

FOREWORD

WELCOME TO THE THIRD EDITION OF THE *BRUNSWICK SOCIAL VALUE Review*, born of our belief that to be a leading company in today's world you need to deliver financial value alongside social value.

This proposition is also central to the growth of ESG, which has risen rapidly up the agenda for many of our clients in recent years. It's increasingly clear that ESG isn't a fad or a niche: global ESG assets are on track to exceed \$53 trillion by 2025, representing more than a third of the \$140.5 trillion in projected total assets under management, according to analysis by Bloomberg.

But while there are increasingly mature frameworks and metrics for the "E" and "G" elements of ESG, the "S" dimensions have suffered from what commentators have called "middle child syndrome"—somewhat overlooked and neglected. This is partly because it can be much more difficult to define and quantify the social factors than certain environmental or governance factors. As United Nations Principles for Responsible Investment have put it: "The social element of ESG issues can be the most difficult for investors to assess. Unlike environmental and governance issues, which are more easily defined, have an established track record of market data, and are often accompanied by robust regulation, social issues are less tangible, with less mature data to show how they can impact a company's performance."

Societal factors are not only harder to measure, but more various and more local in how they show up around the world. Thus the "S" in ESG has not had the same level of attention—until now. The COVID-19 pandemic has thrown a spotlight on so many social factors: stark levels of inequality, treatment of employees, access to healthcare and digital services, among others. Movements such as Black Lives Matter and #MeToo have focused attention on corporate diversity, equity and inclusion. Customers, investors and civil society groups are demanding greater transparency from companies in these areas.

This issue of the *Brunswick Social Value Review* asks, "What does leadership look like on the 'S' in ESG?" We hear from Mark Carney, former Governor of the Bank of England, about his book *Value(s): Building a Better World for All*. He talks to Brunswick CEO Neal Wolin about how social values and market values can be aligned. We meet Indra Nooyi in

conversation with Ajay Banga—former CEOs of PepsiCo and Mastercard respectively—and hear them reflecting on the challenges of aligning social impact and business impact.

At the forefront of the "S" are issues related to Diversity, Equity and Inclusion. They are where companies can have a direct impact on entrenched inequalities through the way they engage with their own workforce and value chain.

In this issue, we talk to a number of DEI leaders about the challenges and opportunities of getting the data right. To create equity, says Deloitte's Emma Codd, don't be afraid to "rip up that rule book." Joan Burke of DocuSign, whose workforce has doubled in size during the pandemic, talks about supporting DEI amid fast growth. Brunswick's DEI experts share their thoughts on the growing pressure for companies to publish Ethnicity Pay Gap data. We meet Phyll Opoku-Gyimah—otherwise known as Lady Phyll—a leading campaigner for LGBTQI+ equality.

Another "S" issue is modern slavery—there are currently more people in slavery than at any other time in history, and this is a growing concern for companies with long, complex global supply chains. Meanwhile, mental health in the workplace has been a growing concern impacted by the pandemic. We speak to leading voices about what business can do to drive forward solutions.

Many of the world's most challenging issues don't fit neatly into an "E," "S" or "G" box. Climate change and biodiversity loss may be primarily environmental issues, but it is becoming increasingly clear that many of the impacts and many of the solutions are in the social space. We speak to Mxolisi Mgojo, CEO of the South African mining company Exxaro, about the challenges of creating a "just transition," and we hear from Elizabeth Maruma Mrema, from the Taskforce on Nature-related Financial Disclosures, on the "S" in Biodiversity. The social dimension is present now in all the major issues associated with environment.

We launched the *Brunswick Social Value Review* to chronicle the growing pressure on companies to demonstrate they are part of the solution to the world's great challenges, and to show what leadership looks like in this space. There's no doubt that ESG has helped to push societal issues up the agenda of investors and business leaders. As we see in this issue, real leadership is more than treating ESG as a box-checking exercise. It means moving beyond a compliance mindset, asking not just, "How do we increase our ESG scores?" but "How can we make an impact on these issues in the world?" ♦

.....

LUCY PARKER & JON MILLER are Partners based in London leading the firm's Social Value offer.

Leadership means moving beyond a compliance mindset, asking not just, "how do we increase our ESG scores?" but "how can we make an impact on these issues in the world?"

