

Industrial sustainability: Environmental, social, and governance standards

By BCC Publishing Staff

The three pillars of environmental, social, and governance (ESG) define the standards and practices that, taken as a whole, reveal an organization's commitment to operating sustainably.

Thanks to ESG reporting, organizations can comprehend and communicate the risks and opportunities related to their business activities. Furthermore, with the help of ESG reporting, businesses can set goals and metrics, monitor performance, and manage change to make their operations more sustainable and more in line with the values of their shareholders.

With the world changing due to climate change, social awareness, and the COVID-19 pandemic, monitoring and progress in ESG at every stage of a company's supply and value chains are more crucial than ever. When designing new standardized value measures for ESG and core competencies, the following questions must be taken into consideration by manufacturers.

- Has the entire carbon footprint of your product been calculated, taking into account both your actions and those of third parties who provide you with goods and raw materials? Have you used this data to inform organizational innovation and portfolio management?
- Have you adapted your ESG goals to investors' and competitors' expectations by turning them into specific indicators and targets?
- Have you developed metrics that provide information about job-related competencies and skills across the organization, such as workforce planning?

The adoption of ESG principles is most common in Europe. Investors in Europe place greater importance on ESG

Table 1. Environmental, social, and governance standards

Environmental	Social	Governance
<ul style="list-style-type: none"> • Recyclability • Pollution and emission • Hazardous waste • Raw materials consumption • Climate change • Air and water pollution • Biodiversity • Deforestation • Energy efficiency • Water scarcity 	<ul style="list-style-type: none"> • Customer satisfaction • Data protection and privacy • Gender and diversity • Employee engagement • Community relations • Human rights • Labor standards • Product quality and safety • Health and safety of plant workers 	<ul style="list-style-type: none"> • Board composition • Audit committee structure • Bribery and corruption • Executive compensation • Lobbying • Political contributions • Whistleblower schemes • Regulatory requirements • Compensation

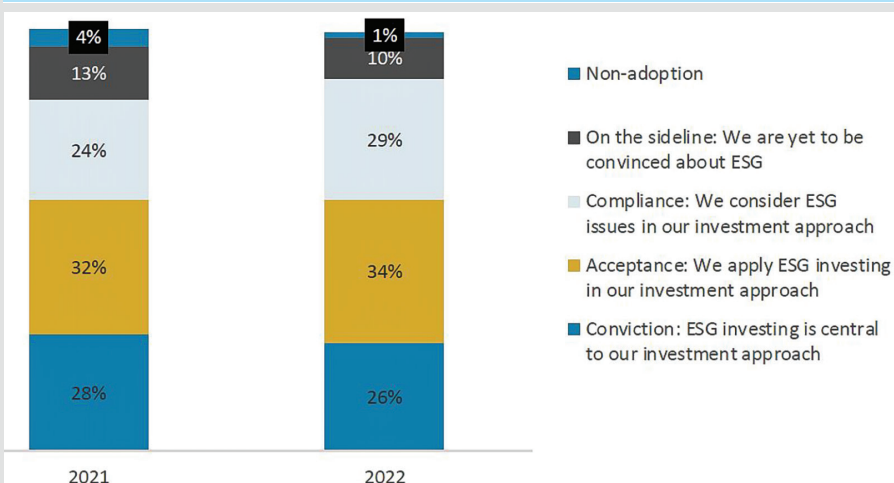


Figure 1. ESG adoption level globally across all industries. (Source: Harvard Law School Forum on Corporate Governance)

(31%) compared to investors in North America (18%) and Asia-Pacific (22%). Europe also has the highest percentage of ESG users (93%) compared to North America (79%), Asia-Pacific (88%), and Latin America (89%). This adoption rate reflects the more established European ESG market and regulatory environment. In contrast, the lowest level of ESG conviction and the lowest proportion of ESG consumers are found in North America.

ESG principles are being adopted in numerous industries. BCC Research offers several reports covering these different industries, including

- ESG Trends in Chemical Industry (Report ENV056A, Dec 2022)
- ESG in the Automobile Industry (Report ENV057A, Jan 2023)
- ESG Trends in Pharmaceutical Industry (Report ENV061A, Feb 2023)

- ESG Trends in Agriculture Industry (Report ENV058A, Feb 2023)
- ESG Trends in Healthcare Industry (Report ENV064A, Feb 2023)
- ESG in Food & Beverages Industry (Report ENV063A, Feb 2023)
- ESG Trends in Mining Industry (Report ENV062A, Feb 2023)

Find all these reports at www.bccresearch.com.

About the author

BCC Publishing Staff provides comprehensive analyses of global market sizing, forecasting, and industry intelligence, covering markets where advances in science and technology are improving the quality, standard, and sustainability of businesses, economies, and lives. Contact the staff at Helia.Jalili@bccresearch.com. ■