



ERM
SUSTAINABILITY
INSTITUTE

WEBINAR

Annual Trends Report 2024

The Next Steps for Sustainable Business

8 FEBRUARY 2024

Sustainability is our business

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Today's moderator and presenter



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Agenda

- 1 Introduction
- 2 2024 Trends in Brief
- 3 Panel Discussion and Q&A

We encourage audience members to post questions for the panelists in the Q&A function.

Today's panelists



Alexandra Guaqueta
Global Leader, Social
Performance & Human
Rights

Washington, D.C., USA



Charles Henderson
Partner Lead, Corporate
Sustainability and Climate
Change

Edinburgh, UK



Suzanne Shelton
Founder & Senior Partner at
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Tennessee, USA



Paul Simpson, OBE
Consulting Partner, Climate
Change and Sustainability

London, UK

About the 2024 Annual Trends Report

Our 2024 Annual Trends Report explores the global sustainability trends that will shape the business agenda in 2024 and beyond.

Read now on:

sustainability.com



The trends defining sustainable business



Responding to climate change



Valuing human capital



Integrating ESG



Safeguarding natural systems



Streamlining sustainability disclosure



Building sustainable and resilient supply chains



Enabling sustainable consumption and production



Applying technology to sustainability



Respecting fundamental rights



Navigating the evolving political landscape

Responding to climate change

Key accelerators

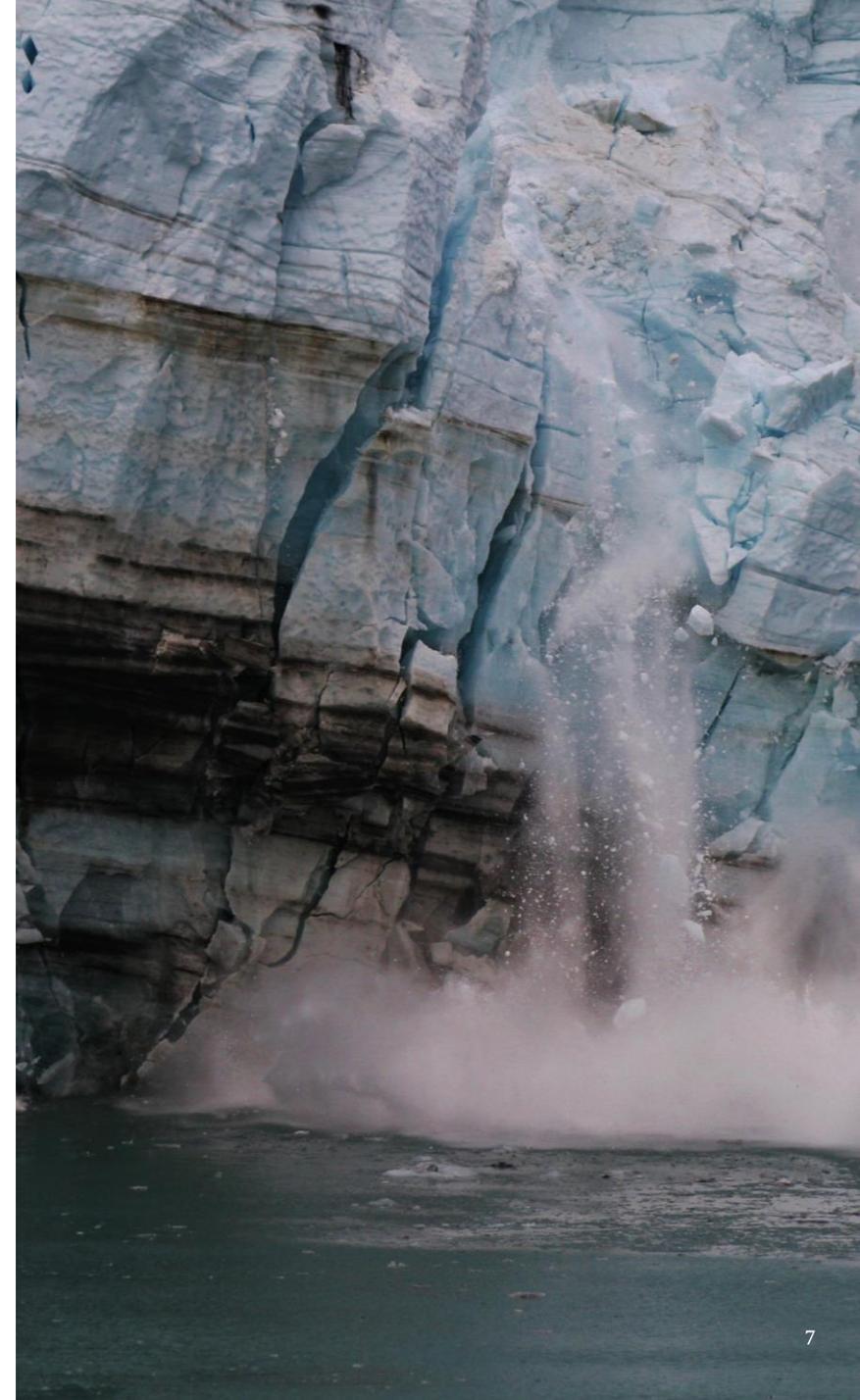
- Unrelenting extreme weather brings home the urgency of climate action.
- After trust in voluntary carbon markets was battered, strict new standards offer hope for recovery.
- Countries double down on renewable energy, yet fossil fuels stubbornly continue to dominate.
- COP28 agrees to triple renewables and shift away from fossil fuels.

The corporate response

- Companies are still interested in carbon credits when high integrity is assured.
- More lenders and investors to encourage companies to decarbonize.
- Corporate climate strategies turn to technological carbon removal.

Action recommendations

- Prioritize direct decarbonization of your company's emissions before pursuing abatement via carbon markets and technological carbon removal.
- Scrutinize voluntary carbon markets and ensure the quality of future purchases to avoid controversy.
- Assess decarbonization priorities of major shareholders and the incentives they offer.
- Review your company's emissions and determine if technological carbon removal is a financially and operationally feasible option to reduce them.



Streamlining sustainability disclosure

Key accelerators

- New regulation and tougher standards push the business world towards mandatory ESG disclosures.
- Europe's mandatory CSRD and the voluntary ISSB lead the disclosure pack.
- CSRD has impact far beyond Europe, and many local regulators will adopt ISSB.
- Companies operating in the European Union must apply a double materiality lens.

The corporate response

- Disclosure regulations require intensified cooperation across business functions.
- Companies simplify disclosures to increase control and quality of ESG data flows.
- Many companies plan to embrace double materiality, even before they are required to do so.

Action recommendations

- Research the regulatory requirements affecting your business across jurisdictions.
- Extract added value from your disclosure efforts, like benchmarking and gap analysis.
- Pending mandatory disclosures are complex and have consequences, so start preparing now to avoid non-compliance.
- Undergo a double materiality assessment.



TREND 3

Enabling sustainable consumption and production

Key accelerators

- Governments take action to stem the tide of plastic.
- Investors push companies to face the financial risks of using plastics.
- Consumers demand transparency and dig deeper to assess sustainability claims.
- Companies increasingly see the commercial value of circular production.

The corporate response

- Companies ramp up innovation efforts aimed at finding sustainable alternatives to plastic.
- Product circularity drives waste reduction and emissions mitigation.
- Companies employ reverse logistics to scale refurbishment and/or reuse of used products.

Key accelerators

- Track regulations and investor demands on sustainable consumption and production.
- Pursue plastic use reduction opportunities by focusing on sustainable materials.
- Set up a value chain engagement process to track product sustainability and improve it.
- Incorporate circularity principles in your business model and in product and service design.
- Integrate sustainable consumption and production data into existing data systems.



Respecting fundamental rights

Key accelerators

- Government action focuses on supply chain due diligence and forced labor.
- Corporate diversity efforts under fire.
- Stakeholders increasingly flex their muscles on human rights.
- Growing litigation and protests amplify commercial and reputational risks.

The corporate response

- Companies ramp up proactive engagement on human rights to avoid conflict.
- Corporate diversity efforts continue but at a slower pace.
- Just Transition considered in decarbonization and decision-making.

Action recommendations

- Set up a comprehensive process for human rights due diligence and risk management.
- Invest in social performance capacity and skills within your project development teams.
- Identify the stakeholders most affected by your company's operations and value chain.
- Embed respect for human rights and go beyond compliance with regulation.
- Consider Just Transition principles while developing your energy transition strategy.



Navigating the evolving political landscape

Key accelerators

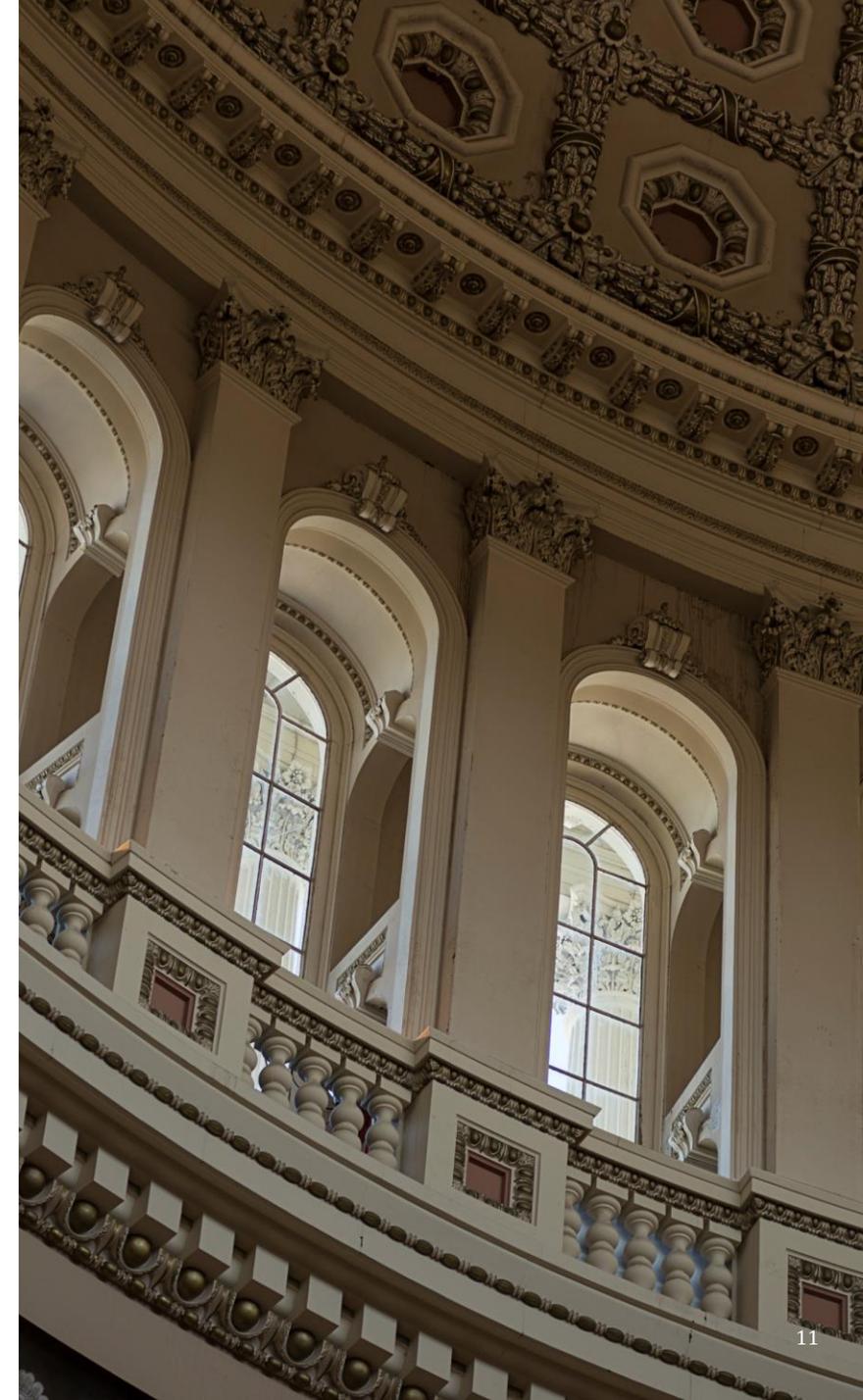
- U.S.-China tensions continue to generate significant trade disruptions.
- Russia's invasion of Ukraine continues to complicate corporate operations.
- The Israel-Hamas conflict generates business volatility.
- ESG and sustainability backlash makes some companies hesitate.

The corporate response

- Companies will be better equipped to address geopolitical risk.
- Businesses choose to be less outspoken on divisive issues, fearing commercial damage.
- Geopolitical tensions may slow corporate decarbonization efforts.

Action recommendations

- Proactively map alternatives to operations and suppliers in high-risk regions.
- Before speaking out on divisive issues, assess what political positions may alienate core stakeholders.
- Strengthen your internal capacity to assess the impact of (likely) geopolitical events on decarbonization and other sustainability efforts.



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Thank you

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