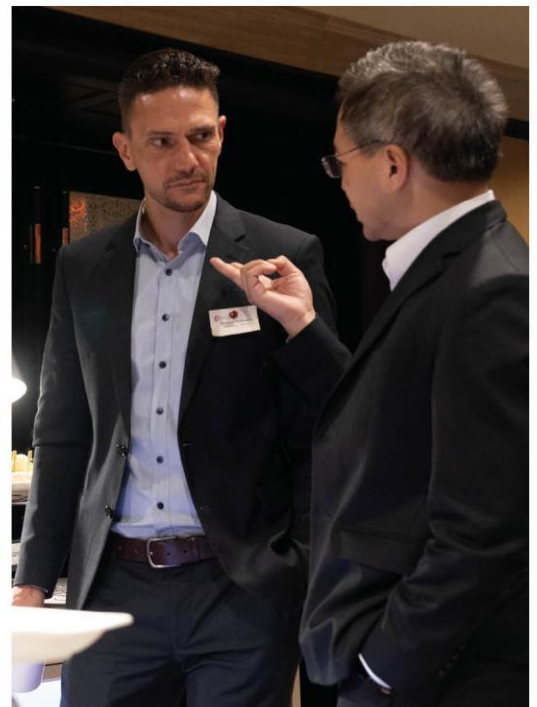




How is ESG impacting your business sector 2024 / 2025

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Introduction

In today's rapidly evolving business landscape, Environmental, Social, and Governance (ESG) can no longer be a nice-to-have but a must-have in strategy setting and operational execution within the fast-moving business environment. Across various companies, regardless of their sector, come to realize that ESG integration is an important part to meet the expectations of their investors, customers, employees, and regulators. This recent shift towards ethical and sustainable governance transforms sectors stimulates innovation and builds long-term resilience.

The increasing focus on ESG reflects a fundamental shift in how businesses operate, rather than a passing trend. Businesses nowadays face pressure to show that they are run in a sustainable, socially conscious and openly controlled manner both in the UK and worldwide. That pressure is arising from regulators and investors but also, increasingly, from the consumer themselves. Businesses are therefore redesigning their strategies and operations, if not wholly then partially, toward ESG principles, which have been contributing to important competitive advantages.

ESG is increasingly influencing **business strategies and decision-making across all sectors**. ESG strategies have been more widely adopted since the 2019 Business Roundtable statement of intent, which has refocused on stakeholder capitalism from shareholder primacy. This refocus opened new frontiers by which businesses can engage a greater audience of stakeholders and address broader social and environmental issues. Furthermore, it is important to note that global ESG assets are projected to attain a value above \$53 trillion by 2025, thus indicating the important nature of ESG investments.

There are, however, numerous **challenges** that make the implementation of ESG practices difficult for businesses. One such challenge is the development of ESG reporting standards like International Sustainability Standards Board (ISSB) and the European Financial Reporting Advisory Group (EFRAG). Keeping up with these evolving standards might be overwhelming for companies. The current biggest challenge is to ensure that ESG disclosures for a specific business are comparable across businesses and global standards.

Despite of these challenges, many **opportunities** exist for those companies willing to innovate in ESG practices. This enables companies to assume leadership in their sectors by setting standards for sustainable and responsible business conduct. High-importance ESG issues, such as climate change, diversity, equity, and inclusion (DEI), and corporate governance, are materializing for companies and may help shape their overall ESG risk profiles. It also brings additional benefits, such as an enhanced reputation, more efficient business operation, and long-term sustainability for the business through acting on the right issues and demonstrating serious commitment toward the achievement of ESG goals.

In conclusion, though some challenges, ESG offers companies many opportunities to make a positive societal and environmental contribution. Furthermore, it helps businesses bring forth the best reputation and sustainability in their operations. Companies that integrate ESG into their operations can become leaders and innovators within their industries.

Now let's have a look at each sector, where I will present today's **key highlights, main challenges and** how businesses can use ESG **opportunities to grow**.

Financial Services

ESG Highlights

The financial services sector stands at the top of ESG compliance. Under the mandatory system of climate-related financial disclosure (IFRS S2), detailed reporting on the exposure to climate risks and opportunities will be required from firms that offer financial services.

The Sustainable Finance Disclosure Regulation (SFDR) is making its way through the asset managers community, driving improvements in ESG reporting and product disclosure practices.

There is an increasing need from the perspective of financial services to address social issues, such as diversity, equity, and inclusion (DEI), that involve support of fair labour practices, community development, and at the same time fostering equal opportunities within the organisations themselves.

A greater focus is being placed on governance methods, such as diversifying the board, aligning CEO pay to ESG performance, and increasing decision-making transparency.

Challenges

- **Regulatory Compliance:** Adhere to various obligatory reporting and transparency requirements created by Sustainable Finance Disclosure Regulation (SFDR) and climate-related financial disclosures.
- **Data Management:** Because it requires a lot of resources and is labour intensive to collect, analyse and manage a comprehensive ESG data can be a big undertaking.
- **Changing Regulations:** Considering how fast ESG requirements are changing, it can be difficult and complex to keep up with every regulation and updates.
- **Greenwashing Risks:** The newest and growing scrutiny is over greenwashing; and many companies are being accused of misleading disclosures regarding their ESG performance. That can lead to a loss of reputation and potential legal consequences.
- **Technology Integration:** Implementing and using advanced technologies to track and report ESG data accurately can be very costly and time-consuming.
- **Inherited ESG risks:** Banks and insurances are inheriting the ESG risks of all sectors which are being financed or insured.

Opportunities

- **Improved Reporting:** Better ESG reporting, and disclosures can attract more investors seeking sustainable investment options.
- **Risk Management:** Stronger financial strategies can be developed after a better understanding of climate risk.
- **Sustainable Finance Products:** Offering new financial products that are tied to sustainability, such as green bonds, sustainability-linked loans, and ESG-focused investment funds, can draw in more investors and generate an increase revenue.
- **Partnerships and Collaborations:** Collaborating on ESG initiatives with other organizations, especially non-profits and the government, enhances credibility and impact.
- **Innovation and Growth:** Using ESG principles with the aim to innovate and developing new business models will help bring in competitive advantage and long-term growth.

Case Study from our partner TDH

Tradinghub provides surveillance solutions to the financial sector. Their products help investment banks, asset managers and pension funds diagnose and analyse potential market abuse.



Before working with TDH, Tradinghub's approach to ESG was fragmentary – whilst they were instituting policies with sustainable practices in mind, they were not completely consistent across the business, and they had no way to measure their outcomes.

These metrics were especially important to Tradinghub. By the end of 2023, they had already started to receive sustainability disclosure questionnaires from their EU supply chain partners. TDH calculated a cost of minimum of £20,000 in time and materials to answer one of these questionnaires from a large corporate partner.

For that reason, they took TDH's ESG assessment, which provided a more holistic view of their ESG standing, highlighting where they were performing well and areas for future growth.

They presented these results to the entire company at an internal town hall. This enabled them to highlight areas of particular interest, ensuring buy-in from all staff and identify their ESG Champions, who would be responsible for implementing these new plans.

In consequence, over 2023-24, they have:

- **Implemented social metrics** to measure employee welfare.
- **Introduced new governance reporting processes**, ensuring that any incidents are reported at a board and executive level.
- **Started measuring their environmental impact**, such as carbon and emissions tracking, with the long-term goal of getting further external accreditation.
- **Gathered key sustainability data**, making responding to sustainability disclosure questionnaires easier, quicker and more cost-efficient,

ESG is now a core part of Tradinghub's objective setting process. The work they have done over the past year has enabled them to improve their internal process and reaffirm their relationships with staff and suppliers, giving them a perfect foundation for future growth.

Retailers

ESG Highlights

The retail and consumer goods sector are experiencing an increased transparency and accountability. Companies should, therefore, be able to give detail on supply chains that ensure the products are sustainably and ethically sourced, from labour practices to environmental impact and safety of products. Customer loyalty is one of the most important factors for retail sector and businesses should promote improved ESG practices and then businesses will differentiate themselves within the marketplace.

An increasing focus is placed on the development of products as being healthy or well-being related. Products which are organic or plant-based are more likely to attract and retain customers due to growing consumer awareness of health impacts and the desire for a healthier life.

Furthermore, businesses are embracing the circular economy through minimized waste and maximized recycling and reuse. This reduces the environmental impact while also helping to court environmentally conscious consumers.

Challenges

- **Supply Chain Transparency:** It's not an easy task to ensuring ethical and sustainable sourcing from the start of the supply chain.
- **Consumer Expectations:** Meeting the growing demand for sustainable and ethically products.
- **Changing Consumer Preferences:** The fast and always changing consumer preferences towards green and ethical products is very demanding. Companies must continue to enhance their products and continuously innovate.
- **Cost Management:** While the implementation of sustainable practices is expected to be pricey, balancing these extra costs while remaining competitive on the market remains a significant challenge.
- **Global Supply Chain Disruptions:** It is almost impossible to make supply chains sustainable in case of disruptions arising from geopolitical events or natural disasters.
- **Human rights:** Fashion businesses are under pressure to ensure they are not in breach of human rights such as underaged employment in factories and modern slavery.

Opportunities

- **Customer Loyalty:** Transparency and ethical approach can foster stronger relationships with customers.
- **Market Differentiation:** Businesses sets itself apart from competitors with unique sustainable product lines.
- **Innovation in Product Development:** Developing sustainable products, like packaging made of biodegradable materials or production methods that use less energy, has the potential to open up whole new market niches and draw in environmentally oriented customers.
- **Brand Reputation:** A good ESG practice and transparency increases brand reputation, therefore increasing customer loyalty, and probably resulting in increased sales.
- **Investment Attraction:** Green businesses are more likely to attract funds and investors who focus on ESG. Additional capital allows growth and developmental strategies.

Energy and Utilities

ESG Highlights

Energy and utility businesses are shifting towards a more sustainable and environmentally friendly source of energy thanks to the ESG requirements. Based on the UK's strategy, the country should be net-zero by 2025, with the vast majority of investments going towards renewable energy projects as fossil fuels are phased out. Companies in this sector strive to better their environmental impact through better management of resources and reducing emissions of greenhouse gases.

There are also increasing expectations for these energy companies to engage in the local community and make sure that their operations benefit local economies and do not affect residents' health and well-being, which includes no pollution, management of waste, mitigation of environmental damage, reducing noise, and ensuring that water quality and working conditions are both good, in addition to the creation of jobs and community development projects.

Furthermore, an increased attention is paid to the maintenance of biodiversity: each individual company is to work out an estimate regarding its impact on the local ecosystems, an assessment estimate, and take proper mitigation measures.

Challenges

- **Transition Costs:** Making the switch from fossil fuels to renewable energy sources will probably be very expensive.
- **Technological Adaptation:** There are various challenges associated with introducing new technologies to negate cleaner energy.
- **Regulatory Pressure:** Under the radar of ESG, there are so many rules and guidelines, and is difficult to avoid feeling overwhelmed by the requirement for ongoing compliance and upgrading.
- **Supply Chain Sustainability:** It can also be very difficult to ensure that suppliers and contractors are committed to ESG, and this verification requires significant monitoring and collaboration.
- **Public Perception:** Public perception and the maintenance of public trust are hard things to handle in a situation of an environmental incident or controversy.

Opportunities

- **Innovation:** Investing in projects related to renewable energy can create new opportunities.
- **Market Leadership:** Businesses that have a good level of sustainability performance tend to improve their market position and reputation.
- **Energy Efficiency:** Technologies that allow energy efficiency can save operational costs while enhancing sustainability and operational effectiveness.
- **Green Financing:** Funding options for environmentally friendly building projects can be obtained via the use of green financial solution such as green bonds and sustainability-linked loans.

Manufacturing industry

ESG Highlights

Manufacturing companies are constantly under pressure to become more and more sustainable. ESG rules requires them to reduce the impact on the environment by reducing levels of waste, improving energy efficiency, and adopting responsible sourcing for materials. These changes will not only lower operational costs but also enhance the company's reputation with consumers and investors.

Life Cycle Assessments (LCAs), which measure the entire environmental impact of a company's products from manufacture to disposal, are becoming more and more mandatory for businesses. This assessment makes it possible to find different ways to reduce the overall carbon impact.

Creating safer working environments and getting rid of dangers at work are other important ways to provide employees with a health and safety environment.

Challenges

- **Cost Implications:** The upfront investments in adopting energy-efficient technologies and sustainable materials are very expensive.
- **Supply Chain Complexity:** Ensuring that all suppliers and partners are up to ESG standards can be very difficult, especially for world-wide supply chains.
- **Regulatory Compliance:** ESG regulations and standards keep changing and their implementation includes continuous monitoring and adaptation.
- **Human rights:** Businesses should consider the following
 - an improved working condition.
 - reviewing salaries packages to avoid risk of having employees with insufficient wages.
 - assessing working hours to make sure employees are not overworked.
 - provide a regular training and development.
 - ensure the company provides a health and safety environment.
 - considering employee well-being.
 - ensure they have a fair level of employees' diversity.

Opportunities

- **Cost Savings:** Long term reduced operational costs due to enhanced energy efficiency and better waste management.
- **Brand Reputation:** Enhanced reputation among consumers and investors for having adopted sustainable practices.
- **Technological Innovation:** Investing in new technologies, such as automation and AI, can give better sustainability results and operational efficiency.
- **Sustainable Product Development:** Developing products with a focus on sustainability, such as using recycled materials or designing for longer lifespans, can attract "green" consumers.
- **Collaborative Initiatives:** Collaborating on sustainability projects with other businesses, non-governmental organisations (NGOs), and governments can boost credibility and increase overall impact.

Real Estate and Construction

ESG Highlights

In the real estate and construction industry, the ESG regulations are pointing towards green building. Construction businesses start to shift their focus towards sustainable design, constructing buildings which are energy-efficient, and reducing carbon footprint obtained through the construction processes involved. This reduces not only the risks associated with regulations but also helps the company to attract environmentally sensitive tenants and investors.

Increasingly, constructions are designed to withstand more extreme weather events and climate change impacts by incorporating flood defences, heat resistant materials and energy-efficient cooling systems.

On top of this, companies are starting to look more into social equity, so that projects benefit all members of a community, including affordable housing and access to open spaces for all people.

Challenges

- **Regulatory Compliance:** Adhering to rules and regulations pertaining to green building can be difficult.
- **Initial Costs:** Sustainable buildings and design come with higher initial cost.
- **Source of Materials:** Due to restricted supply and increased prices, obtaining sustainable and ethically produced material can be challenging.
- **Technological Integration:** Advanced technologies like smart building systems and renewable energy solutions could be complicated to integrate.
- **Stakeholder Engagement:** It can be difficult to ensure that ESG goals are met, hence even if difficult it is advisable to interact with wide range of stakeholder, such as local communities, investors and regulatory agencies.

Opportunities

- **Attracting Tenants:** Making green and sustainable buildings will make investors and tenants that prioritise sustainability to be drawn to it.
- **Long-term Savings:** Lower operating expenses by utilising energy efficient buildings.
- **Green Financing:** Funding options for environmentally friendly building projects can be obtained via the use of green financial solution such as green bonds and sustainability-linked loans.
- **New Construction Techniques:** Using new building techniques that increases efficiency and decreases waste, such as modular construction and 3D printing.
- **Better Market Value:** Companies with a high ESG rating can command higher market prices and rental rates, drawing in premium tenants and investors.

Healthcare and Pharmaceuticals

ESG Highlights

The health and pharmaceutical industry is not left behind in feeling the impact of ESG-related regulations. Business enterprises are being encouraged and challenged towards better environmental sustainability through reduced levels of wastes and energy use during their operation.

In medical practice today, patient-centred care, whereby treatment and services are tailored with the needs and preference of the patient in mind, has come to assume developing importance. Indeed, such an approach not only provides better health outcomes for the patient but also aligns with goals of social responsibility.

Moreover, firms are increasingly expected to be able to account for transparency in supply chains, ethical sourcing of raw materials, and the environmental footprint of their suppliers. There is growing emphasis on social responsibility associated with healthcare for all people and maintaining good ethics while conducting clinical trials and product development processes.

Challenges

- **Waste Management:** The waste and energy reduction in the operation are hard to be achieved.
- **Ethical Standards:** High ethical standards in the clinical trial processes and product development.
- **Privacy and Security of Patient Data:** Protection of patients' private information and security of medical records are huge challenges in this context, more so with the increasing adoption of digital health technologies.
- **Regulatory Compliance:** The rapid changing of ESG regulations and standards across sectors requires a continued monitoring and adaptation.
- **Access to Medicine:** Providing equitable access to medicine is very difficult, especially in developing countries.

Opportunities

- **Social Responsibility:** Opportunity to increase the social responsibility via equal opportunities for healthcare.
- **Reputation:** Creating a good reputation for ethical behaviour and sustainability practice and transparency.
- **New Technology:** Investments in digital health technologies, such as telemedicine and AI-driven diagnostics, can enhance access to healthcare and bring about efficiency while reducing environmental impact.
- **Collaborative Research:** Academic institutions, non-profits, and other partnership on ESG-focused can create projects for innovation and credibility.
- **Green Chemistry:** It would be one of the integral parts to develop and adopt green chemistry practice to help in reducing environmental impact due to pharmaceutical manufacturing.

Technology and Telecommunications

ESG Highlights

ESG regulations within this technology and telecommunications sector are compelling companies to manage data privacy and cybersecurity properly and address digital inclusion. Businesses have also been under the pressure of their environmental impact—through improved energy efficiency in data centres—to conduct sustainable operations throughout their supply chains. Consequently, greater focus is being placed on transparent reporting and ethical business conduct, and governance practices are becoming more and more significant within the sector.

Businesses are increasingly showing a growing interest in giving underprivileged communities access to technology and the Internet. In addition to promoting social equality, this move may also increase financial value.

Furthermore, there is an increasing focus on lowering energy usage and enhancing the energy efficiency of data centres and network infrastructure due to the advent of 5G and cloud computing.

Challenges

- **Data Privacy:** Improve data privacy and cybersecurity concerns.
- **Environmental Impact:** Reduce data centre and supply chain environmental impact.
- **Fast-Paced Technological Developments:** It is hard to keep up with rapidly changing technology while making sure that new technologies are sustainable and secure.
- **Supply Chain Transparency:** Ensure that each component and material used in technology products has been acquired with ethical and sustainable sourcing.
- **Regulatory Compliance:** Navigating the complex landscape of global ESG regulations and standards, which can vary significantly across countries, is a continuous challenge.

Opportunities

- **Innovation:** Implement technologies and sustainable practices that would drive innovation.
- **Governance:** Improve governance practices characterized by more transparency reporting and ethical behaviour.
- **Green Technologies:** Invest in green technologies which include renewable energy sources to reduce environmental impact.
- **Social Impact Initiatives:** Creation of programs using technology to solve problems, such as education and healthcare access, enhances businesses' reputation and opens new opportunities.
- **Sustainable Product Design:** Designing the product for sustainability means making use of recyclable materials and coming up with energy efficient appliances that can attract environmentally conscious consumers, and it can also help in differentiating products in the market.

Case Study from our partner TDH

eXate is a fintech company that provides innovative embedded solutions for enforcing data privacy and protection.



Since their founding in 2018, eXate have been committed to running their business sustainably. However, they wanted to identify specific areas for growth to ensure that they not only met, but exceeded, the expectations of their clients, partners and employees.

They took TDH's ESG assessment, which provided them with a thorough evaluation of their current sustainability and operational resilience practices, as well as personalised recommendations for improvement.

These recommendations included developing specific data collection and reduction targets on waste management, improving energy efficiency and use of renewable energy, and expanding their community engagement efforts.

As a result of these recommendations, eXate planned to:

- **Develop new initiatives** to support local communities and enhance their charitable activities.
- **Expand training programs** and create clear career progression paths to support employee growth, these activities not only upskill their employees, but can also increase employee retention by 18%.
- **Increase ESG awareness across the organisation** through dedicated training and employee engagement programmes, ensuring that their sustainable goals are understood across the business and increasing employee buy-in.

By taking these actions, they not only do good, but improve employee engagement and clearly demonstrate their commitment to sustainability to ESG-conscious clients and investors.

Transportation and Logistics

ESG Highlights

The transport and logistics industry are under more pressure than ever from ESG to become more sustainable and to lessen its carbon impact. Companies are finding it more appealing to invest in greener technologies, such as electric cars and alternative fuels, because of ESG requirements.

Companies are now paying more attention to their supply chains to manage the disruptions caused by climate related, geopolitical, and other external events.

Added to this, is the increasing pressure to ensure logistics operations result in least interference to the local communities; this involves noise reduction and air improvement. Labour practices are also focused on ensuring working conditions and safety for employees.

Challenges

- Carbon Footprint: Reducing carbon emissions and improving sustainability.
- Labour Practices: Ensuring safe working condition and fair treatment of workers.
- Infrastructure Development: The infrastructure of Cleaner Technologies can be complex and costly to develop, such as recharging stations for electric vehicles and facilities producing and/or offering alternative fuels.
- Regulatory Compliance: Dealing with the complexity of global ESG regulations and standards, is a continuous challenge.
- Talent Acquisition: Attracting and retaining skilled workers and at the same time meeting ESG goals can be difficult.

Opportunities

- Cleaner Technologies: Opportunity to invest in electric vehicles and alternative fuels.
- Efficiency: Improving operational efficiency and reducing costs.
- Green Logistics Solutions: Developing and providing 'Green' logistic solutions that include carbon-neutral shipping options and Eco-friendly packaging can help in attracting "green customers".
- Collaborative Initiatives: Collaborating on sustainability projects with other businesses, non-governmental organisations (NGOs), and governments can boost credibility and increase overall impact.
- Technological Developments: Exploiting technological developments, such as autonomous vehicles and AI-driven logistics management systems, can ensure efficiency and sustainability.

Agriculture and Food Production

ESG Highlights

ESG regulations are also hitting agriculture and food production very hard. Companies are being forced toward sustainable farming practices, reduced pesticide use and better water management. Very close control is maintained over fair labour practice and animal welfare standards. Such changes increase not only the preservation of the environment but also the quality and safety of food products.

Carbon farming has moved to the front line, in which agriculture practices are designed to capture carbon in the soil, hence mitigating climate change. Companies are increasingly being asked to protect and improve biodiversity on farms, ensuring that the natural habitats are kept intact while promoting diverse ecosystems.

Challenges

- **Sustainable Practices:** Changing from traditional farming to sustainable farming practices and reduce the use of pesticides.
- **Water Management:** Ensure a better water consumption and assure a good labour practice.
- **Climate Resilience:** Farmers and food producers are exposed to many difficulties due to climate change, such as extreme weather events and changing growing conditions.
- **Supply Chain Complexity:** Monitoring and close collaboration are required to ensure every part of the supply chain, from sourcing of raw materials through delivery of final products, meets the ESG standards.
- **Consumer Expectations:** Meeting the consumer expectation for sustainable and ethical products can be challenging, especially in competitive markets.

Opportunities

- **Product Quality:** Improvement in quality and safety regarding food products.
- **Care of Environment:** Contributing to the maintenance of a sustainable environment.
- **Regenerative Agriculture:** Invest in regenerative agriculture practices like crop rotation and cover-cropping which will enhance the health, biodiversity, and carbon storage of soils.
- **Green Financing:** Having access to green financing instruments, from sustainability-linked loans to carbon credits. These funds are made available for businesses' ESG initiatives and projects.
- **Technological Innovations:** Agricultural technological innovations like precision farming and AI-driven analytics will improve efficiency and sustainability.

Hospitality and Tourism

ESG Highlights

Due to ESG regulations, hospitality and tourism enterprises are increasingly imposing more sustainable business operations, like lowering the use of energy and water, produce less waste, and focusing on acquiring locally and sustainably services and products. Such practices would see these companies attracting environmentally conscious travellers and brand enhancement.

There is growing emphasis on changing hospitality facilities to become resilient to the impacts of climate change, including extreme weather events, through resilient building designs and emergency preparedness plans.

The local culture and traditional customs are to be promoted, some companies are promoting authenticity to tourism and raise awareness of sustainable tourism.

Challenges

- Resource Management: Reducing energy and water consumption.
- Waste Reduction: An opportunity to reduce waste, along with making products more ethical.
- Supply Chain Transparency: Verifying that all suppliers are complying with ESG standards.
- Technological Integration: Introducing advanced technologies for monitoring and lessening an organization's impact on the environment can be expensive, needing high initial investment.
- Guest Expectations: Accommodating the increasing expectations of guests regarding sustainability and ethical management, has proved difficult in very competitive markets.

Opportunities

- Eco-friendly Practices: Attracting environmentally conscious travellers.
- Brand Reputation: Improving brand reputation through sustainable practices.
- Sustainable Tourism Packages: Introducing sustainable tourism packages including eco-friendly accommodation, local and ethical sourcing and cultural experiences can attract eco-conscious travellers.
- Green Certifications: Green certifications, such as Leadership in Energy and Environmental Design (LEED), Green Key or any other ESG certification and accreditation improves credibility and help to attract environmentally sensitive guests.
- Collaborative Initiatives Collaborating on sustainability projects with other businesses, non-governmental organisations (NGOs), and governments can boost credibility and increase overall impact.

Media and Entertainment

ESG Highlights

There is an increased concern regarding ESG in the creation and distribution of content within the media and entertainment industry. There is a high pressure on businesses to include more diversity and inclusion in their content, integrate operations with lower ecological footprints and ensure fair labour practices within the sector.

More and more now, business concerns are shifting to that of digital responsibility, data privacy, checking misinformation, and promoting digital literacy among audiences.

Finally, there is an increasing pressure for accurate cultural and community representation in media content and it is likely to promote social cohesion and inclusivity.

Challenges

- **Content Diversity:** Promoting diversity and inclusion in programming.
- **Sustainable Operations:** Reducing the environmental impact of production processes.
- **Content Governance:** The challenge of Content Governance is a complex space with issues related to censorship, intellectual property, and ethical standards.
- **Technological Integration:** Integrating advanced technologies like AI and Blockchain to bring transparency and accountability into content creation and distribution has a certain associated complexity and investment.
- **Environmental Impact of Streaming:** Reduce the carbon footprint of digital streaming services. This change requires a high consumption of energy for data centres and network infrastructure.

Opportunities

- **Inclusive Content:** Creating content that promotes diversity and inclusion.
- **Sustainable Production:** Ensure that productions and distributions are done in a sustainable manner.
- **Green Production Techniques:** Investment in green production techniques, such as the use of renewable sources of energy and sustainable materials, could reduce the impact on climate change and also to attract more of the environmentally conscious audience.
- **Social Impact Content:** Create content related to social issues such as climate change, social justice, or public health to engage audiences for the better.
- **Collaborative Initiatives** Collaborating on sustainability projects with other businesses, non-governmental organisations (NGOs), and governments can boost credibility and increase overall impact.

Legal and Professional Services

ESG Highlights

ESG regulations are currently implemented even by businesses in professional services sector. They are being urged to embed ESG in their advisory services and adopt sustainable practice within their own operations. These elements include reducing their carbon footprints, promoting diversity, equality, and ethical business practice.

There is an increasing requirement for legal and professional firms to practice transparency at all levels of the supply chain, including diversity and sustainability of the supplier base.

Clients are increasingly making ESG demands about corporate values and ESG matters, which could carry risks for multinational law firms. This has high implications under the rule of law and the right to be represented. If, for example, a fracking company is working with a legal firm based in the UK and wants the UK firm to agree not to work for any other fracking companies, even in other countries. If the UK firm is working with clients in this sector in other jurisdictions, then agreeing to the client's request, the UK firm could be legally at risk.

Challenges

- **Advisory Integration:** Include ESG criteria in the advisory services.
- **Operational Sustainability:** Reducing carbon footprint and promote diversity.
- **Talent Acquisition:** It has become vital to hire and retain the skills relating to ESG simply because the demand for this skill set is increasing.
- **Benchmarking and Reporting:** Running and setting up an internal ESG benchmarks, scorecards, and frameworks for the legal sector are challenging and highly resource-demanding

Opportunities

- **Client Trust:** Building trust with clients via ethical services and operations
- **Sustainable Operations:** Promoting and practicing operational sustainability and ethical behaviour.
- **ESG Advisory Services:** Establish ESG advisory services to assist clients in a multifaceted area of ESG regulations and standards; Generate new revenue streams through this practice.
- **Deepen Client Relationships:** Providing a complete range of ESG services will deepen client relationships with long-term trust

Case Study – our own ESG path

Ecovis Wingrave Yeats is a top 100 accountancy firm, based in London.



Ecovis had always been committed to sustainability. In the past, we pursued this goal primarily through internal working groups that covered topics like diversity and inclusion, mental health and environmental activities. In 2016, we also set up the Ecovis London Foundation as an initiative to break the cycle of homelessness in their community.

However, our approach to ESG had never been very structured, or sufficiently aligned with their wider goals as a business.

This became a more pressing issue as they wanted to attract the best young talent, but found that new graduates' first question was often: "What is your firm doing for the environment and its employees?"

This is not unique to Ecovis Wingrave Yeats, as research shows that 86% of young people would prefer to work for companies that care about the same issues as they do.

For that reason, Ecovis embarked into a more structured ESG path, including the ESG self-assessment to gain a holistic and accurate view of our current ESG standing. This action enabled us to:

- **Implement remediation strategies in areas we had previously overlooked**, such as our environmental supply chain management and internal governance policies and procedures.
- **Align our sustainability activity with leading ESG frameworks**, including the UN SDGs. This not only empowers us to take a more systematic approach to ESG, but also enables us to clearly demonstrate our sustainability standing with 3rd party support.
- **Market their sustainability standing with confidence**. After taking the assessment, Ecovis has been able to start having meaningful conversations about the ESG challenges facing our clients, helping them get started on their ESG journey.

Ecovis Wingrave Yeats ongoing commitment to ESG means they can foster growth, whilst also ensuring that their firm is a genuine force for good.

Mining and Extractive Industries

ESG Highlights

The mining and extractive industries are under severe pressure for their impact on the environment. ESG regulations compel companies to improve their sustainability in the form of reducing their emissions, manage waste generation, and rehabilitate land that has been mined.

There is increasing pressure on companies to ensure the safety and well-being of their workers and to interact with local communities.

It is therefore expected of a company to take advantage of technologies such as big data, AI, and supply chain automation in enhancing ESG performance and transparency.

Apart from that, geopolitical issues associated with sourcing critical metals from politically unstable regions, all while adhering to ESG compliance, become a major factor.

Challenges

- Environmental Impact: Ensure a reduction in emissions and waste management.
- Community Engagement: Ensure safety and welfare of workers, as well as the local community.
- Energy Transition: Constant requirements for de-carbonization, balanced against the operational and financial challenges, associated with transitioning to renewable energy sources, can be very challenging and expensive.
- Stakeholder Engagement: Engaging with stakeholders which includes local communities, government, and NGOs, requires to ensure the achievement of ESG goals which is a demanding task.

Opportunities

- Sustainable practices through the adoption of ESG requirements and rehabilitation of mining sites.
- Community Relations: Developing positive relationships within various communities where the business operates.
- Collaborative Initiatives: The credibility gained from industry peer and government collaboration on sustainability initiatives with NGOs will drive collective impact.

Education and Training

ESG Highlights

ESG principles are exerting some level of influence on education and training. There is pressure on institutions to incorporate issues of sustainability within their curriculum and, most importantly, their operations. This then will create a culture of environmental awareness, diversity, and ethical considerations within the student and staff.

There is a growing emphasis on implementing more digital education with the aim to ensure all students have access to technology and the internet. This will promote social equity and make sure every student has the learning opportunities that they deserve.

More so, institutions are into incorporating climate education into their school curriculum to enable students to understand climate change and its impacts and the need for sustainability.

Challenges

- **Curriculum Integration:** Integrating issues of sustainability into the curriculum is a challenge.
- **Stakeholder Engagement:** Engagement with a large number of stakeholders such as students, faculty, parents, and community to convince and motivate them for supporting and participating in the ESG activities is a big challenge.
- **Infrastructure Upgrades:** Upgrading the educational infrastructure into being energy-efficient and sustainable can be a capital-intensive exercise involving high investments
- **ESG Measurements:** It can be challenging and resource intensive to internally develop metrics and frameworks that measure impact from ESG initiatives in education

Opportunities

- **Student Engagement:** Student participation in sustainability initiatives.
- **Institutional Reputation:** Improvement of the institutional reputation by sustainable practices.
- **Green Campuses:** A good green initiative is creating green campuses through renewable energy projects, programs on waste reduction, and clean transport systems to enrich the sustainability profile of the institution, attracting environmentally conscious families.
- **Collaborative Research:** The university can join other institutions, governments, and NGOs, to advance the pursuit of innovation and enhance its reputation.
- **Career Pathways:** Preparing students for careers in the green economy, by ways of programs like renewable energy, environmental science, and business sustainability, can be an effective way of developing students for green jobs.

Automobile

ESG Highlights

The automobile sector is in the process of undergoing significant evolution toward sustainability. With their increasing number of electric vehicles, and emissions becoming ever stricter, automobile companies are shifting focus to environmental sustainability.

Much attention is paid nowadays to incorporating more and more recycled or sustainable materials in the production process of vehicles, such as re-used metals, plant based and natural fibres. Efforts are also placed on lighter materials that would improve fuel efficiency, hence reducing emissions.

The focus of the industry is also on fair labour practices, safe working conditions, community engagement, and an increase in the level of diversity and inclusiveness in the workforce. Improved governance practices are enhanced through increased transparency in the supply chains, responsible sourcing, and improved practices in corporate governance.

Challenges

- **Set-up Infrastructure:** Development and manufacturing of electrical vehicles (EV) using green materials are expensive processes.
- **Supply Chain Issues:** To ensure a sustainable and ethical supply chain for raw materials.
- **Consumer Acceptance:** A move of consumers from traditional vehicles to EVs.
- **Regulatory Compliance:** Keeping up with varying emissions and safety regulations

Opportunities

- **Innovation in EV Technology:** Growth can be fuelled by an advancement in battery technology and energy efficiency.
- **Market Expansion:** Increasing demand for EVs offers a significant market opportunity.
- **Partnerships:** Collaborating with tech companies as well as governments for developing EV infrastructure.
- **Sustainable Practices:** Implementing circular economy practices to reduce costs and the impact on environment.
- **Brand Reputation:** Businesses can enhance their brand reputation and customer loyalty.

In conclusion, ESG regulations are not only reshaping the landscape of our business world, but the whole world as we know it.

The integration of ESG principles is fundamentally transforming business sectors across the UK and worldwide. While the journey towards ESG compliance presents significant challenges, such as the need for comprehensive data collection, reporting, and substantial financial investments, it also offers substantial opportunities. By embracing these changes, companies can not only meet regulatory requirements but also create long-term value for their stakeholders and contribute to a more sustainable future.

Businesses that proactively embrace ESG principles can gain a competitive edge, attract sustainable investments, and build stronger relationships with stakeholders.

How can we help you

Ecovis has partnered with The Disruption House (TDH) to offer world-class sustainability capability assessments, reporting and remediation support to clients. Powered by technology, our solutions help you understand where you are as a basis to set targets, create new initiatives and communicate your impact to attract new business, get the best talent, get ready for regulation and access green finance.

If you're unsure of where to go next, meet with one of our expert sustainability advisors to explore the options and establish your priorities.

Do an ESG Assessment

An ESG assessment is the first step to start your sustainability journey. This provides an overview of your company performance across Environmental, Social and Governance pillars, benchmarking against peers and recommended next steps that you can include into your ESG strategy. You also receive sustainability accreditation from The Disruption House.

Sustainable Development Goal Alignment Report

An SDG report demonstrates your alignment with the globally recognized sustainable development goals using global core indicators. It is a powerful tool to strengthen communications and reduce greenwashing risk.

Carbon Footprint Calculation

Calculating your carbon footprint is an important step for an organisation dedicated to measuring and improving its environmental impact. We offer a best-in-class tool to measure your Scope 1, 2 and 3 emissions. The results dashboard includes a visualisation of the total emissions for the reporting period chosen, stratified by scopes and broken down by source.

ESG Employee Engagement

We can provide the tools to engage and collaborate with your workforce in a rapid and effective prioritisation program. We assist you in building a base of ESG Ambassadors to drive engagement across the organisation.

Sustainability Reporting

A Sustainability Report demonstrates to your stakeholders the transparency and commitment to ESG by pulling together your initiatives, targets and strategy into one document following industry standards.

ESG Assurance

ESG assurance refers to the process of verifying a company's ESG disclosures to ensure accuracy and reliability. This assurance provides to the stakeholders with confidence that the company's ESG claims are credible and transparent. The benefits of ESG assurance include enhanced trust and reputation, improved risk management, and better access to capital.

- **See our full sustainability support - [ESG Services London](#) | [ECOVIS Wingrave Yeats](#)**
- **Take our [free ESG Starter Quiz](#) - [Ecovis ESG Starter Quiz \(thedisruptionhouse.com\)](#)**

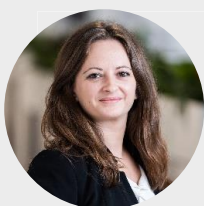
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Taking the next step

Thank you for taking the time to read my report.



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