

# ESG



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## THE IMPORTANCE OF AN ESG FOCUS

There has been a strong focus on environmental concerns given the drive to reach net zero and reduce our carbon impact. Social issues have received attention particularly in terms of enabling greater diversity, equity and inclusion in the workplace. Governance, in the form of more ethical and responsible leadership actions, is also important as employers strive towards their organisations becoming better places to work.

Presenting a brand image that reflects ESG credentials is a necessity in today's economic and political context for corporate success. Excellent ESG practices help to attract and retain the best talent and can drive customer loyalty.

## ENVIRONMENTAL SUSTAINABILITY

Reducing carbon emissions and promoting sustainable workplace practices are important to achieving this ESG pillar. Organisations are taking action to promote greener practices such as the use of electric vehicles and reductions in potentially unnecessary travel through the use of hybrid working. Working with environmentally responsible suppliers also helps to improve green credentials.

In relation to global mobility, efforts can be made to use more sustainable assignee housing and furnishing options, and reduce international business travel and home leave journeys. Employers can encourage assignees to buy local produce and goods rather than the imported brands that they might be more familiar with. This reduces 'food miles'.

## SOCIAL RESPONSIBILITY

Social responsibility can be evidenced through efforts to ensure that minorities not only have access to career opportunities but also receive an equal share of those available. This is important both within the domestic landscape as well as in an organisation's efforts to globalise.

Taking action to improve the inclusion of minorities in areas and functions which are traditionally non-diverse is an important mark of an organisation's seriousness about their social responsibility. For example, the globally mobile population which undertakes international assignments is traditionally male and lacks ethnic/racial

diversity. Organisations should take steps to improve the representation of minorities through more open selection processes and greater flexibility in supporting reward and benefits policy.

Corporate social responsibility initiatives also show commitment to the social pillar. When organisations partner with local charities and schools, for example, this can provide huge benefit to local communities.

## GOVERNANCE

Excellent corporate governance is reflected, for example, in positive customer satisfaction, high employee engagement and the socially responsible determination of executive rewards.

Socially acceptable differentials between the pay of board level executives, senior managers and their employees are important as runaway executive pay generates unfavourable media publicity and is damaging to the employer brand. It is also a moral and ethical issue to ensure top pay is not excessive, particularly in today's economic climate.

Excellent governance is also reflected in ethical leadership across an organisation's global sphere of operations. Diversity in top leadership positions and sustainable business investments are examples that demonstrate efforts to enhance the governance pillar.

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