

# The S in ESG: social issues in focus

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A company's social performance is about the positive and negative impacts it has on people

# Who is impacted?



1.

Workforce



2.

Workers in value chains



3.

Affected communities



4.

People impacted by end use

Inequality poses a **systemic risk** to the **resilience** of business operations, value chains, business models and **investment portfolios**



# Inequality as a systemic risk



1.

Eroding trust in our political and economic systems



4.

Increasing the damage that crises cause



2.

Unravelling the social fabric



5.

Constraining economic growth



3.

Fueling civil and political unrest



6.

Undermining our capacity to tackle complex challenges

# Inequality as a business risk



1.

A volatile operating environment



2.

Supply chain insecurity



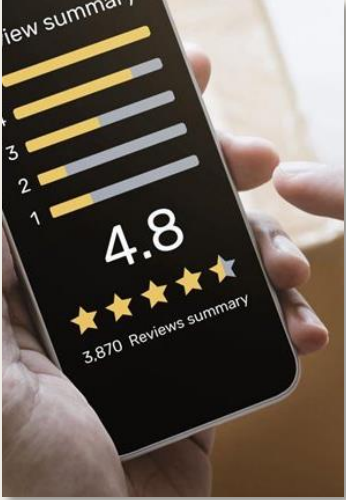
3.

Erosion of productivity



4.

Regulatory and compliance risk



5.

Reputation risk

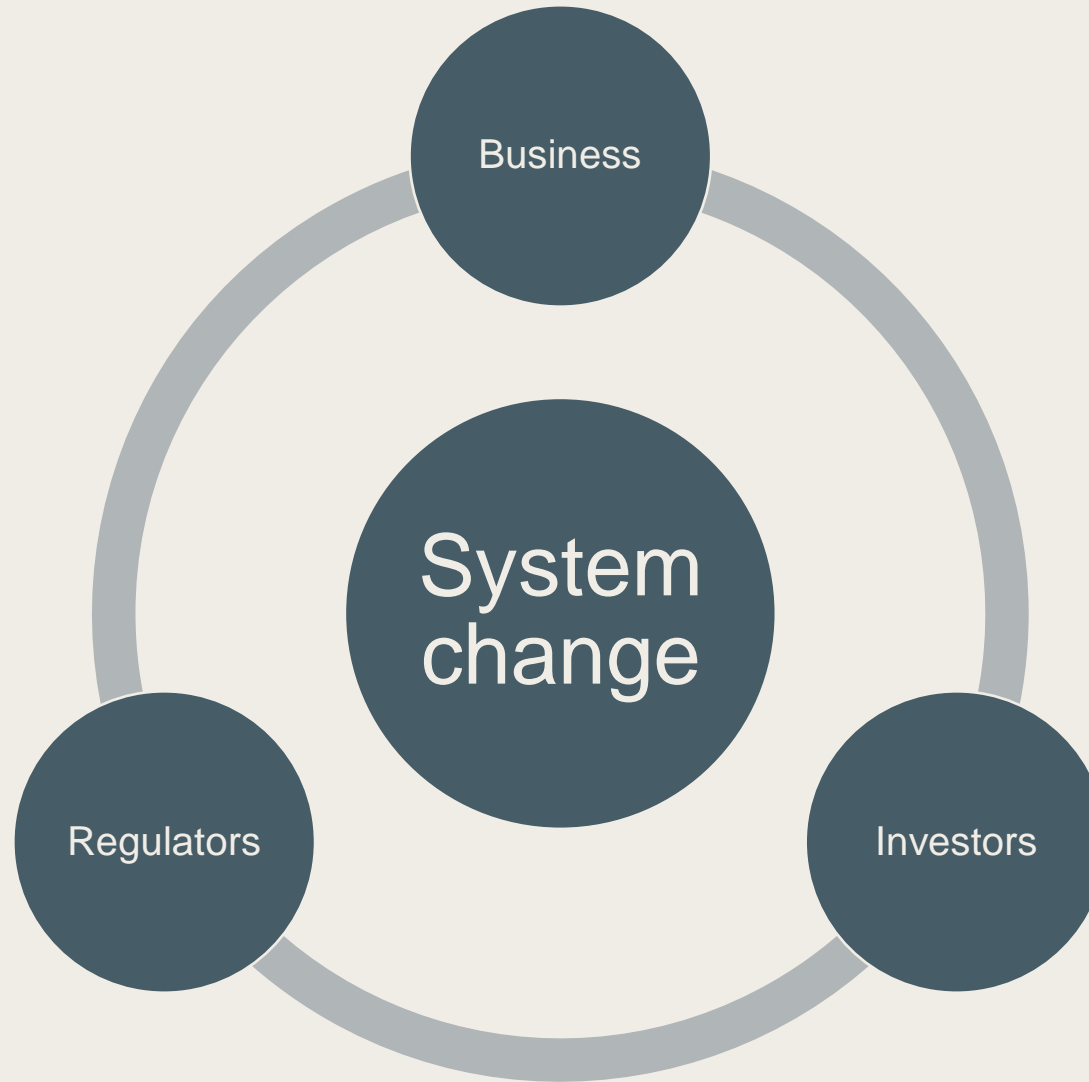


6.

Access to capital

Read the report [Tackling inequality: an agenda for business action](#), by the Business Commission to Tackle Inequality.

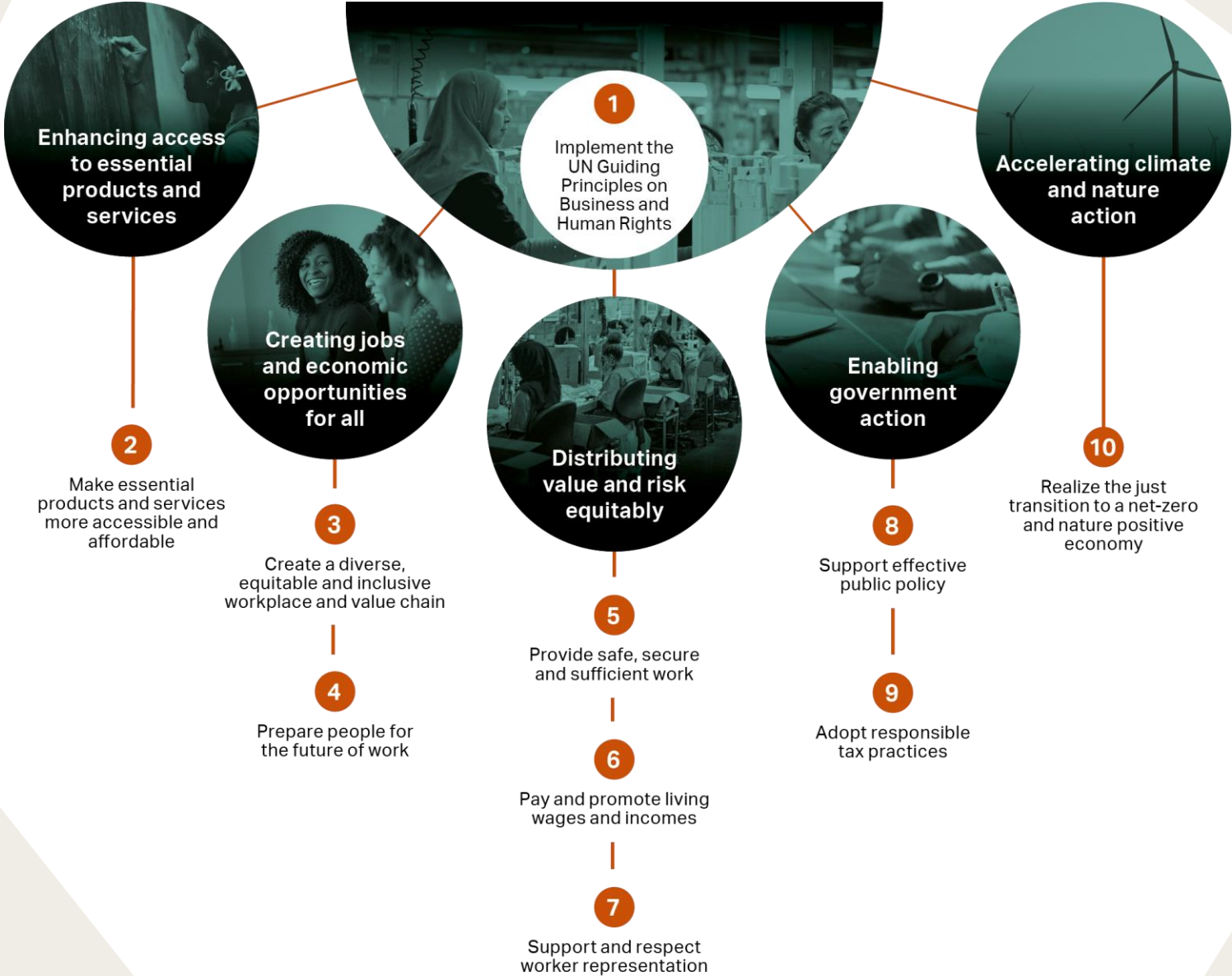
# Supporting social performance is **imperative**, not a nice to have



# Business Action:

*The Business Commission to Tackle Inequality*

Ten catalytic actions for business to tackle inequality





# Regulatory Progress



## Globally accepted international standards

- UN Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises



## Measuring what matters

- Collaboration driving methodologies and indicators for all affected stakeholders
  - Social and Human Capital Protocol
  - WISE
- Measurement focus on behavior change, outcomes and impacts



## Supporting accountability

- ISSB consultation

*Emerging reporting and regulatory efforts are **converging***

Investors are key to  
driving "S" performance  
and outcomes

# TCFD to TNFD to TxFD

Supporting an emerging disclosure **taskforce**



Task Force on  
Inequality-related  
Financial  
Disclosures



*A proposed Taskforce on  
Social-related Financial  
Disclosure*

WITH SUPPORT FROM



# Investor Opportunity



## Evaluating “S” performance

- Focus on board and senior leaders’ actions to embed commitments into practice and corporate culture
- Consider quality of risk identification and assessment
- Assess whether actions are driving sustained business changes



## Evaluating “S” outcomes

- Focus on targets and KPIs that credibly evaluate outcomes for people
- Focus on inequality related-metrics when evaluating outcomes in the workplace
- Use sentiment data to gain insight into stakeholders’ experiences

*Financial markets must properly value and reward inclusive business practices*



# Reinforcing the “S” in ESG

*What actions are  
you prepared to  
take?*

