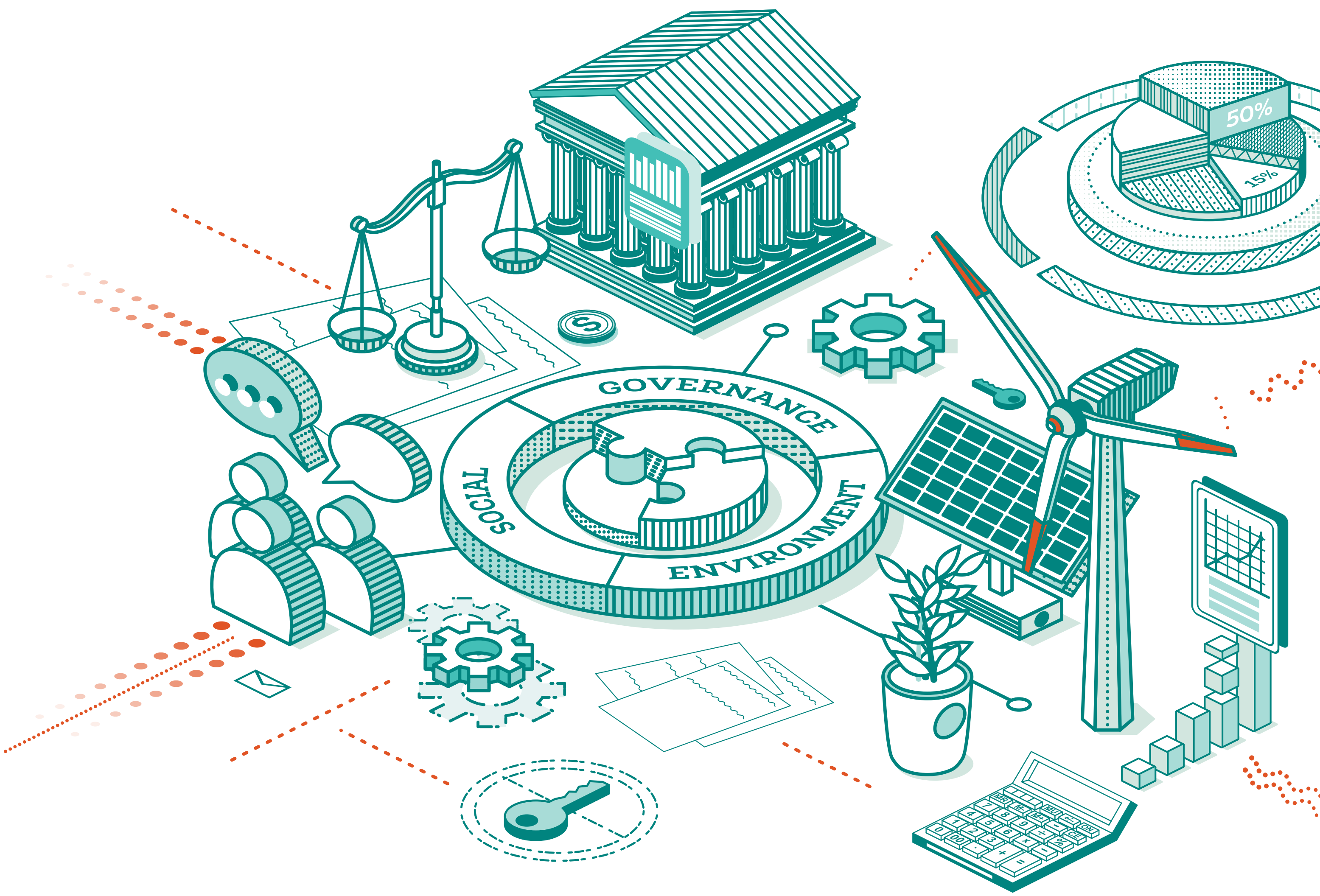
CISION EBOOK

The Top ESG Stories of Q3 2021

How ESG is Driving Brands & Business

Introduction

2021 may be remembered as "the year of ESG," with the conversation around Environmental, Social and Governance issues getting louder at every turn. At Cision, we've been tracking the biggest stories as they relate to ESG, and what the growing interest in – and activism around – ESG means for brands and the voices behind them.



SEC Approves Nasdaq Diversity Disclosure Rules, Begins Examining "Human Capital" Disclosure For Public Firms

During the third quarter, the U.S. Securities and Exchange Commission (SEC) approved Nasdaq's proposed board diversity disclosure requirement for companies listed on the exchange. The rule change will require companies to have at least one self-identified female board member and at least one who identifies as a member of an underrepresented minority or as LGBTQ; otherwise, they must formally explain why they do not meet the standard. The new rule "would be the most significant diversity requirements in the U.S. since California passed laws in 2018 and 2020 that mandated diverse boards for companies headquartered in the state," according to Bloomberg.

The move underscores the growing importance of the "S" portion of ESG, which had traditionally taken a back seat to the "E" and the "G" areas and bespeaks more energetic engagement from U.S. regulators in the space. Indeed, SEC Chair Gary Gensler also said during the quarter that he is asking staff to start examining a "human capital" disclosure requirement for public companies. The disclosure could include metrics "such as workforce turnover, skills and development training, compensation, benefits, workforce demographics including diversity, and health and safety," said CNBC.

Green Finance Gains Momentum

This quarter also saw a continued push from regulators, governments and companies to harness and channel green finance to sustainable — and profitable — ends. For instance, the EU unveiled its plan to corral hundreds of billions of euros into sustainable investments annually "through EU banks and markets to create the first 'climate-neutral continent' by 2050," according to Reuters. This effort was bolstered by the ECB's commitment to further incorporate climate change considerations into its monetary policy framework.

Indeed, as a result of the EU's policy entrepreneurialism and enforcement in these areas, "a greenium" is already beginning to emerge in the marketplace, with European securities following the bloc's sustainability framework commanding a premium over other green debt, according to Bloomberg.

Meanwhile during the quarter, Bloomberg reported that Paris and London vied to become Europe's Green finance hub, and later, that Austria planned its first ever green bond.

Outside of the EU, the Bank of Japan said it will help finance projects that work to address climate change, reported Reuters. Meanwhile, the province of Ontario broke Canada's record for a green bond sale by raising $2.75 billion CAN to fund a train line expansion, according to BNN Bloomberg (CAN), and Houston-based Sunnova Energy International began the effort this quarter to issue a green bond, reported Bloomberg.

UN's IPCC Report Elevates ESG Responses Ahead Of COP26

In August, the United Nations Intergovernmental Panel on Climate Change (IPCC) dropped a bomb on the global media landscape with a report it called a "code red for humanity." The body argued global temperatures would rise above levels that global leaders have sought to prevent within about a decade.

The report intensified government preparations and commitments ahead of the 2021 United Nations Climate Change Conference, aka COP26, slated for early November in Glasgow, Scotland.

It also raised the stakes of getting ESG right—raising questions about the effectiveness of some ESG products compared to others. For instance, the UN report's urgent push for swift emissions reduction stoked concerns that investors will turn to funds technically designated as ESG, but which are not as effective as the best performers on climate. According to Bloomberg, Praxis Mutual Funds "said the IPCC report shows the need to move faster in the short-term and invest in green debt that can have greater real-world impacts.".

The report's conclusions could also mean markets will reward companies for cutting greenhouse-gas emissions faster than established in their net-zero plans. However, it also means insurers could suffer from higher claims and potential underfunding, reckons Aniket Shah, ESG analyst at Jefferies, according to Barron's. Additionally, the report "exposed the fault lines" between North American fossil fuel companies, which have taken a "less urgent" tone on the issue compared their counterparts in Europe, highlighted Bloomberg.

The Bottom Line

These are only a few of the many examples of how increasing concern over ESG is influencing major business initiatives. For public relations professionals who are tasked with leading the charge when it comes to communicating ESG efforts and holding their clients accountable, staying ahead of these trends is a critical element of the job. That's where partnering with Cision can help – we provide curated briefings and expert analysis on the stories that affect your organization, industry and stakeholders.

Interested in measuring your brand and competitors' ESG communications?

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