



ESG - OPPORTUNITY OR THREAT?

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Most people are pretty familiar with the concept of CSR – or Corporate and Social Responsibility – as it’s a term that’s been around for a long time. ESG, on the other hand, is still a relatively new term – so what does it mean?

ESG stands for Environmental, Social and Corporate Governance, which essentially refers to a set of standards for a company’s operations, that help ensure it is contributing to sustainable development.

According to the UN (United Nations), sustainable development is economic development that doesn’t deplete the Earth’s natural resources, and thus meets the needs of the present, without compromising the needs of future generations (i). To achieve this, businesses must take an integrated approach, considering both the environmental and social impacts of their products and services. Thus, ESG incorporates both environmental and social criteria.

But isn’t that the same as CSR?

Not quite...Whilst both CSR and ESG aim to make businesses accountable for social and environmental impacts, the crucial difference is that CSR is self-regulated, whereas ESG provides a framework to make such efforts measurable (ii).

ENVIRONMENTAL

The environmental aspect of ESG considers the extent to which a company protects the natural environment. Criteria to achieve this may include a company’s energy use, waste, pollution, land use and natural resource conservation. Such criteria is useful in the identification and subsequent mitigation of environmental risks facing a company e.g. the threat of climate change.

SOCIAL

In contrast, the social aspect of ESG relates to a company’s relationships and social impacts. This can include relationships with employees, suppliers, customers, and the wider community. Social criteria may consider issues such as whether suppliers are upholding the same ethics as the business; whether the business is donating to charities; the working conditions of employees, as well as many other indicators measuring the social responsibility of the business.

GOVERNANCE

Governance refers to the management of a business, including their transparency in accounting methods and legality of their practices (iii).

OPPORTUNITY OR THREAT?

With stricter regulations coming into play, such as the Plastic Packaging Tax, and the impending EPR, it's understandable that a shift to increased accountability for businesses may be a daunting prospect for many. Concerns may include potential cost increases, uncertainty regarding future legislation or a lack of knowledge regarding how to implement a comprehensive ESG approach within your business.

However, the notion that ESG is a threat is wide of the mark. In fact, ESG criteria provide businesses with an opportunity to strengthen their existing sustainability strategies, and to ultimately exercise positive influence on the wider community and environment. Long-term, this actually creates less risk for businesses, as they remain well-positioned for potential future environmental and social changes. Therefore, ESG does not have to be an intimidating concept, but instead represents a chance to develop into a resilient business with more robust operations.

The key to ensuring ESG is an opportunity for your business?

Stay well-informed – whether your packaging legal obligations are increasing, or sustainability are trends gaining traction, your ESG approach must be based on up-to-date facts. Check out our sustainability blogs for more information and insights.

Communicate – collaboration is at the core of sustainability, therefore effective communication regarding ESG goals between stakeholders throughout your organisation is key. This will ensure everyone is prioritising consistent ESG goals

HOW IS HAZEL 4D DOING?

Here at Hazel 4D, we believe in practicing what we preach...which is why we are taking steps to become the most environmentally and socially responsible business we can be.

Some of the steps we have already taken include:

- Achieving zero to landfill waste status
- Committing to having a fully electric fleet of company vehicles by 2023
- Committing to having solar generated power by mid 2022

We're also in the process of:

Obtaining our ISO14001 standard to ensure we are an efficient environmental management system

Using the ISO26000 standard to integrate socially responsible behaviour into our organisation

However, this list isn't exhaustive – at Hazel 4D we are constantly evolving and seeking new ways to develop our sustainability strategy. So look out for even more exciting future projects, and find our sustainability updates on our website.

<https://www.hazel4d.com/services/sustainability/>



(i) <https://en.unesco.org/themes/education-sustainable-development/what-is-esd/sd>

(ii) <https://www.alva-group.com/blog/whats-the-difference-between-csr-and-esg/>

(iii) <https://www.investopedia.com/terms/e/environmental-social-and-governance-esg-criteria.asp>