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PART OF **FiscalNote**

International Women's Day: Leading the way on ESG



March 2022

To celebrate International Women's Day, we have the honour of celebrating two extremely talented experts at Oxford Analytica: Isabella Bunn and Stina Warnstam Drolet.

At a time when many global organisations are urgently reconsidering their terms of business with Russia in light of its invasion of Ukraine, ESG credentials will be tested on whether stated values, in areas like social equity/human rights, translate into action on the ground. We are proud that we have such highly informed women shaping the ESG debate into the future.

Isabella and Stina met last week for a candid, coffee-shop style chat, to discuss all things ESG. They discussed:

- What is keeping our clients awake at night?
- What trends are you watching closely?
- How do you stay ahead of the ESG curve?

Take a listen to the recording or read the summary below to hear their views on this vital subject and learn how incredible Isabella and Stina are.

Trends and developments in ESG: Key discussion highlights

There has been a real acceleration in the ESG landscape over the past two years. It is now top of mind for companies, consumers, civic action groups and governments, with the pandemic showing the interplay of people and resources in a global world, speeding its path into the mainstream. The landscape is still evolving, with organisations still navigating the complexities and facing challenges that will need to be overcome for long-term success.

Of course, individual sectors face unique risks and opportunities – petrochemical, manufacturing and fashion companies all differ, for example. But overall, greater clarity is emerging as ESG gains momentum. Clients are more proactive now – they want to understand the full meaning of ESG, and the ways in which they can respond and be part of it.

Discussion continues around specific definitions of ESG – although there is general agreement as to what should fall into the three ESG 'buckets':

- **Environment** – waste management, emissions, energy efficiency, air and water pollution, environmental protection, and biodiversity loss and restoration.
- **Social** – human rights, labour rights, working conditions, health and safety, employee relations, employment equity, gender diversity and pay gaps.
- **Governance** – ownership and structural transparency, shareholder rights, board of directors' independence and oversight, board diversity, data transparency, business ethics, and executive compensation fairness.



Isabella Bunn
*Senior Advisor,
Oxford Analytica*

Isabella is an expert in ESG (environment, social and corporate governance), and is an international legal adviser and Professor of Ethics specialising in global justice and ethical aspects of international economic law.



Stina Warnstam Drolet
*Head of
Sustainability &
Manager, Oxford
Analytica*

Stina heads up Oxford Analytica's ESG projects by working with a range of leading ESG experts from Oxford Analytica's global contributor network. Stina leads numerous sustainability and green economy projects and manages Oxford Analytica's new

But perhaps a more surprising success has been ESG's fluidity. Organisations want enough understanding to be able to navigate the landscape and upcoming regulations (with sustainability reporting standards creating more certainty and improvement in metrics). But they want flexibility too – so that they can respond accordingly to a fast-changing environment in which it is critical to have agility of thinking and action.

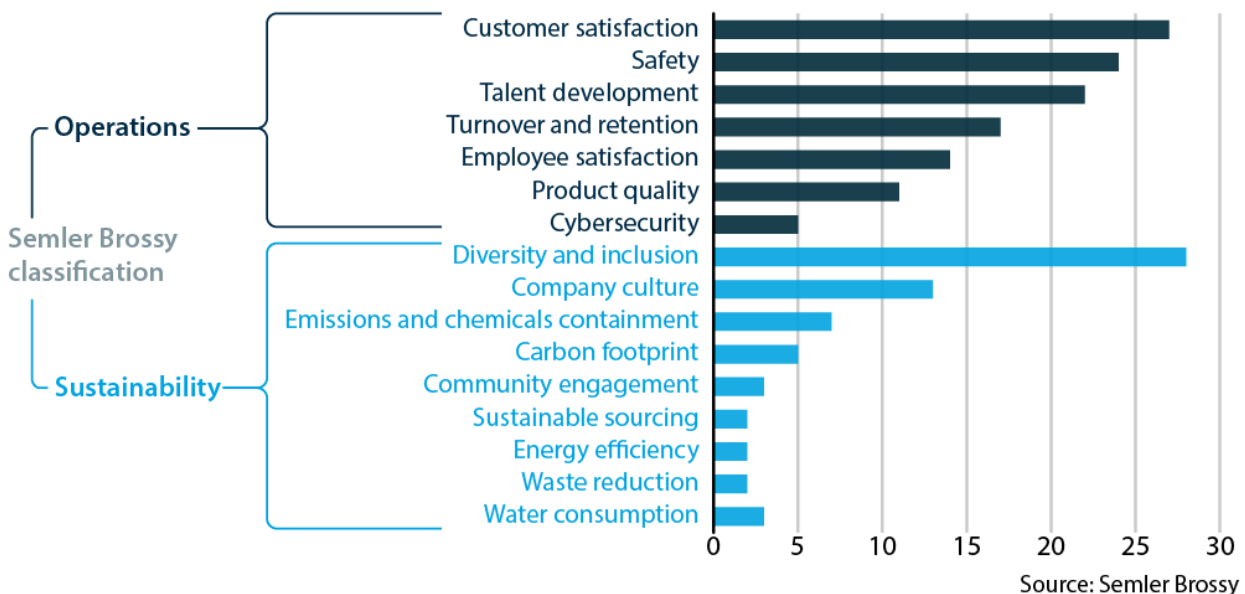
Clients are worried about certain aspects of ESG:

- _ How to best respond to growing expectations from different stakeholders
- _ Managing upcoming regulation and what it means for sustainability reporting requirements
- _ How they compare with their peers
- _ What climate transition risks mean for future business operations
- _ Growing ESG litigation risk

Success across all these areas requires organisations to conduct due diligence across a broad landscape, including across complex supply chains and multiple stakeholders, some of whom may not be obvious. Mapping exercises will be important as will involving all internal groups. ESG is not about the communications team issuing reports; it requires every aspect of the business to think about their input into each area and should reflect a business's wider audience – competitors and collaborators with consumers, employees and policymakers.

United States: Issues covered under 'ESG' metrics by US corporates

% of S&P 500 companies using selected 'ESG' metrics



What should companies be doing?

Most of all, companies should be acting now. It's important to anticipate what's coming and communicate strategies and actions that will be critical to enhancing ESG performance and reputation. Transparency and consistency are vital – companies must not obfuscate, especially in a social media age in which misinformation will be exposed. ESG must be embedded in an organisation's culture: what your company reports needs to be reflected in everything it does.

In the past year Oxford Analytica launched its ESG Monitor service to help clients keep up to speed with everything going on in this space. The monitor watches the key trends shaping organisations' global operating environment, including:

1. The movement from voluntary reporting to mandatory disclosures
2. The convergence in ESG standards – driven by investor need for reliable data across markets and moving from a fragmented to harmonized system. As part of this we are seeing a move away from too many acronyms, but the TNFD (Taskforce for Nature-related Financial Disclosures) is a new and important one, reflecting the huge dependence of business on nature (which could put as much as half of global GDP at risk) and the need for data on nature-related risks and opportunities
3. Development of sustainable taxonomies around the world. The EU is taking the lead here on a Green Taxonomy that controversially proposes to include natural gas and nuclear energy. Social taxonomies, related to the impact of investment in areas like human rights, are also being developed

How do companies stay ahead of the curve?

There's a greater understanding now of the interconnections of issues that make up ESG. Companies, governments, civic action groups and other stakeholders cannot solve problems merely within their own borders. It's critical to work towards interoperability and coordinated dialogue – for example, corporate governance needs to relate to the global governance space. Global meetings like COP26 help define the problems and improve overall awareness of the risks, solutions and capital flows that are needed to transition to a new form of capitalism, with shared responsibility.

Our advice to companies would be:

- Don't wait for ESG reporting to be mandated. Use voluntary standards and frameworks to get started.
- Prepare for increased scrutiny as stakeholder pressure continues to grow. Internal measures need to be aligned with external action.

- Focus on ESG as an opportunity to transform your business by continuing to connect with different stakeholders, understanding their concerns.

ESG is a hugely dynamic landscape in which ultimately all companies will have to consider their role in the world, their political stance on important issues like climate change, their equity in governance structures, and the position they can play in helping civic society to flourish.

About Oxford Analytica

Oxford Analytica is an independent geopolitical analysis and advisory firm drawing on a worldwide network of experts to advise our clients on their strategies, operations, policies, and investments. Oxford Analytica's new ESG Monitor Service leverages the expertise of editorial staff, in-house analysts and policy experts from Oxford Analytica, EU Issue Tracker, CQ and FiscalNote Professional Services, summarising and analysing the evolving ESG issues from around the globe.

The ESG monitor service provides a monthly comprehensive report on the latest trends and issues in the global ESG landscape along with quarterly calls with experts in the field to help you tailor your ESG strategies and response.

The monthly report includes:

- An executive summary with recent highlights, developments to watch and tips on how to stay ahead of the curve.
 - A dashboard overview of the latest ESG trends from a global, EU and US perspective.
 - Detailed analysis and updates on the trends that we are monitoring.
 - Coverage of critical developments in ESG frameworks and standards that could impact your business
 - Relevant articles from the past month on ESG trends from our teams of reporters and analysts.
- + Quarterly, one-hour calls with industry experts to discuss industry-specific insights or questions that clients may have on the ESG landscape.



Given the tremendous impact that the ESG monitor service could have on your organisation's future, Oxford Analytica is well-positioned to provide monitoring and insight as the ESG landscape continues to develop.

Ready to see yourself? [Fill in this form to learn more today.](#)