

COVID-19 sped up the conscious capitalism movement and life will not just be returning us to a new normal, but also a more resilient and sustainable one. Knowing your corporate purpose and holistic stakeholder engagement is central to building back better and will become increasingly important as calls grow for businesses to play their part in solving the problems of people and the planet.

For businesses, building back better means more than just corporate social responsibility, instead it is about resetting and reinventing their longer-term strategy to create truly sustainable businesses that are resilient, profitable and put people, planet and purpose at the centre. Businesses will increasingly need to adopt a long-term stakeholder approach to their business models in order to remain not only relevant, but also viable in the long term and profitable.

The call for greater corporate transparency on environmental, social and governance (ESG) issues will only amplify as ESG factors prove themselves not just to be non-financial considerations, but also material drivers of financial performance and business resilience. Incorporating non-financial considerations will become a mainstay of business planning and decision-making as more and more companies implement frameworks for ESG factors into their business models.

External pressure will continue to come not just from legal compliance, but also all stakeholders. Businesses will need to focus their attention on the following stakeholders, adapt corporate behaviours and find solutions for the ESG pressures underpinning them.



| Pressures | | | | | |
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| Environmental | <p>Responsible consumerism and ethical consumption are driving change as the demand for sustainable and eco-friendly products taking into consideration what it is made from, who made it, where, how and whether they were paid fairly for doing so is at front and centre for decision-making. For example, eating Fairtrade chocolate and wearing sustainable fashion.</p> | <p>Employers' green credentials are becoming increasingly important in an environmentally conscious age, none more so than for the younger generation, who are attracted to companies with a purpose aligned with their values.</p> | <p>On the board agenda will be the need to produce an action plan to reduce carbon emissions (decarbonisation) to meet net-zero targets.</p> <p>Financial risks of climate change in their reporting. Many reporting against TCFD recommendations. Growing trend to link corporate targets to global target goals.</p> | <p>Businesses will be under increasing pressure to support the communities in which they work or their business impacts. Society will expect fair and transparent business practices, and companies will be required to "walk the walk".</p> | <p>Supply chain transparency is increasing and companies will become accountable for the whole supply chain, no longer turning a blind eye to sub-standard practices, which could previously be blamed on supply chain partner activity.</p> |
| <p>SDG 7 SDG 13 SDG 14 SDG 15</p> <p>SDG 6 SDG 11 SDG 12 SDG 17</p> | | | | | |

| Solutions | | | | | |
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| Environmental | We can support you to implement management systems to ensure that products and services comply with standards to safeguard from environmental, health and safety risks. In addition to this, we can support you on any reputational risks across social media to protect your business. | We can help embed the green agenda into your policies, practices and employee benefits. | We are experienced in the wide range of possible solutions available for decarbonising businesses and can assist clients, both legally and commercially, to meet these challenging objectives. We understand the new financial risks and can advise on appropriate steps potentially exposing you to material financial, legal, strategic and regulatory risk. | As carbon disclosures become mainstream and we move to nature disclosures, our teams can advise on environmental regulation and environmental litigation trends minimising corporate risk. | We can advise on commercial and supply chain arrangements, ensuring product stewardship across the entire life cycle of production, use and recycling of products. |
| Pressures | | | | | |
| Social SDG 1 SDG 2 SDG 3 SDG 4 SDG 8 SDG 5 SDG 6 SDG 10 SDG 11 SDG 17 | Conscious consumerism focuses on making positive decisions throughout the buying process. Other factors such as pay equality and humane working practices also drive this type of consumption. | There is greater scrutiny on employers to demonstrate their values and purpose, including whether they pay fairly, look after their workforce, and are inclusive and diverse. These are factors that will draw and retain the best talent, which, in turn, creates competitive advantage and minimises cost. | Integrating social factors to ensure responsible investment practice is a board priority. Applying the social lens and recognising the social issues can positively impact financial performance and reduce risks, as well as build human capital and productivity, provide competitive advantage and enhance your reputation and profit. | When accessing new markets and communities, empowering and promoting equal opportunities and social and economic inclusion will be on the agenda. | Paying a fair or living wage in all countries of operation and implementing a supply chain model that enables social benefit and has positive benefit for poorer communities will become priorities as we head towards 2030. |
| Solutions | | | | | |
| | We will support businesses in identifying the risk of reputational damage in relation to modern slavery and put programmes in place to address the risks identified. | We advise employers across the range of human resource issues, from the policies, procedures and training that support best practice (on D&I, mental health and wellbeing, work-/life balance, pay and reward mechanisms, etc.) to representing your interests and on remedial measures when things go wrong (investigations, disciplinarys, employment litigation, performance management, etc.). | We can help to identify the national and international standards, protocols and policy agendas to support productivity and help you to consider the impact on employment, direct and indirect, in your investment decisions. We can also support you to put in place adequate procedures to ensure that they, and the persons who perform services for them, do not engage in bribery or corrupt practices. | We can support you when reviewing opportunities to access new markets and communities to ensure that this is done so with minimal risk. We can also provide support around the emerging trends and regulation relating to tax. | We can support businesses to develop policies and practices used to promote economic inclusion when selecting suppliers, support the implementation of a supplier diversity programme and policies, and help to identify risks in your supply chain (safety, productivity, etc.) that you can mitigate through education and skills development. |

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| Governance SDG 9 SDG 16 SDG 5 SDG 10 SDG 12 SDG 17 | Demonstrable evidence of ESG capability will be critical to retaining and acquiring new customers and mandates. Aspects including transparency on stewardship and engagement activities are considered key in demonstrating a strong ESG capability. | Strong governance structures demonstrate the integrity and sustainability of your business model. Corporate reputation is just as important for your workforce as it is for other stakeholders who are looking for diversity of representation on boards and transparency on pay and remuneration. | Leadership, purpose, board independence, diversity and composition, as well as executive pay and compensation, are some of the myriad factors that investors will be looking at when scoring companies on governance. | Against a COVID-19 backdrop and the call to build back better, corporate “purpose” will become key. Incorporating non-financial considerations into business decision-making has also become the mainstay of investors and shareholders as they adopt ESG factors into their corporate frameworks. There is a trend towards more stakeholder scrutiny around corporate decision-making under their duties under the Companies Act 2006. | Enforcement in human rights issues and director accountability are hot topics. Businesses that fail to take steps to monitor and deal with human rights issues across their supply chain are increasingly seeing reputational damage and claims. Businesses need to consider that they are responsible for assessing and policing their supply chains. Businesses are increasingly dealing with fair wages, working hours and humane treatment issues in the boardroom and in the public view. |

| Solutions | | | | | |
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| Governance | We can support you to develop a clear policy for customer engagement and ensure you have a strong corporate code of ethics and conduct that meets the ongoing changes driven by your customer base or external global factors. | We can help businesses put together a framework that not only covers compliance with legal and regulatory requirements, but also offers a holistic assessment of business integrity that takes into account reputational and commercial factors. | From the governance reviews that provide independent assurance for investors to strategic guidance on purpose and business integrity processes, our services enable corporates to demonstrate accountability and transparency in their relations with investors and shareholders. | We provide an independent view on decision-making and support you as you pursue a long-term view on social responsibility, fairness and sustainable value creation and publicly define a social purpose, take a holistic and equitable approach to capital allocation decisions, considering the workforce, stakeholders and providers of capital, and communicate comprehensively with all stakeholders to instil confidence and trust in a company’s approach to build resilience into strategy and operations. | We provide businesses with support to put policies in place to respect human rights that address modern slavery, human trafficking and child labour. We help to identify and assess human rights risks in relation to your supply chain and integrate human rights considerations into your supplier and third-party due diligence practices. We can provide support around general supplier diversity issues. |

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