

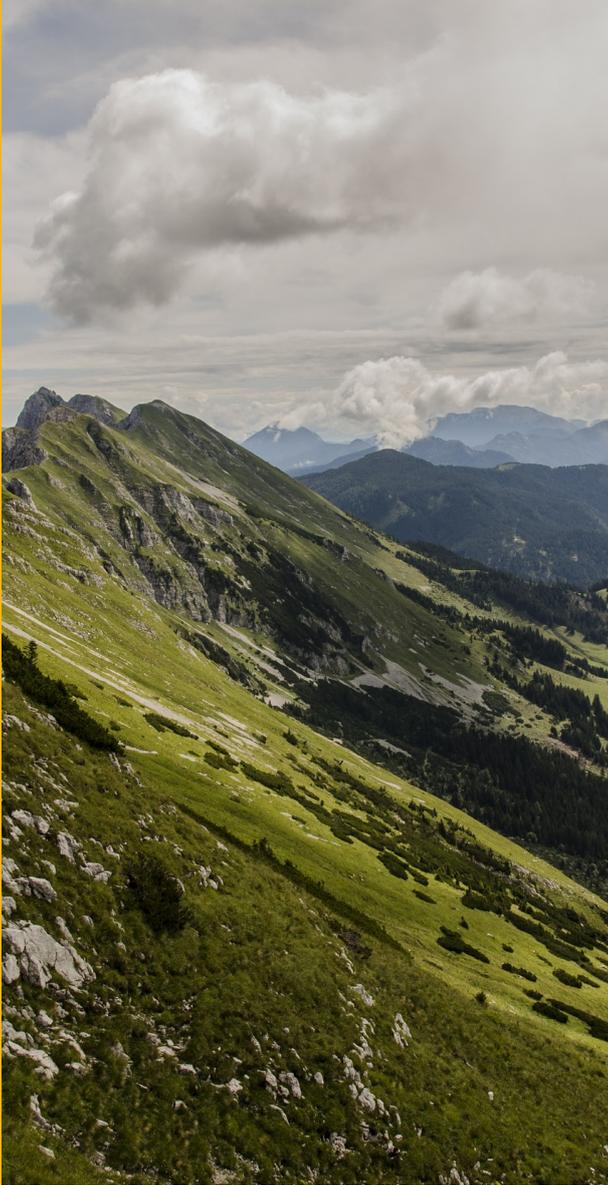
# 2021 – THE YEAR ESG FULLY TAKES OFF

While the COVID pandemic has caused many people to question their actions and priorities, companies too are going through a reinvention when it comes to ESG (Environmental, Social and Governance) practices. With numerous drivers also coming down the pipe in 2021, we believe that this is the year that the ESG professional becomes mainstream across businesses of all shapes and sizes.

ESG is developing into a fully rounded requirement. While ESG as a term has been around for some time, the evolution and maturity of each of the portions of it, Environment, Social and Governance within companies varies tremendously:

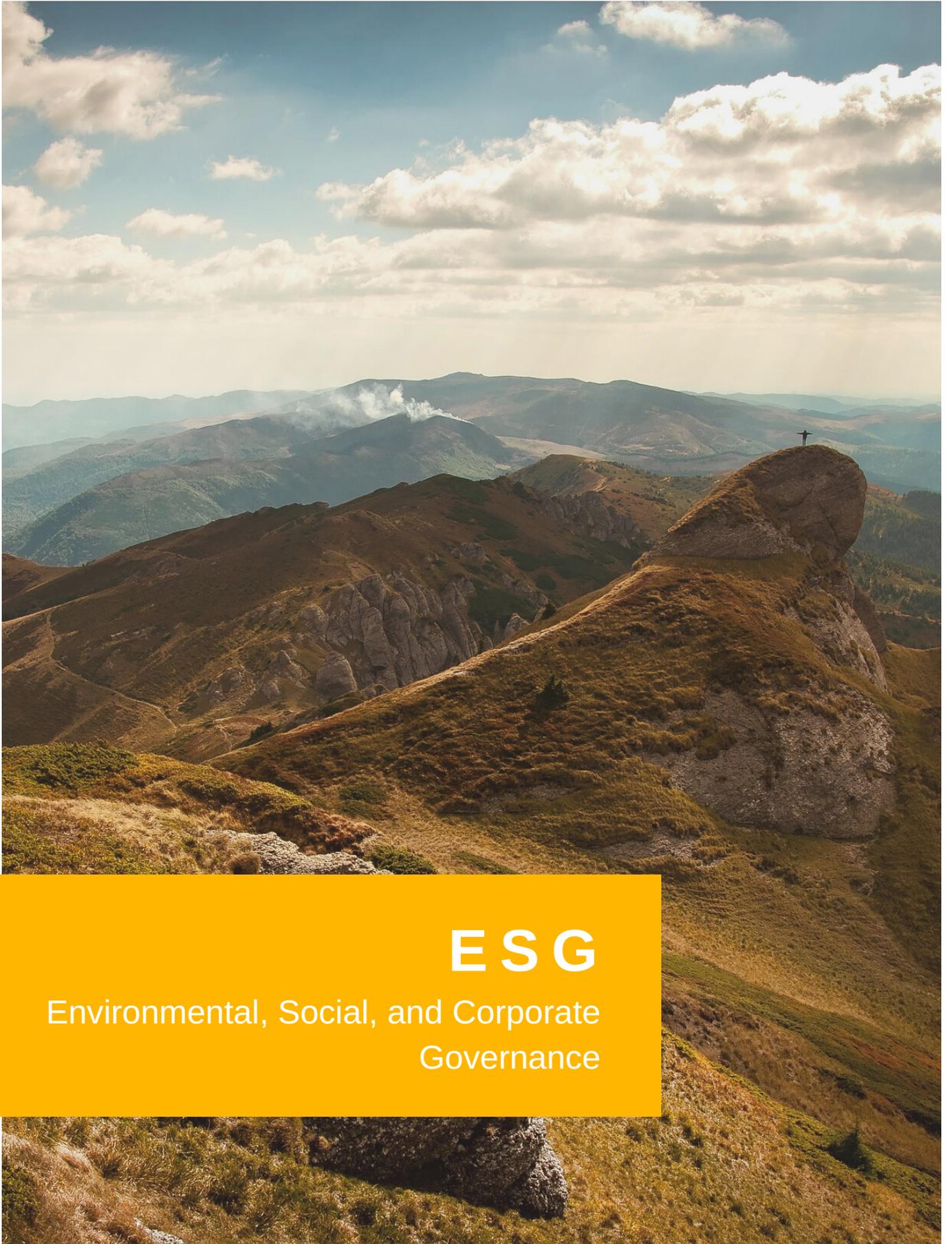
- Governance has been fully embedded and understood within companies' DNA for a considerable amount of time with well-defined rules and reporting ever since its initial inception following the Cadbury Report in 1992. This has seen the expansion and professionalisation of the role of Boards within companies to provide suitable independent challenge and accountability.
- Environment has been thrust to the forefront in recent years as large swathes of society has made its feelings clear and the impact of climate change has become clearer with extreme weather events on the increase. Whether it be the effect of companies and products on the ocean or through carbon emissions, consumers are now making choices with their feet and businesses and Governments are beginning to act with regulations forming and beginning to be adopted.
- Social aspects of ESG are only just beginning to be elevated in stature to the same heights as the G and E. Covid-19 has shown the significant inequalities present in our society and this has raised the stakes for Boards with respect to providing a fair and equitable employment regardless of race, gender or sexual orientation. It is no longer acceptable to see Diversity and Inclusion as a tick box exercise for example and truly diverse workplaces provide a diversity of experience to identify, challenge and drive business performance.





COP26 and UK Government Policy set to accelerate change. Within the UK, 2021 is set to be a big year for ESG and Sustainability with the UK due to host COP26 in Glasgow in November and Government priorities for Building Back Better with a significant focus on rebalancing the Economy through the support and creation of green jobs across the country. With the Government's pledge to achieve net zero by 2050, the energy transition is taking place at a remarkable pace ranging from companies traditionally focused on Hydrocarbons investing in renewables and transitioning their futures to the creation of new Gigafactories to drive battery development for Automotive. With each passing day the drive for investment in low carbon technologies increases and companies that have operated in the space for decades are now seeing investment flows to push beyond development and into commercialisation. Likewise, areas that once focused on traditional manufacturing industries that had fallen by the wayside are now reinventing themselves as hubs for manufacture and maintenance facilities for offshore wind, while difficult to decarbonise industrial clusters are grouping together to develop solutions to combine Hydrogen production with Carbon Capture and Storage. Overall, there has never been a more advantageous political environment to drive substantial change in developing sustainable industries and we see no evidence of that changing any time soon.

The ESG professional is stepping up and becoming a key part of leadership teams. As a result of the increasing visibility and impact of ESG on business success, we are seeing an upskilling and professionalisation of the ESG role within companies. No longer is this seen as a “nice to have” or fluffy role, but one that has direct impact on business strategy and results and is now seen as a necessity and required for a licence to operate. As a result, today's ESG professional needs to be capable of influencing and interacting with colleagues from across the business and hence a broad set of leadership skills are necessary for success. Nor is the role just the preserve of industry leaders and shapers with such companies now flowing down Sustainability requirements throughout their supply chains requiring companies at all levels to invest, recruit and report their own activity in order to retain work and win new business. ESG has now become a lever to drive potential revenue growth and isn't just seen as a cost centre for reporting. Companies far and wide are not just recruiting, but also hailing such recruitment of their “first Director of ESG” or spending significant management time explaining to the market about their ESG credentials and how that is driving strategic decisions. We are seeing Sustainability professionals operating up to Board level as Chief Sustainability Officers, a move that we expect to see grow as the importance placed on ESG increases yet further.



# ESG

Environmental, Social, and Corporate  
Governance

**TCFD implementation takes ESG factors beyond just words.** In November 2020, the UK Government announced that it was setting in train the mandatory reporting of climate-related disclosure across the UK economy aligned with the recommendation of the Taskforce on Climate related Financial Disclosures (TCFD). In its 2019 Green Finance Strategy it laid out an expectation that all listed issuers and large asset owners would be disclosing in-line with TCFD recommendations by 2022 with the November's Roadmap highlighting and indicative path of how increasing regulation could replace a voluntary approach to disclosure over the next five years in a phased manner. The disclosure is designed to detail how organisations and assets will be impacted by and impact upon, environmental change. It is designed to provide high quality disclosure that allows investors greater transparency of a company's impact as well as risk and opportunities to drive a better-informed capital allocations process and in turn drive more sustainable activity. What this is also does in turn Sustainability from just words to financial impact and therefore links the front end of the report to the back end to try and provide a true reflection of the risk and opportunities provided by environmental change. This will also drive a focus on stress testing business models and activity with evolving climate change and better prepare businesses for unexpected events. As one of the first Governments to endorse the TCFD's recommendations it has put a green recovery at the very heart of its strategy, one that will have increasing implications for businesses across the economy over time.

**ESG research and executive search.** As part of our ongoing activity relating to ESG executive search, Holmes Noble is conducting research into the implications for businesses of the increasing focus on ESG and Sustainability. If you would like to participate in our research, join our network of sustainability experts or are seeking your next hire or role in ESG then please contact Roger Johnston on [roger.johnston@holmesnoble.com](mailto:roger.johnston@holmesnoble.com) for more information.

**Holmes Noble is a group of professional, well-connected sector and functional experts, skilled at identifying exceptional people and enabling career development. What sets us apart is our commitment in getting to know the people we work with; they trust us.**

**Alongside our position as a leading executive search firm, we offer an executive interim service and a comprehensive range of services designed to help clients take a long-term term view on talent through executive planning and consulting, from mapping existing resources and requirements to identifying and securing the senior managers and directors of the future.**

**To hear more about the services we provide, please contact:**



**Roger Johnston**  
**Director**  
**m: +44 (0) 7557 235 525**  
**e: [roger.johnston@holmesnoble.com](mailto:roger.johnston@holmesnoble.com)**

