

WELCOME TO THIS EDITION OF THE *BRUNSWICK SOCIAL Value Review*, which we established with a clear mission: to look at how companies are responding to the growing pressures to show that they are part of the solution to the world's great challenges, and deliver financial value alongside social value, hand in hand.

Since we launched this publication in 2020, societal issues have continued to rise up the boardroom agenda, and the conversation about ESG has exploded into the mainstream media. After years of rapid growth, 2023 saw a substantial backlash against the very idea of ESG: It has been labeled by some as “woke capitalism” and decried as an anti-democratic plot by global elites.

It's an unlikely outcome, when you think about it, that a special-interest subject focused on non-financial reporting and disclosure of material risks has become a central fault line of political debate—but that's what's happened, and it's created uncertainty for business leaders. There seems to be a fire hose of issues on which leaders are

expected to take a point of view. The question of when to speak out on an issue, and when to stay silent, has created a new kind of jeopardy—and this edition provides perspectives on this.

In our view, the question is what you're doing. Many companies already have extensive strategies in a range of areas from climate to DEI, from circular economy to inequality. What happens now? Business leaders may need to re-explain the commercial drivers of their companies' sustainability commitments, to show why these pressing societal issues have now become critical business issues.

In this issue, we aim to find the signal in the noise. We analyze political narratives, media coverage and central criticisms of ESG, and offer perspectives grounded in business reality. Emmanuel Faber, Chair of the International Sustainability Standards Board, offers his view of how ESG will continue to evolve. Systemiq founder Jeremy Oppenheim gives us a masterclass in systems change.

ESG is showing up in financial situations such as IPOs; our colleagues Dan Lambeth and Kanhai Parasharya illustrate how this

FOREWORD



plays out and explore the reasons behind it. Support for DEI initiatives is strengthening, not receding. Investors are increasingly interested in LGBTQ+ inclusion, according to Open For Business. We look at what's driving this.

This being a global phenomenon, we map existing and emerging ESG-related regulation around the world. Hong Kong Partner Stacey Chow speaks with a prominent Asian investor group on steps to avoid greenwashing. In Beijing, QC Liang interviews experts on energy transition in China, the world's second-largest economy.

In recent years, the resilience of businesses has been tested by weather. A combination of floods and droughts in Asia disrupted global semiconductor supply chains, while the failure of rains that feed the Panama Canal caused major disruption to global trade. We even debated calling this *Brunswick Social Value Review* edition "The Resilience Issue." Investors and business leaders need a systematic way to understand the new landscape of risks, and it is this that's led to the emergence of ESG. It is a strategy for survival.

Yet ESG is evolving. It may well turn out that the bundling of so many important issues into one framework is untenable and that the term itself outlives its usefulness.

Whatever we call it, one thing is clear: The forces that have fueled the rise of ESG are growing ever more pressing and are reshaping the way businesses operate. Societal issues are now business issues. Being a better business today—a stronger, future-proofed business—means becoming resilient in the face of the multiple, interconnected crises the world is facing.

Whatever term we use—ESG, or sustainable business, or just good leadership—this edition aims to show that the need to engage seriously with societal issues is here to stay. What you'll see in this issue is that—the backlash notwithstanding—leading companies are sticking with it. ♦

LUCY PARKER, Senior Partner, and **JON MILLER**, Partner, lead the firm's ESG & Sustainable Business practice.

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