



Trends

The Ongoing Evolution of Sustainable Business

2023 Trends Report Webinar



Introduction

The purpose of the SustainAbility Institute by ERM is to define, accelerate, and scale sustainability performance by developing **actionable insights** for business.

We collaborate with the world's leading organizations in ways that **operationalize** sustainability.

#Trends2023



Mark Lee

Director of the
SustainAbility Institute by
ERM

Agenda

- Welcome and Introductions
- Overview of our 2023 Trends Report
- Panel Discussion
- Audience Q&A
 - Please post questions, including your name and your organization, in the Q&A section at any time.

REMINDER: Please tag us using @SustInsti on Twitter and at The SustainAbility Institute by ERM on LinkedIn, and/or use the hashtag #Trends2023 when posting.

Today's speakers



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The Ongoing Evolution of Sustainable Business
2023 Trends Report



The
SustainAbility
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by
ERM

About the 2023 Trends Report

Our 2023 Trends Report explores the global sustainability issues and trends that will shape the business agenda in 2023 and beyond.

Read now on:
[sustainability.com](https://www.sustainability.com)

The most important trends now



Integrating ESG



Valuing human capital



Responding to climate change



Safeguarding natural systems



Building sustainable & resilient supply chains



Enabling sustainable consumption & production



Applying technology to sustainability



Respecting fundamental rights



Shaping policy, regulation & norms



Moving toward stakeholder capitalism

Integrating ESG

In 2022, issues including fragile global supply chains and geopolitical instability challenged corporate ESG integration. Despite the difficulties such issues create, stakeholders have continued to propose more ESG-related regulations. ESG concepts are expected to be further integrated into the ways companies conduct business in 2023.

- **Corporate ESG activity and disclosure will become more standardized** across geographies and sectors
- Growing challenges like scoring discrepancy will **amplify calls for ESG ratings regulation**
- **ESG investing will continue to grow** in popularity



ESG investing has been picking up incredibly fast, particularly in Asian geographies. We are seeing more and more financial institutions in the region becoming signatories to ESG-related frameworks and peer groups such as PRI and PRB, or developing their own ESG frameworks, establishing net zero goals, and overall taking a more comprehensive approach to ESG investing.

- *Yulia Dobrolyubova, Partner, ERM*



Valuing human capital

The workplace of 2023 is dramatically different than that of its pre-COVID-19 counterpart. Changes such as more flexible and remote work options and the increased pursuit of purposeful work have redefined the employee-employer relationship. In this environment, expectations for valuing human capital continue to grow.

- **Pay transparency to become more important** for both companies and employees
- **“Quiet quitting” to redefine the relationship** between employees and their employers
- **Companies to strengthen human capital development** as the value employees bring to business is increasingly recognized



Over the last few years, we have seen multiple examples of inequality negatively impacting society; from the toll of COVID-19 to inflationary pressures and the war in the Ukraine, inequality has become an urgent, systemic risk undermining people’s dignity and creating social and civil upheaval. ERM’s work with the Business Commission to Tackle Inequality (BCTI) aims to address this risk by creating a world in which dignity and rights are respected, basic needs are met, and equal opportunities are available for all.
– **Tim Strawn, Regional CEO EMEA, ERM**



Safeguarding natural systems

Concern about nature and biodiversity has lagged the attention drawn by the climate crisis, but that is changing. The nature agenda is now top of mind after the United Nations 15th Biodiversity Conference in December 2022 agreed to the Kunming-Montreal Global Biodiversity Framework and as the linkages between biodiversity and climate are recognized.

- The Taskforce on Nature-related Financial Disclosures to **transform nature-related reporting**
- Financial companies to **increase focus on nature-related impacts and risks**
- **Natural capital accounting to help companies better assess** their nature-related impacts and dependencies



COP15 was exceptionally high energy, with many companies expressing strong interest in increasing their nature ambition and collaborating with emerging global frameworks like the TNFD. We expect companies to expand their nature-related initiatives across their entire value chains as they respond to growing demands for nature positive action and a need to enhance operational and supply chain resilience as they work toward net zero goals.

- **Matt Haddon, Global Innovation Leader, Biodiversity, Nature and Water, ERM**



Building sustainable & resilient supply chains

Supply chain challenges have been front and center in recent years, especially since COVID-19 emerged. The pandemic and other complications have increased consumer awareness of where and how goods originate. At the same time, companies are finding that better understanding of complex supply chains is key to solving the most complicated ESG issues.

- Companies will increase supply chain **resiliency through production site shifts**
- Companies will **increase spending with diverse suppliers**
- **Companies' ESG goals will impact suppliers**



Education is crucial to helping suppliers achieve ESG goals. Companies can set very firm demands of their supply base, however, if suppliers lack context or understanding, they set themselves up for failure. To be successful, companies must understand what their value chain is capable of and ensure that they have the knowledge and tools to achieve what they are required to do.

- **JoAnne Sahli, Senior Consultant, ERM**



Shaping policy, regulations & norms

Recent global developments including geopolitical instability, regulatory initiatives, and civil society activism are redefining how businesses approach sustainability. With further changes and pressures certain in 2023, companies need to constantly update their sustainability playbook.

- **ESG-related disclosure proposals will have rippling effects across geographies**
- **U.S. divisions on ESG will deepen**
- **Companies will reassess how geopolitical risks impact their operations**



With recent ESG-related disclosure proposals, we are seeing an evolution in expectations from stakeholders that companies level up their prioritization of ESG. As companies adjust to the reality of mandatory disclosure, the immediate reaction may be to try to address every challenge quickly and at once. However, we know that acting on ESG initiatives takes time and enormous amounts of thought and effort. We recommend that companies take the time to advance ESG in a deliberate and thoughtful way, to best reflect their progress, operations, and strategy.”

- **Marley Leitner, Senior Consultant, ERM**

Panel discussion and Q&A



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