsibility towards society. For example, as we will expand on later, the inclusive marketing steps taken by companies like RENUAR and Strauss in recent periods.

## Chapter III: Existing Indices for Corporate Rating in the Field

One of the important issues for maintaining vibrant public discourse on corporate responsibility is the importance of indices and ratings of corporations in the field. When we want to praise or criticize corporations for their performance in these areas—we need information, and more than that, standards, meaning, an index or relative rating of corporations on various issues. Ratings are required, of course and first and foremost, for making investment decisions in those tools and investment bodies that consider and give importance to the subject, but they are also required so that the public knows who are the best corporations in corporate responsibility, and who are lagging behind.

In Israel, as in the entire world, precisely this information on corporate ratings, including public corporations, and certainly private corporations, is not in the public domain and is not published in a complete, current, and open manner to consumers and investors. The indices, even before we addressed the question of their quality and the degree of accuracy and reliability of the information contained in them, are usually confidential and available only to large investment bodies, and not transparent and open to the general public.

It seems that even the media, which supposedly should strive to publish reliable data on corporate ratings on ESG, does not show much interest in ratings or does not attribute high reliability to them. There are indeed several factors engaged in measurement and trying to rate corporations on ESG issues, but these are not fully exposed and transparent. For example, the rating by GREENEYE COMPANY, which is used by some institutional bodies in Israel, is not transparent to the public; the rating by ENTROPY is partial and rough, rating by stars and not in a precise manner. For instance, the latest index published as of August 2022, which also roughly divides companies according to a 5-star model, without providing an in-depth picture of performance in different areas; the rating by DUNS 100 company is not fully transparent, only partial, roughly rates companies into categories of leaders, prominent, and known, and includes in the leading category some of the most polluting companies in Israel, such as ICL; the long-standing Maala rating also receives methodological criticism, and it also refers only to companies that voluntarily participate in the rating, and relies on their reports. There too, polluting companies or those with other weaknesses in social and governance issues achieve high scores based on the effort they devote to the subject, and not based on actual performance. Maala's activity, with all its importance and long-term contribution to the field, does not provide the public discourse space with reliable and accurate data on company performance in ESG areas. The ratings are published with significant delay, once a year, and are perceived more as a value and ideological statement (important in itself) by companies on the importance of these issues to them, but not beyond that.

Rating companies, for example MAALOT, do conduct ratings of the field mainly for credit purposes, but this information is also not public, and its methodology is not transparent and validated, so the rating does not become part of the public discourse on the subject, and is not given substantial weight.

The bottom line is that there is no significant, public, accepted, reliable, and valid index for corporate responsibility issues in Israel. There are, as mentioned, several factors dealing with the subject, foremost among them, as noted, the MAALA ORGANIZATION, which publishes every year the member corporations that submitted reports, and even awards them a graded score on a scale of 1–10. However, the Maala index, apart from the publication day of the index, and apart from the existing index on the Tel Aviv Stock Exchange influenced by it, does not really influence and is not perceived as sufficiently accurate and reliable.

The media, as we mention throughout this paper, does not consistently deal with these issues, does not adopt any of the existing indices, does not prominently publish, does not push, and does not give them substantial weight in the coverage of the capital market and the Israeli industry and economy. From time to time, the media initiates ratings, indices, or publishes such, on issues directly related to ESG worlds, but even when it does so, it does not frame the discussion as part of the engagement with corporate responsibility, but each subject on its own. For example, various ratings are published on employee satisfaction in companies, on wage gaps in public corporations, on the integration of women in boards of directors or managements. But all these are done randomly, without connecting the matters into a statement about the performance of corporations in the world of social responsibility. Even when managers are rated according to consideration for stakeholders, transparency, etc., there is no attempt to rate corporations in a similar manner, and certainly not to give them scores and encourage investment in them. For example, the newspaper CALCALIST conducted a significant project of selecting the best managers according to four parameters—performance, reliability, transparency, and consideration for stakeholders (minority shareholders, debt holders, etc.), but did not link this with corporate responsibility, and certainly not in the expected connection between this rating, the corporation's performance in ESG areas, and investment in the corporation, and recognition that this is part of the good performance justifying investment, and leading to excess returns.

The absence of reliable public ratings, and the controversies over their reliability and significance in the field, such as wage gaps, employee satisfaction, environmental pollution, diversity in management, or weakness in corporate governance, lead to the discussion of them being anecdotal. This discussion lacks the precise, numerical dimension, allowing continuous monitoring that influences decision-making and weighing of environmental, social, and governance issues, alongside financial and economic performance. Performances which are naturally more precise, stated in numbers, and easier to compare, monitor, and interpret by analysts.

# Chapter IV: The Main Actions Taken by Corporations, Regulators, Researchers, and Professionals to Overcome the Challenges and Failures of Discourse on the Subject

In the absence of important, reliable, and accepted indices, and given the low awareness of the market, managers, and the public to the field, the entire subject is considered marginal in Israel, not to say negligible. The political/economic agenda dealing with survival, infrastructure, macroeconomics, political disputes and political polarization, alongside acute issues of rising housing prices, cost of living, and focused engagement with deals, high-tech, mergers and acquisitions, international successes, alongside falls and collapses of tycoons, all these leave little room in the media and also in the agenda of managers and investors for ESG issues.

Except for exceptional cases of corruption affairs, severe conflicts of interest, or extreme pollution events, as well as sexual harassment or disasters involving human lives, these issues do not make headlines, and also do not occupy a place in the agenda of boards of directors and managements. Against this background, leaders and company owners occasionally stand out, as well as managers, senior employees, and alongside them regulators or other professionals, for whom the subject is close to heart, and they try to operate in the Israeli reality described above, in order to overcome the failures and barriers that we describe here.

## 1. Environmental, Social, and Governance Issues in Israeli Media

In this sub-chapter, we will present a review, analysis, and insights based on a preliminary examination we conducted on the websites of the main economic media in Israel during June 2024. The case studies and examples were done through qualitative research methodology accepted among media researchers, and based on content analysis of articles and publications in the media through identification of central themes, in order to expose the meaning of media publications, the values, viewpoint, and ideology they reflect. A theme is a subject, message, or central idea in an artistic creation, research, discussion, or idea. In media research, a theme is a central idea or viewpoint in an article or journalistic/media story that can usually be summarized in a few words.

For demonstration purposes only, we will present below the themes that emerged from the content analysis of all the articles on the websites of the three economic newspapers: GLOBES, CALCALIST, and THEMARKER. This is not a comprehensive study,[1] and similar information could not be collected on broadcast media, but there is enough to clarify and demonstrate the way the media in Israel refers to the subject.

In a search for the term ESG, 1150 articles were found in GLOBES, 483 in CALCALIST, and 290 in THEMARKER. The most prominent finding is that most of them do not deal with the subject in a serious, professional, comprehensive, or in-depth manner, but they are different types of marketing content, which is of no real journalistic value. In addition to articles and publications in the economic press, content on social networks was also examined, as well as a number of prominent advertising campaigns also related to the corporate responsibility of advertisers.

After reviewing the content of the publications, **four central themes** were particularly prominent: (a) Limited professional discourse on ESG; (b) Greenwashing; (c) Media crises in the field occurring and affecting even good companies; (d) ESG as a controversial political issue, especially in the United States. We will review the four themes below.

(a) First Theme: Limited Professional Discourse on ESG

In GLOBES we found 1150 articles, most of which are graphs indicating stock performance (mutual fund page or ETFs with ESG in their name). The rest of the articles are mostly marketing content, meaning sponsored articles appearing under the commercial department "Impact." These articles are written together with a commercial entity, and most are a direct result of conferences held by GLOBES with these commercial entities. Another type is found under the "Academia" section, which includes two detailed studies that do not match journalistic style and are the result of commercial cooperation with academic entities. Articles with journalistic value were few.

In CALCALIST, 483 articles appeared,[2] and there too most of the articles were marketing content with several characteristics.

1 A comprehensive media study is beyond the scope of this position paper but is certainly needed to validate and strengthen the insights presented here. Among other things, full coding of publications, quantitative and qualitative examination of publications, comparison between different media outlets, and also extension to broadcast media, additional media outlets, and international comparison are required. Due to the general and preliminary nature of the examination we conducted, we also refrain throughout this paper from publishing numerical data or exact percentages, and suffice with raising our main themes and insights following the review, which according to our professional assessment reflect the media reality in Israel.

2 These articles appeared under a direct search of ESG. When searching for additional terms such as responsible investments, impact investments, corporate governance, and sustainability, additional, relatively few articles are obtained.

One type appears under the "Duns 100 Arena" section, which presents the ranking of the 100 leading companies in Israel. The problem is that the section focuses only on the large and leading companies in Israel. In addition, it is claimed that the representation of companies and their selection are influenced by the business connections of the newspaper. Many of the articles in it are interviews given by those responsible for corporate responsibility in various companies. The nature of these articles is a focus on the company's actions and arguments and the role of the responsible person, and therefore they have no journalistic value and are entirely explicit public relations, and sometimes even blatant, for the company.[3]

Another type appears under the "Trust" channel, which is a corporate responsibility and impact channel, and its declared purpose is to give a platform to issues related to ESG. This channel is a commercial collaboration with SHUFERSAL company and therefore includes articles on behalf of the company or related companies. The prominent style is conducting interviews before or during conferences that are a collaboration between the newspaper and a commercial company.[4] These articles praise the importance of ESG in companies that sponsor the event and boast achievements in the field, but as mentioned, these are not professional or reliable articles and are not perceived as journalistic.

In THEMARKER, we found more journalistic and professional articles compared to the other two newspapers, but even here marketing content predominates. In addition, THEMARKER has space for economic articles from around the world, especially from the United States,[5] and articles in the "Capital" section written by experts and not journalists.[6] Marketing content articles also appear in the "Agents" section, where people or companies that declare themselves as providing a good and ethical service write. Usually at the end of the article, as in the example above, the identity of the authors appears with the accompanying sentence "The content should not be seen as investment advice," which reveals that these are commercial stakeholders engaged in responsible investments and not professional journalists. This content and style repeat themselves in many examples.[7] Of course, there is nothing wrong with people whose occupation is in the field of responsible investments, on the contrary, it is a very important field, but this demonstrates the absence of professional journalists engaged in the field, and the relatively marginal place given to it in the system, among senior editors, investigators, and senior commentators in the media.

It can be seen that the positive content on ESG issues and the discussion of its importance and contribution are presented mainly in various types of public relations articles, in which the writers or those quoted are chairpersons, managers, or role holders who see importance in the subject, and especially want to promote the organization in the media as one that operates according to ethical criteria. There is great paucity in the number of professional journalists who write or are interested in the subject and deal with it in a critical, professional manner or as a service to the public. Lack of professional coverage conveys a covert message that this is a negligible and marginal field, and therefore there is no point in dealing with it in a serious and in-depth ongoing manner.

### (b) Second Theme: Greenwashing

Greenwashing is the use of ESG rhetoric and language to cover and atone for sins in the field. Greenwashing can take the form of worthy social or environmental activity, but with limited and narrow significance relative to the damages and harm that the same organization causes to the environment or society in its main activities. When an organization or corporation that operates in a central field of activity that harms or damages the environment and society, or has severe flaws in corporate governance, and it publicizes one small activity and gives it substantial publicity, this is often perceived as an attempt at greenwashing, meaning an attempt or effort to receive credit as a responsible company, despite the fact that it is not truly so.

The media has a suspicious attitude toward companies claiming ethical conduct, with headlines like *"Ethics? What Ethics?"* or *"Green Investments? It's Just a Gimmick"*

3 An example of such an interview given in the section is *"The Important Role of Lawyers in Promoting ESG Values in Israeli Companies,"* in which Attorney Daphna Shalev Korenblit, who is the head of the Environment and ESG Department at ERDINAST, BEN NATHAN, TOLEDANO & CO. WITH HAMBURGER EVRON, details in a podcast the importance of adopting ESG values by the company. The purpose of the interview is only to promote the firm as having good values.

4 For example, the interview with Anat Gross-Schon, CEO of the Dairy Division at TNUVA, conducted ahead of the "FoodTech 2023" competition final by CALCALIST and TNUVA VENTURES, which looks for startups that can change the rules of the game in the food industry; an interview whose sole purpose is to promote the values of Tnuva company.

5 These are mainly articles translated from THE NEW YORK TIMES and BLOOMBERG.

6 Such as Prof. Yigal Neuman, Head of the Fintech Specialization at the Hebrew University of Jerusalem, investor and portfolio manager and advisor to fintech companies, who published in December 2023 the article *"ESG investments appear as a tremendous success. Are they really profitable?"*.

7 Another example was published in August 2022 by Elah Alkalay under the headline *"Those who rush to disqualify ESG investments forget one important lesson,"* followed by the description: "Investments in ESG strategy are indeed not yet perfect, but before throwing the baby out with the bathwater, it's worth seeing the positive sides too and remembering that a company's conduct in the areas of corporate governance, social connections, and environmental impact hints at its chances of success." At the end of the article appears the line "The writer is the chairperson of IBI Mutual Funds. The content should not be seen as investment advice."

reflecting this attitude. There is a gap between rhetoric and polluting reality, with the fashion industry being the prominent example—"The greenwash of the fashion industry exposed... while fashion companies release green declarations, they also increase the release of greenhouse gases leading to climate damage." Critical articles, though few, are written only by journalists without PR interests.

Two additional contexts in which the term appears are U.S. political discourse and the public discourse around the subject of indices. The three Israeli newspapers we examined translate from the economic press in the world, especially American, which makes a connection between ESG and the progressive left claiming that companies boasting these values actually don't go far enough and are mainly engaged in greenwashing.

Regarding indices for calculating ESG in companies, it is claimed that there is no uniform index, which leads to high variability between company ratings. Companies can choose the indices that suit them, which raises concerns about inflation and an "ethical" image. To emphasize this problem, the media tends to present prominent examples where the injustice created is blatant and outrageous. Such stories tend to undermine public trust in the field. For example, the story of the giant Saudi oil company SAUDI ARAMCO, which, due to a complex financial structure and gaps in ESG investment classification, billions of dollars intended for environmental investments flowed to finance the company. Such complex financial structures create a problem for investors who want to be sure that through investment in ESG funds, their money reaches climate-friendly companies and not the worst polluters. Another example that received many headlines is that of tobacco company PHILIP MORRIS and electric car company TESLA. While one company causes the death of millions every year from damages of the product it itself manufactures and then receives a high green ESG score, the other company leads the electric vehicle revolution and carbon emission neutralization but receives a low score. Similar criticism appears in public discourse also in the context of the Israeli Maala index: "The Maala rating sometimes draws criticism, among other things because oil companies and other companies, which are considered polluting, receive high scores in it."

In addition to examples from journalistic publications in the media, some of which, as mentioned, are actually marketing content, one can also see how companies and corporations use advertisements themselves to promote marketing and image moves, and thus boast of "ethical" values or improve a tarnished image. Prominent examples of this from the last year are from the period of the Iron Swords War, as mentioned, when RENUAR and Strauss presented amputee models in television advertisements to promote values of inclusion and equality, and BANK HAPOALIM emphasized in advertisements during prime viewing time its contribution to citizens of the state who were economically affected.

Before Independence Day of 2024, fashion company RENUAR included among its regular presenters people who fought and were wounded on October 7th and in Gaza and remained amputees. Yifat Pasternak, the company's VP of Marketing, issued a press release and said: "I am glad that we had the privilege to give a platform to this move and hope that it will lead to a change in the perception of beauty among young people... The purpose of the campaign is to normalize the appearance of hundreds of young amputees being discharged from rehabilitation departments to streets all over the country and to make it easier for all sides to return and integrate into society." Reactions on social networks were not long in coming, with the words "cynical use of disabled people" being repeated again and again. The attempt of a fashion company to normalize people with disabilities for itself is not perceived as a credible and authentic move but on the contrary, as a one-time move aimed at exploiting reality to change the brand's image. Alongside the criticism, the company also received many compliments for this integration, and for the positive values embedded in it.

In May 2024, Strauss also came out with a new advertisement for Symphonia cheese showing a hand amputee father with a prosthesis standing next to a refrigerator. This advertisement refers to the results of the war and tries to connect between a social agenda of normalizing disabilities and Strauss values. The reactions on the web are not surprising when alongside positive reactions emphasizing the importance of visibility of people with disabilities, cynical reactions were written about a company raising prices during wartime and trying to blur this by connecting its brand with values of patriotism and heroism.

In our view, the company's motives are important, and they may be cynical, but the result is more important. When presenting a phenomenon that until now was "absent" in the public space and showing it again and again, it accustoms viewers to a new visibility of beauty. People with disabilities are not presented in the public and television space and therefore presenting them continuously and not just once can create change, and the phenomenon of greenwashing in this context can help create new aesthetic concepts in the perception of the desired external appearance.

Another example of what is sometimes perceived as cynical economic exploitation of the war is BANK HAPOALIM's campaign. In the Maala rating, BANK HAPOALIM appears first in the "Investment Banking and Insurance" category. Since the outbreak of the war, the bank has been trying to present unique programs for community contribution, including to reserve soldiers, war wounded, students, high school students, and the self-employed. An example of this is the advertisement broadcast in March 2024 opening with a monologue by Adam Abramov, a soldier from the Egoz unit in the reserves who was severely wounded in Gaza, continuing with pictures from his rehabilitation and ending with a promise from presenter Amos Tamam for an assistance program called "For Success" (Bishvil Ha'Hazlaha). But the media does not surrender to the compassion narrative and focuses on articles exposing the economic exploitation of citizens by banks during the war—"In the shadow of the war, households contributed more to the bank's income and profits compared to 2022."

We see that sometimes even attempts and efforts by corporations to do good encounter a wall of cynicism from the public and the media. In the era of social networks, more and more social activists tweet about these gaps, using cynical language for corporations' greenwashing attempts. A prominent example of this is Linor Deutsch, CEO of LOBBY 99, who tweeted about a BANK HAPOALIM advertisement in THEMARKER: "You can't make this up: one page after an article reporting that BANK HAPOALIM is raising by an additional 3% the interest on overdraft that hurts the weakest customers—an advertisement of the bank boasting of first place in the ESG rating 'in commitment to act for customers and society in Israel'. Come on, instead of huge budgets on advertising—lower interest rates and fees." Another tweet from her, this time about TNUVA company, referred to the company's advertisement in CALCALIST under the headline "Responsibility begins at home." This headline received her response: "Good morning TNUVA! 'Committed to continue for a better society and environment'? Real responsibility that 'begins at home' is not publishing a 'greenwash' ad, but not raising prices to consumers twice during wartime and in between drawing a dividend of 200 million NIS. Publishing a nostalgic picture of a house and green field will not erase the exploitation."

These two examples highlight both the criticism towards the Maala index, and the public's unwillingness to accept statements praising the company but not matching its actual conduct towards consumers.

## (c) Third Theme: Media Crises Affect Even Companies Considered "Good"

As a case study, we will analyze STRAUSS GROUP, which appears in the Maala index in first place in the ranking of public companies in the food, retail, and consumer products category, and has received positive media coverage over the years thanks to the values it has adopted.[8] Typical positive coverage can be seen on the ice website: "As part of its perception of responsibility and transparency towards its stakeholders, STRAUSS GROUP chooses to report publicly, broadly, and as in-depth as possible on its performance in ESG areas."

Media experts over the years refer to Strauss as a beloved company with good values, but when it encounters a crisis, the media questions the seriousness of its intentions. In the last two years, Strauss has experienced continuous and severe media crises that affect public trust in it. Examples of such headlines can be seen in GLOBES: "Within two years, Strauss has gone from one of the most stable corporations to an organization moving from crisis to crisis... veteran executives abandoned one after another, waves of layoffs hurt employee trust, the salmonella fiasco eroded profitability, and the stock is struggling to recover against the background of increases in coffee, cocoa, and sugar prices." This article, like many others, repeatedly details the significant deficiencies that occurred in the company from the discovery of salmonella in the chocolate factory in Nof Hagalil that caused its closure for a long period and caused huge losses to the company, to a similar crisis at the SABRA hummus manufacturer in the United States. All these hurt the company's profits and affected the stock.

The media continues with coverage of ten executives who left in one year—an event perceived as a departure from the family-oriented corporate culture that characterized the company in the past. But it seems that media anger intensified especially when worker layoffs and price increases occurred during the war: "Ofra Strauss proved: The transformation of Strauss into a company that does not shy away from harming workers and consumers during wartime has been completed...

8 The company's website contains extensive reference to the values and DNA of the company concerning environmental protection, including a direct statement from the company's chairman, Ofra Strauss, on the deep integration of ESG concepts in the way they employ, build brands, make decisions, or choose what to invest in.

Against this background, it is almost unnecessary to mention that in the ranking of 'Best Companies to Work For' by GLOBES and Statista for 2023, Strauss plummeted from third place to 22nd place. A parallel ranking by BDI Code has placed Strauss at the top for many years... but even there, in the last two years, the company has deteriorated from sixth place in 2021 to 22nd place a year later. Last year [2023] it plunged to only 32nd place." STRAUSS GROUP has transformed in a relatively short period from one of the pioneers and favorites in the field of corporate responsibility to a company that receives a cynical, critical, and negative attitude.

This move exposes the weakness and limitations of ESG discourse. The field requires continuous effort in a wide range of issues. Years of corporate responsibility, integration of women in management, and contribution to the community cannot justify crises of pollution that endanger health, resignation of executives, wholesale price increases during wartime, and claims of monopolistic or cartelistic power use, together with other large suppliers. Companies can rise or fall in indices, and the public and investors need reliable information in real-time to make decisions.

### (d) Fourth Theme: ESG as a Political Issue in the United States

ESG investments are a controversial political issue in the United States. There is a clear political division where Democrats and liberals tend to support and emphasize the importance of responsible investments more than Republicans and conservatives, who often criticize the focus on social and environmental aspects and claim that they can harm businesses. There are legislative initiatives from the Democratic administration to increase requirements and incentives for investments in ESG companies, which arouses opposition from Republicans, with their central argument being that these investments reflect a political agenda instead of clear financial considerations:

> "This discussion has long since gone beyond the realm of academic research and reached the realm of political debate in the U.S. Republicans see the ESG trend as another layer of Progressive Woke (a social movement originating from the American left whose purpose is to act for what its supporters define as social justice), and Democrats defend the right of investors to ask their investment managers to invest in a way that aligns with their values... Jonathan Skrmetti, the Attorney General of Tennessee in the U.S.—who last week sued (on behalf of Tennessee citizens) BLACKROCK, claiming that it violates consumer protection laws in the state by implementing ESG principles on investments of clients who did not choose this."

BLACKROCK, the global investment giant, has for years been at the center of a sharp political debate on ESG investments, with Republicans accusing it of "woke capitalism" and progressives saying it is greenwashing, and that its message to other companies did not go far enough. In recent years, we see more and more reports from the United States on the decline in ESG investments: "From Florida to North Dakota: Legislators in the U.S. don't want responsible investments." The principle that investors are required to look not only at the bottom line but to take into account factors such as environmental and social impact or standards of corporate governance does not align with clients' financial interests. A similar headline from the NEW YORK TIMES: "'You're woke': The factors that drove Wall Street away from one of the most important investment trends—in the past week, a series of financial giants, including PIMCO and J.P. MORGAN, withdrew from an international business coalition for responsible investments in environment, society, and governance (ESG), this, due to increasing political pressures and legal risks." The NEW YORK TIMES explains that Wall Street's retreat from its environmental commitments was a slow and consistent process that lasted months, against the background of politicians from the Republican Party in the United States who accused investment companies of sanctimonious behavior.

This media discourse matches, and probably also strengthens and even explains, the fact that the ESG market in Israel is in its infancy and does not enjoy real success or support. Despite ESG investments being strong in Europe, Israeli media is influenced among other things by the trend in the United States, almost does not cover the subject, and focuses more on Republican attacks on it, and consequently on the declining trend of the field in the United States.

## Chapter V: Conclusions, Possible Solutions and Policy Recommendations

This position paper has reviewed the international and Israeli background and the state of discourse in media and public spaces in Israel in the field of corporate responsibility. It is important to note that even in professional literature related to media and corporate responsibility, it is emphasized that the subject is dependent on culture, values, and ideology (Tilt, 2016), and therefore there is a place to understand, learn, and research in a unique way the Israeli culture and society and their relationship to the subject.

The clear conclusion emerging from the review of the existing situation in Israel, against the background of international discussion and professional discourse in the field, both in Israeli media and in public discourse in Israel, is that the subject is not sufficiently known, and does not receive prominence, professional discussion, appreciation, and importance. In fact, the discussion of corporate responsibility is marginal and negligible, and exists mainly due to public relations of corporations trying to gain points in public opinion, usually through methods considered greenwashing, meaning pretending to contribute to the environment, community, and society, rather than significant action in the field.

Against the background of this prominent conclusion, we attempt in this chapter to outline several possible solutions to the challenge; how trust in indices and concepts can be renewed; and what steps can be taken in Israel to improve and enhance public, media, and professional discourse on the subject, and even encourage corporations to strengthen their social responsibility.

Among other things, we formulate here recommendations for policy in the areas of media, regulation, increasing transparency and reporting obligations, improving indices, strengthening independent review and certification bodies, as well as the need for market education initiatives and changes and adjustments to public/media discourse. All these require a detailed plan for implementing policy changes in corporations, media bodies, education, and regulation, as well as monitoring and evaluation of the process and assistance through global collaborations with countries in the world where the subject is treated in a better way, especially in Western European countries.

Our recommendations address the question of the possible role of media and information technologies in providing solutions in two central aspects:

1. Strengthening the awareness and significance of public discourse on sustainability issues, and discourse of corporate responsibility for building investor and consumer trust and fostering a market friendly to the environment, society, and the individual;
2. Connecting the recommendations arising in this position paper with the practical ability of policy makers to take a significant step to promote awareness, transparency, public interest, and improve professional and public discourse in the field of corporate social responsibility.

The central role of the media is setting the public agenda. It is the one that raises issues or ignores them, thereby dictating what the public will deal with and what will not be important or exist for it. In order to raise ESG to the public agenda, aware, informed, and committed media is needed. The mobilization of the media to maintain meaningful discourse on sustainability and corporate responsibility is critical to building investor and consumer trust. These are our recommendations to strengthen this trust:

**Increasing transparency and reporting:** Corporations are not transparent enough about their corporate responsibility. Existing indices are based on company reports and therefore are not perceived as reliable enough. There is no universal standard or uniform method for measuring ESG, which leads to significant differences between different indices and results that are not comparable. To ensure the reliability of the data, external control and verification are needed. In the absence of such a tool today, the requirement for transparency in reporting should be strengthened so that companies will be obliged to publish detailed and reliable information about their performances. The media can and should focus on the real impacts and material changes created by the company and not just on the statements and image it markets. We recommend that companies in Israel adopt a model of effective narrative communication through social media, such as presenting a story of change made as a result of ESG initiatives that illustrates to the public the real impact of corporate actions. Stories of social action and environmental protection may increase customer involvement and loyalty. The media should highlight and condemn the gap between the company's claims and its actual performance. To do this, we recommend developing in academia and/or media, and perhaps with combined forces, a kind of "accountability index" where a company found to have a very large gap between its declarations and actions (as in the examples we presented) will "win" negative and painful coverage from the media that may lead to consumer boycott. These actions will increase public trust in corporations and no less importantly in the media itself, which will thereby directly contribute to the public interest of customers and consumers. To the companies themselves, we recommend adopting a corporate responsibility strategy that includes proactive crisis management, preparation in advance for possible scenarios, and full transparency during a crisis. The need for an action and communication strategy that addresses problems at their root, and not just in terms of image, should be emphasized.

**Emphasizing relevance to the public:** It seems that the term ESG is not familiar to the general public and sometimes also to stakeholders. There is conceptual ambiguity stemming from knowing partial aspects of the concept. Environmental and gender aspects are covered more in the media while the social aspect or corporate governance receives little attention. Moreover, the connection between the impact of ESG on the daily lives of the public and its future is particularly small in the complex Israeli reality. The media, among its other roles, can and should strengthen public awareness of environmental, social, and corporate governance impacts. This strengthening can come by emphasizing the direct benefit to citizens from the field of investments, or emphasizing the existing sense of satisfaction from improving the society in which we live. In order to promote this recommendation, professional training programs for journalists and editors on the subject can be considered. The result can be increased media engagement with ESG issues, and the relationship of corporations to the subject, for example through regular sections, investigations, providing information to the public around engagement with climate change, and developing new programs and formats in the field.

**Public literacy:** Education on ESG is vital for understanding the importance and raising public awareness of the field. ESG topics should be integrated into school and university curricula to train the next generation of investors, consumers, and employees. The education system, from early childhood to academia, should develop financial education programs so that from a young age, the next generation will be trained to promote significant changes for the benefit of the environment and society and to make informed decisions regarding companies and consumption of products and services in the market. This financial education will also deal with media literacy and will enable recognizing the concept of greenwashing, thereby raising awareness of the manipulations of companies and corporations on the public. Receiving relevant knowledge and skills at a young age will increase the chance of responsible and ethical business and public conduct. Promoting public literacy requires thinking about cooperation with the Ministry of Education, with curricula, adult education, and cooperation with additional bodies in government and civil society engaged in financial education, as well as with the media.

**Improving indices:** The lack of transparency and reliability of indices requires radical change. To renew public and media trust in the field, we propose developing a new model of an index based on examining the central and not marginal impact of the company.[9] In such an index, it will not be possible to accumulate high scores and ratings only according to criteria that are not relevant to the essence of the company, or that are marginal in relation to the damage it causes. A company with negative environmental impact cannot receive a high score just because it has an ethical code, or because its board of directors has a high number of women. A company that sells sugar and causes obesity and diseases will no longer be able to boast in its advertisements as the "best company." Banks will be measured by their service and fairness towards customers. They will be examined according to the loans they give, the interest rates and fees they charge, and not according to their help to the periphery or scholarships they give to students. To improve the reliability of ratings, it is possible to propose establishing an external verification mechanism for ESG data, similar to financial control systems. Independent external factors will check the reported data and approve them. An example of this is the supervision performed on financial reports by bodies such as ERNST & YOUNG. Media coverage should also be directed to this essence and empower or condemn accordingly. Such measurement, when it is reliable also in the eyes of editors and reporters in the media, is likely to bring more substantive and in-depth coverage of the field, and increase public trust in highly rated corporations and in the media reporting on them.

**Training of professionals and experts in the field:** It is evident that there is a lack in the public space, especially among journalists and editors, but also among capital market people, public policy experts, economists, managers, and legal professionals, of professionals who see their main specialization in the subject of corporate responsibility and ESG and impact investments. The field is perceived as marginal, and few engage in it consistently. Therefore, our central recommendation is to promote expertise and training of professionals in the field. Academia in general, and departments of communication, business administration, law, entrepreneurship, and sustainability have a special role in

9 It is doubtful whether a unique Israeli index can make the required change, and it is likely that Israel needs to align with the measurement and criteria being formed in Europe and the United States, but in our opinion, there is also room for local initiative in the field, in light of the unique Israeli circumstances and culture. We expand the discussion on this subject in research we are currently conducting, in collaboration with Prof. Yigal Neuman from the Hebrew University of Jerusalem, which will soon be published as part of the Arison Center for ESG research.

expanding research and teaching in the field, in order to train the professionals of tomorrow. Such professionals, especially among journalists, editors, and managers, can understand and instill among decision-makers and the public the insight that corporate responsibility, and the performance of corporations in the areas of environment, society, and proper governance, is a central and important field for the future of the planet, of the society in which we live, and of the future of our children, no less and perhaps more, than our national, military, and political security.

## Summary

Public and media discourse on corporate responsibility exists largely in isolation, and with only partial connection, to the actual engagement of corporations on the subject, which is mostly hidden from view. Many corporations understand the importance of public engagement and declarations of commitment to various ESG issues, and they engage with it in the dimension related to public relations, communications, advertising, and marketing of their products and services.

In the content review of the publications we conducted for this position paper, four central themes were particularly prominent: (a) Limited professional discourse on ESG; (b) Greenwashing; (c) Media crises in the field occurring and affecting even "good" companies; (d) ESG may be perceived as a controversial political issue.

The clear conclusion emerging from the review of the existing situation in Israel, against the background of international discussion and professional discourse in the field, both in Israeli media and in public discourse in Israel, is that the subject is not sufficiently known and does not receive prominence, professional discussion, appreciation, and importance. In fact, the discussion of corporate responsibility is marginal, negligible, and exists mainly due to public relations of corporations trying to gain points in public opinion, usually through methods considered greenwashing, meaning pretending to contribute to the environment, community, and society, rather than significant action in the field.

Against this background, we formulated five recommendations that can help implement and improve public discourse on the subject: **increasing transparency and reporting**, including during media crisis management; **emphasizing relevance to the public**, including emphasizing the direct benefit to citizens; **nurturing and strengthening public literacy**, including through financial education from an early age; **improving professional indices**, including developing a local performance index; **training of professionals and experts in the field**, with emphasis on the role of academia in the subject.

Development and implementation of these recommendations can help and make a substantial contribution to improving public and professional discourse in the field, raising awareness and demand among the public and among investors for responsible investments, and at the end of the process also an increase in social responsibility shown by corporations towards the broad public of employees, customers, and the entire community. In our opinion, this is a crucial and important role of corporations that occupy a large place in the economy, culture, and society, in the world and in Israel, and bear responsibility, no less than governments, for our future and that of our children.

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