

# The Crucial ESG Topics to Focus On Right Now

NEWS RELEASE BY ANTEA GROUP

Northampton, MA | January 17, 2022 01:35 PM Eastern Standard Time



ESG-focused business strategy isn't just a feel-good concept anymore — it's increasingly necessary to attract investment. The Global Sustainable Investment Review reported that investments in sustainability-focused assets grew to \$35.3 trillion globally in 2020, a 15% increase from 2018. And it's not just investors that are paying attention: employees, customers, and regulatory agencies are increasingly scrutinizing ESG disclosures.

You can catch up on the fundamentals of ESG in our primer, but here's a quick recap: ESG strategy helps companies evaluate investment risks and opportunities, and track the progress of sustainability goals in three areas:

- **Environment:** How your business interacts with and impacts the natural world, and how climate change and other environmental forces impact your business.
- **Social:** How your business impacts employees, vendors, suppliers, customers, and people in surrounding communities.
- **Governance:** How your business leadership is structured, your political affiliations, and what safeguards you have in place to prevent corruption.

## ESG by the Numbers

ESG has been a trending issue for investors for some time and is quickly becoming a focus for customers, employees, and the public.

- \$17.1 trillion in U.S. assets were chosen according to ESG criteria in 2020. This is up from \$12 trillion in 2018.
- 85% of investors considered ESG factors in their 2020 investments.
- 91% of banks monitor ESG, along with 24 global credit rating agencies, 71% of fixed income investors, and over 90% of insurers.
- 95% of all assets will incorporate ESG factors by 2030.
- 303% growth was seen in media mentions of ESG data, ratings, or scores year-over-year in 2020.

There is also an effort underway to standardize and regulate ESG reporting and measurement. The Sustainability Accounting Standards Board (SASB), the Global

Reporting Initiative (GRI), and the Task Force on Climate-related Financial Disclosures (TCFD) are all coming together under the Value Reporting Foundation to create consistent and robust ESG disclosure frameworks.

### **Which Factors Matter Most in ESG Strategy?**

There is no universally consistent answer to this question. Many opinion studies and polls have been conducted, which generally point to environmental topics being prioritized ahead of governance and social, but the reality is that it all comes down to the nature of your business, industry, and community.

The best way to rank and prioritize which ESG topics should be tackled first is to conduct a materiality assessment for your company. This involves steps like conducting internal stakeholder research, designing a materiality survey, and analyzing the insights you find.

The final output is an actionable starting point for building your ESG strategy around priorities that align with what truly matters to your business.

### **Finding Your Focus for ESG**

Creating or refining an ESG strategy is a company-wide undertaking, but should have a core organizational owner to shepherd the process forward. Though each organization's priorities will differ, here are some of the key topics underlying the ESG pillars to help you get the conversation started. A materiality assessment will help determine which ones are most worthy of your initial focus.

**Environment** covers your company's impact on the natural world. Here are a few of the most common areas of interest:

- Greenhouse gas (GHG) footprint: Arguably the most important environmental factor for many companies, investors heavily scrutinize the measurement and management of GHG emissions to determine whether their portfolios are prepared to meet ambitious, science-based greenhouse gas reduction targets.
- Air and water pollution management
- Waste management
- Water resource management
- Natural disasters and climate risk

**Social** covers the company's impacts (positive and negative) on communities and how the company treats employees. Some common topics for measurement and disclosure include:

- Human rights
- Diversity, Equality, and Inclusion (DEI)

- Fair wages
- Community impacts and philanthropy
- Data security and privacy
- Labor conditions (directly and within the supply chain)

**Governance** covers how well a company discloses and manages its actions, priorities, and ethics management. Governance covers:

- Board composition
- Conflicts of interest
- Bribery and corruption
- Political contributions and affiliations
- Whistleblower protections

### **Launch Your ESG Strategy**

Remember that ESG is not just about managing risk; it also helps unlock opportunities. Understanding and addressing the ESG issues that are most important to your business reduces vulnerabilities and identifies growth opportunities. It's good for business, good for people, and good for the environment.

You don't have to tackle ESG alone. We've created a step-by-step guide to help you **develop an ESG strategy** and a **7 step process** to help you conduct a materiality assessment to get started.

### **About Antea Group**

Antea®Group is an environment, health, safety, and sustainability consulting firm. By combining strategic thinking and multidisciplinary perspectives with technical expertise, we do more than effectively solve client challenges; we deliver sustainable results for a better future. We work in partnership with and advise many of the world's most sustainable companies to address ESG-business challenges in a way that fits their pace and unique objectives. Our consultants equip organizations to better understand threats, capture opportunities and find their position of strength. Lastly, we maintain a global perspective on ESG issues through, not only our work with multinational clients, but also through our sister organizations in Europe, Asia, and Latin America and as a founding member of the Inogen Alliance.

**View additional multimedia and more ESG storytelling from Antea Group on [3blmedia.com](https://3blmedia.com)**