

Board Sustainability, ESG & Climate Governance Dynamic Briefing

Generated 27 December 2022 for Team Digoshen

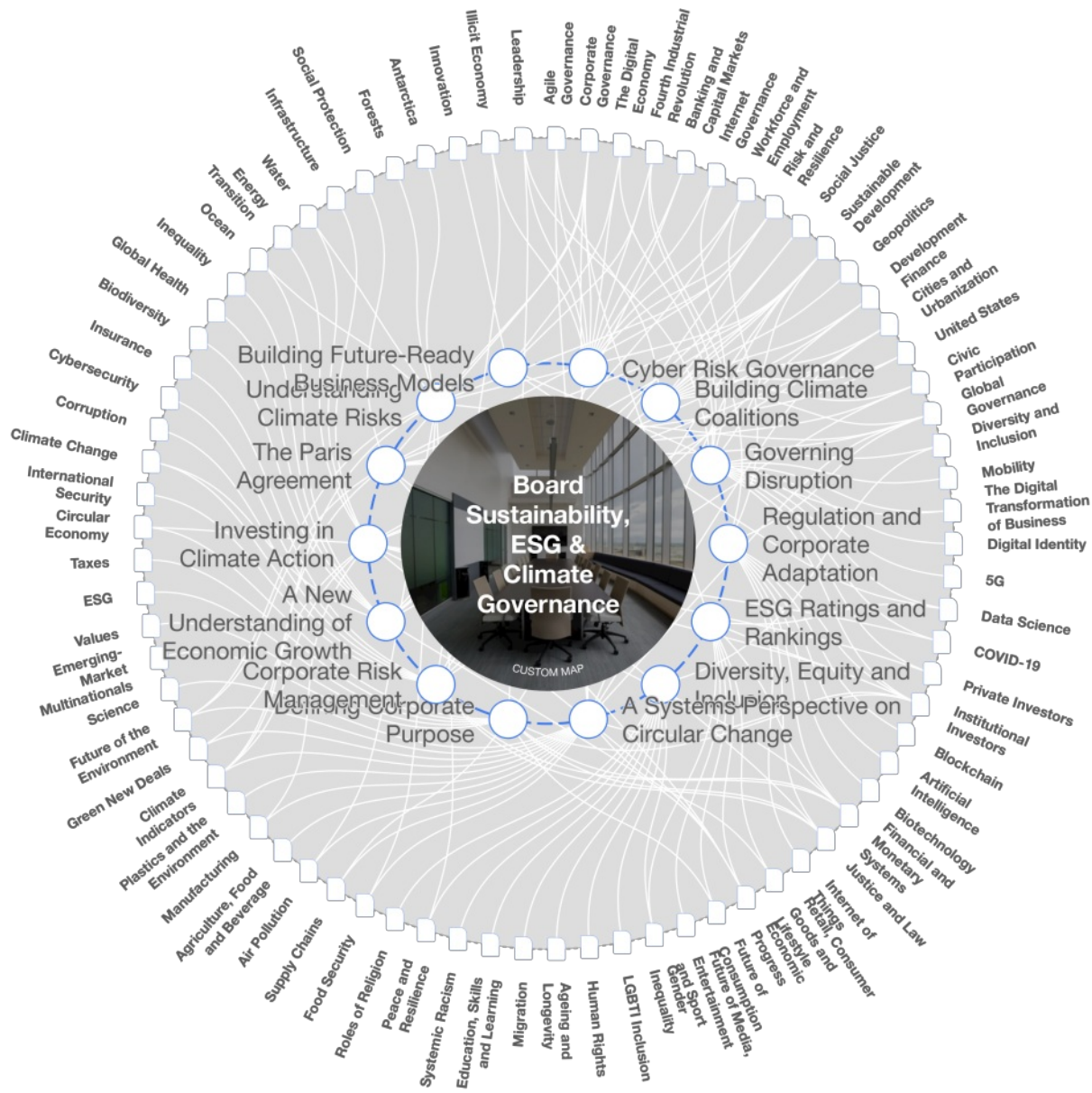


Board Sustainability, ESG & Climate Governance

Last review on Sat 19 February 2022

About

This dynamic briefing draws on the collective intelligence of the Forum network to explore the key trends, interconnections and interdependencies between industry, regional and global issues. In the briefing, you will find a visual representation of this topic (Transformation Map – interactive version available online via intelligence.weforum.org), an overview and the key trends affecting it, along with summaries and links to the latest research and analysis on each of the trends. Briefings for countries also include the relevant data from the Forum’s benchmarking indices. The content is continuously updated with the latest thinking of leaders and experts from across the Forum network, and with insights from Forum meetings, projects communities and activities.



Created by Team Digoshen, licensed for professional use.
© 2022 World Economic Forum

Executive summary

Board Sustainability, ESG & Climate Governance

1. Cyber Risk Governance

The number of corporate boards with a dedicated cybersecurity committee is expected to increase sharply by 2025.

2. Building Climate Coalitions

Effective action requires engagement with many different stakeholders.

3. Governing Disruption

Organizations must be able to evolve and adapt, as the COVID-19 crisis has illustrated.

4. Regulation and Corporate Adaptation

Shifts in regulation can have profound corporate governance implications.

5. ESG Ratings and Rankings

Useful Environmental, Social and Governance performance measurement relies on a shared definition of ESG.

6. Diversity, Equity and Inclusion

Whether based on race, caste, religion, or gender, discrimination is rampant.

7. A Systems Perspective on Circular Change

Eliminating wasteful practices and ensuring sustainable consumption requires systemic change.

8. Defining Corporate Purpose

An organization's reasons for being should extend well beyond financial gains.

9. Corporate Risk Management

For boards, the volatility of risk scenarios is only increasing.

10. A New Understanding of Economic Growth

Prioritizing people and ecological systems can create more sustainable economies.

11. Investing in Climate Action

Strategic investments can stimulate economies and build climate resilience.

12. The Paris Agreement

It provides a framework for climate action, though COP26 demonstrated that we're falling behind on its goals.

13. Understanding Climate Risks

Extreme weather, rising sea levels, and food and water scarcity are becoming a reality.

14. Building Future-Ready Business Models

Business model choices and strategies will shape long-term growth and success-being.

Cyber Risk Governance

The number of corporate boards with a dedicated cybersecurity committee is expected to increase sharply by 2025

Governance relies on risk-based decision making as a fundamental means to both drive the efficient use of resources, and to improve confidence in an organization's ability to achieve strategic objectives. All organizations rely on their employees' ability to navigate a world of growing uncertainty, and to dodge threats to their ability to achieve its collective goals.

Unfortunately, complex organizations can easily be overwhelmed; each risk demands a distinct analysis and potential investment of additional resources, to respond in ways that adequately reduce exposure. A good governance structure will provide a framework that enables the right managers to make the right decisions, which will help prioritize and allocate resources as needed. All risks don't necessarily require analytic rigour or subsequent investment - immediate hazards like icy sidewalks or commonplace cyber incidents like phishing emails can be addressed at lower management levels. That is not the case for strategic risks like global pandemics or advanced, persistent cyber threats that have the potential to disrupt or damage an organization indefinitely. A structure that effectively prioritizes and adjudicates risks to the right organizational level is required.

Responsibility for risks is typically apportioned in accordance with an organization's willingness to accept them, also called "risk appetite." A risk-appetite statement can be used to direct employees and clarify who has the necessary level of authority to decide how to respond to any given situation. The National Institute of Standards and Technology Special Publication 800-37 addresses the divvying up of risk with a three-tier structure including the organization, the mission, and the system. Meanwhile the ISO 27000 series of standards provides recommendations for the use of policy and organizational structure to reduce risk, and the COSO framework connects governance to culture by highlighting the importance of board oversight, culture requirements, core values, and human resource development. Vigorous, board-level engagement in risk governance is essential for success. Thankfully, boards are increasingly recognizing the importance of cyber risk governance; a study published by Ernst and Young in 2020 found that 81% of board members categorize cybersecurity as "highly relevant," and Gartner researchers predict that 40% of all boards will have a dedicated cybersecurity committee by the year 2025 (currently, just 10% of boards have one).

Related insight areas: [Illicit Economy](#), [Leadership](#), [Agile Governance](#), [Corporate Governance](#), [The Digital Economy](#), [Fourth Industrial Revolution](#), [Banking and Capital Markets](#), [Internet Governance](#), [Workforce and Employment](#), [Risk and Resilience](#)



Geneva Centre for Security Sector Governance
(DCAF)

#CyberSecMonth is in full swing to build cybersecurity awareness

06 October 2022

Ninety-five percent of cybersecurity breaches are caused by human error. Last year that meant some 22 billion records were exposed by data breaches, with harmful consequences on personal lives and the smooth running of businesses and institutions (World Economic Forum and Risk Based Security). The first step to prevention is to be aware of the risks and learn how to avoid them. For ten years, #CyberSecMonth has offered a full range of tools and resources to do so. Each year in October, hundreds of activities take place across Europe to promote digital security and cyber hygiene, including conferences, workshops, training, and more.

Building Climate Coalitions

Effective action requires engagement with many different stakeholders

Effective climate action will require commitments from a wide variety of players - businesses, national governments, international organizations, cities and regions, just to name a few. Businesses, regions and cities in particular took centre stage during the past few years, after the announcement that the Trump Administration planned to withdraw the world's largest economy from the Paris Agreement on climate change. While that withdrawal effort was later reversed, it provided an opportunity for others to step forward. The We Are Still In coalition, which includes investors, companies, and cities, gathered thousands of signatures in support of a pledge to uphold the Paris Agreement. Meanwhile We Mean Business, a coalition of non-profit organizations dedicated to partnering with the private sector, has engaged more than 1,500 companies (representing nearly \$25 trillion in market value) to act on climate change. More than 150 of the companies affiliated with the effort have committed to a goal of 100% renewable power, and many have committed to establishing science-based targets for reducing emissions of greenhouse gases in their operations.

Public-sector coalitions engaging local and regional governments are also becoming more prominent. The C40 Cities Climate Leadership Group, for example, is made up of more than 90 cities that have committed to 10,000 distinct "actions" to combat climate change. C40 cities represent about one quarter of the global economy and roughly 8% of the world's population, and aim to stir a global conversation that hastens progress towards a low-carbon economy. The Global Covenant of Mayors for Climate & Energy provides a similar platform for more than 9,000 cities that in total comprise about 10% of the world's population. Climate Action 100+ is yet another example of a global initiative systematically engaging with major corporate greenhouse gas emitters around the world. In addition, the World Economic Forum's Alliance of CEO Climate Leaders has sought to foster public-private collaboration that can support the Paris Agreement and the United Nations' Sustainable Development Goals. By joining forces with these coalitions, policy-makers, organizations, and companies can demonstrate a real commitment to climate action, share best practices, and demonstrate leadership.

Related insight areas: [Social Justice](#), [Sustainable Development](#), [Geopolitics](#), [Development Finance](#), [Agile Governance](#), [Cities and Urbanization](#), [United States](#), [Civic Participation](#), [Global Governance](#)



SpringerOpen

Acute port congestion and emissions exceedances as an impact of COVID-19 outcome: the case of San Pedro Bay ports

22 November 2022

In the second half of 2020, the shift in consumer demand and reduction in containership capacity, as a consequence of the COVID-19 pandemic, contributed to the disruption of the global supply chains, especially on the US West Coast. This article provides an environmental view of acute maritime congestion in Los Angeles and Long Beach anchorage areas aiming to calculate air emissions of anchored ships consistently in a specific month of the year and compare the dynamics of the emission levels with previous years. The findings determine the causes of the increased environmental pollution and conclude on the preservation measures improvement.

Governing Disruption

Organizations must be able to evolve and adapt, as the COVID-19 crisis has illustrated

A board of directors has the responsibility to drive the continuous reinvention of an organization - in a way that ensures it is fit for purpose relative to shifting customer demands, social expectations, and unexpected calamities. Technological innovation at the core of the Fourth Industrial Revolution is changing the way we live, work, and relate to one another - and forcing the decision-makers guiding organizations to rethink how they can create value and reinvent the ways they function. As the global economy weathers the impact of the COVID-19 pandemic, for example, many organizations that had previously focused on maximizing resilience through technologies like cloud computing may find themselves in better shape than others. Innovation impacts many of a board's core responsibilities, including long-term planning, fostering a corporate culture, executive compensation, setting strategy, and making investments and acquisitions. While established incumbents are at risk of lacking sensitivity to evolving technology needs and responsibilities, younger players need the financial resources and data enjoyed by their older counterparts - and each can gear their corporate governance efforts towards sharing resources in a way that creates value.

New collaborative models may require entirely new corporate governance approaches that are much less based on traditional vertical control and siloed mechanisms - while still maintaining accountability to shareholders. The United Nations has emphasized the critical potential for breakthrough innovation to help achieve the Sustainable Development Goals, which are designed to enable a more sustainable global economy by 2030. It is a matter of corporate governance to consider how this innovation can both enable sustainable economic growth and help fulfil a specific organization's purpose. In terms of investor stewardship, for example, shareholders must be engaged on the topic of innovation in order to better understand long-term prospects both for the business and for society as a whole. Some organizations have specific board committees dedicated to technology and innovation, while others bring on consultants or other external advisors. Boards at the most forward-looking companies consider the long-term prospects of a business alongside its internal capabilities - essentially looking into the future in order to assess whether a company might be impacted by a paradigm shift in technology and business models, or a global crisis, and whether there are related opportunities and risks.

Related insight areas: [Diversity and Inclusion](#), [Fourth Industrial Revolution](#), [Mobility](#), [The Digital Economy](#), [The Digital Transformation of Business](#), [Digital Identity](#), [5G](#), [Data Science](#), [COVID-19](#), [Internet Governance](#), [Leadership](#), [Private Investors](#), [Sustainable Development](#), [Institutional Investors](#)



INSEAD Knowledge

Twitter's Remarkable Mission in a Divided World

23 December 2022

While the world continues to hotly debate climate change, there's another change that should be on our radar: a "societal climate change" fuelled by people and technologies, mainly the internet and artificial intelligence (AI) that can spin truth from fiction and erode trust in each other as well as our political institutions. What if a global "digital town square", as Elon Musk calls Twitter, divides us further and erodes civilisation towards its demise? To liberally paraphrase the Chief Twit: It no longer matters whether our existence is threatened by climate change if civilisation has already collapsed. A collapse may happen, not because of AI killer machines or another bad tech as many fear, but because people are losing sight of reality.

Regulation and Corporate Adaptation

Shifts in regulation can have profound corporate governance implications

A wide variety of legal and regulatory environments have been constructed around the world; the OECD Corporate Governance Factbook contains information about nearly 50 different national institutional, legal, and regulatory frameworks. Some institutional and legal settings have proven to be more conducive to effective corporate governance than others. Enhancing governance reform in the many places where it is lacking is a potential source of value creation both for individual companies and broader economies. One example of legal governance reform is 2002's Sarbanes-Oxley Act in the US, which expanded disclosure and auditing requirements and the responsibilities of the boards at all publicly-traded companies. Sarbanes-Oxley triggered similar reforms around the world: Australia in 2004, India in 2005, and Japan in 2006. Since then, other important reforms have been put in place - such as the Dodd-Frank Act enacted in 2010, in response to the banking industry excesses that resulted in the financial crisis, and the Jumpstart Our Business Startups, or JOBS Act, which was designed to facilitate the funding of small businesses in the US by exempting them from certain regulatory requirements.

The right mix of legislation, regulation, and self-regulation depend on a country's specific circumstances, history, and culture. The corporate governance structures developed in response typically cover the ownership of publicly-listed companies and stock exchanges, shareholder rights and responsibilities, takeover rules, board structures and composition, and information disclosure. Technological progress has created situations where regulatory needs are not necessarily black and white. Services like Uber and Lyft, for example, have made it unclear if drivers should be treated like regular employees or contractors under the law. Legislation passed in California in 2019 requires these ride-sharing platforms to treat drivers in that state as employees when it comes to wage and benefit protections, creating uncertainty about the financial prospects of the broader "gig economy" amid the possibility that other states and countries might follow suit. This shift could impact many boards and the ways they approach compliance, risk management and corporate strategy. Other areas of technological development with significant corporate governance implications include artificial intelligence, blockchain, the Internet of Things, and biotechnology - all of which are likely to trigger new regulations and corporate governance needs.

Related insight areas: [Blockchain](#), [Fourth Industrial Revolution](#), [Global Governance](#), [Artificial Intelligence](#), [Biotechnology](#), [Financial and Monetary Systems](#), [Justice and Law](#), [Workforce and Employment](#), [Institutional Investors](#), [Internet of Things](#)



VoxEU

The performance of household-held mutual funds: Evidence from the euro area

14 November 2022

Both households and institutional investors invest in mutual funds, yet their returns differ. This column looks at the behaviour of actively managed retail mutual funds held by euro area households over the period 2009–2020 to investigate this heterogeneity. It finds that household ownership of these funds is negatively correlated with risk-adjusted returns, indicating that institutional investors have an edge against households. It also shows that household flows exhibit stronger inertia than institutional investor flows, suggesting that mutual funds that cater to these investors may rely on distribution and marketing expenses to attract these customers rather than performance.

ESG Ratings and Rankings

Useful Environmental, Social and Governance performance measurement relies on a shared definition of ESG

Due to the sheer abundance of ESG information about companies now being made available, investors and other stakeholders need distilled, actionable data - such as ratings or rankings. ESG ratings compress a variety of data points into a single score, or small set of scores, while rankings use performance to slot firms into an order. When stock or securitized debt in multiple companies is included in an investment fund, it is possible to combine the companies' collective ESG ratings to create ratings and rankings of different funds. The most common producers of ESG ratings and rankings are agencies like MSCI or Morningstar's Sustainalytics, and media publications like the Newsweek Green Rankings or Corporate Knights. Index providers, asset managers, and even asset owners are increasingly constructing their own proprietary rating and ranking schemes. However, these generally present three major issues: the "aggregate confusion" problem of rating divergence, value tradeoffs, and transparency. The aggregate confusion problem is most visible, because of the significant divergence between ESG rating agencies. For example, one MIT study found only a 46% correlation between the two most prominent agencies, MSCI and Sustainalytics.

This divergence means investors may have difficulty trusting ESG ratings, and one of its main causes is disagreement about how exactly to define ESG - one agency might include electromagnetic pollution, for example, while another includes lobbying, though both may agree on carbon emissions. Agencies may also disagree on measurement techniques. One firm might measure women's empowerment as the number of female board members, while another uses the number of sexual-harassment lawsuits filed. The value tradeoffs problem occurs because almost all ratings are constructed using weighted linear averages - so a firm can decrease ESG performance in one domain, increase it in another, and maintain the same rating. ESG rating schemes rarely disclose the weighting assigned to different factors, or incorporate investor preferences. This points to the third issue: transparency. Because rating agency business models involve selling proprietary datasets to investors, they have an inherent interest in maintaining strict control of that data. However, this lack of transparency makes it difficult for investors to properly interpret or use ratings and rankings - making appropriate oversight of rating agencies to ensure transparency a prominent topic in discussions about ESG regulation.

Related insight areas: [Retail](#), [Consumer Goods and Lifestyle](#), [Economic Progress](#), [Future of Consumption](#), [Institutional Investors](#), [Financial and Monetary Systems](#), [Future of Media](#), [Entertainment and Sport](#), [Gender Inequality](#), [Data Science](#), [Corporate Governance](#)



RAND Corporation

**Characteristics of Active-Duty
Soldiers' Most Serious Sexual
Harassment and Sexual Assault
Experiences**

20 October 2022

This infographic presents characteristics of sexual harassment and sexual assault experiences among U.S. active-duty soldiers, with a focus on identifying differences across several demographic and military characteristics.

Diversity, Equity and Inclusion

Whether based on race, caste, religion, or gender, discrimination is rampant

Entrenched structural shortcomings have made inequality a reality in just about every part of the world. While Apartheid in South Africa was easily recognized as abhorrent, similar types of systemic bias continue to sustain patriarchy and privilege - and are either not-well-understood or wilfully ignored. These systems are often presented as meritocratic and fair, while in fact they serve to keep certain groups of people far from power and influence. Despite the aspirations of human rights activists and policy-makers, humanity still has not realized its collective talent potential - as significant parts of the population remain effectively excluded from obtaining a quality education. Structural discrimination rests on the twin pillars of prejudice and failure to prioritise systemic change. Some of the many factors at play include race in the US, caste and religion in India, sexual orientation in Uganda, gender in Saudi Arabia, immigration status in Europe, and statelessness in Haiti. Societies constructed on explicit or implicit bias require a retracing of the steps that got them there, a recalibration of historical attitudes, and more forward-looking approaches.

Prejudice is born of insecurity, and ensures that particular groups dominate. It is perpetuated by people (usually men) from dominant ethnic, racial, religious, or linguistic communities, with any departure from their "norm" treated as deviant and harmful. In previous centuries this fuelled colonization and false notions of the value of one civilization over others. This legacy is deep-seated, and continues to enable the subjugation of native populations, making their ancestral territories and resources subservient to dominant political powers. The general exclusion of women and others deemed "deviant," such as the LGBTI community, has continued - though modernizing social norms are steadily outstripping ancient prejudices. Women's voices are coming to the fore, as seen in the #MeToo movement, racial intermixing and immigration are reshaping societies, and widespread support exists for the types of systemic change called for by Black Lives Matter and other movements. The scale and complexity of global problems requires tapping the broadest talent pool to find solutions; relying only on a relatively small portion of the population based on its privileged identity would be foolhardy.

Related insight areas: [LGBTI Inclusion](#), [Diversity and Inclusion](#), [Gender Inequality](#), [Human Rights](#), [Ageing and Longevity](#), [Migration](#), [Education](#), [Skills and Learning](#), [Systemic Racism](#), [Peace and Resilience](#), [Roles of Religion](#)



Pew Research Center
K-12 parents differ by party in how frequently they discuss certain national issues with their children
 13 December 2022

Issues that have been at the center of national debates in recent months are also topics of conversation for some parents and their children. There are wide partisan divides in how often these topics come up in conversation, according to a Pew Research Center survey of parents. Overall, a quarter of parents of K-12 students in the United States say racism or racial inequality comes up in conversations with their children very or fairly often. About one-in-five (18%) say they and their children discuss the environment or climate change with the same frequency, and the same share say this about the topic of sexual orientation or gender identity. Some 15% of K-12 parents say guns or gun policy comes up at least fairly often with their K-12 children in conversation.



Harvard Business School Working Knowledge
Buy-In from Black Patients Suffers When Drug Trials Don't Include Them
 12 December 2022

Diversifying clinical trials could build trust in new treatments among Black people and their physicians. Research by Joshua Schwartzstein, Marcella Alsan, and colleagues probes the ripple effects of underrepresentation in testing, and offers a call to action for drugmakers.



German Development Institute
Ten recommendations for Germany's feminist development policy
 08 December 2022

Based on the experience of feminist foreign and development policy pioneers, this paper offers ten recommendations for Germany's feminist development policy. It highlights the need for a sound conceptual foundation and the necessary changes in the implementation of future development cooperation.



RAND Corporation
Examining the Loss of Wealth and Downward Mobility of African Americans
 07 December 2022

The position of middle-class African Americans remains precarious despite post-Civil Rights era gains. In this report, the author reviews research on the factors that may contribute to the downward mobility rates of middle-class African Americans.



RAND Corporation
Overcoming Compound Racial Inequity
 07 December 2022

The wealth gap between Black and white Americans is the result of inequities compounded over time. Using Survey of Consumer Finances data, the authors analyze the wealth gap and the potential impacts of disparity-reducing wealth-allocation policies.



Harvard Business School Working Knowledge
Recruiters: Highlight Your Company's Diversity, Not Just Perks and Pay
 30 November 2022

Employers are dangling all sorts of sparkling lures to capture hot job candidates in the battle for top talent: Generous compensation. Stock options. Lofty titles. Harvard business school research suggests that many companies fail to promote a key draw for many prospective employees today, particularly young people: the diverse, inclusive workplaces they've worked hard to develop. "Job seekers are more likely to click on job ads for firms with high diversity scores when presented with this information."



UN Women
Pushing forward: Dismantling anti-LGBTIQ+ discrimination in Argentina
 18 November 2022

Fernanda Rotondo is an Argentinian feminist, LGBTIQ+ and human rights activist, and writer and photographer. She is also the Gender and Human Rights Coordinator for the organization ANDHES (Lawyers in Human Rights and Social Studies in the Argentinean Northeast). In the face of inconsistent national policies and protections, Fernanda is fighting to advance the human rights of Argentinians across the country and to ensure a violence free future for all.

A Systems Perspective on Circular Change

Eliminating wasteful practices and ensuring sustainable consumption requires systemic change

In general, most materials are under-utilized and discarded after short periods - and efforts to correct this problem often treat its symptoms rather than root causes. Our individual consumption, as well as that of organizations and entire countries, must be considered in the context of both social needs and planetary boundaries (beyond which we subject the planet to existential risk). There is an urgent need for a fundamental rethink of industrial systems, coupled with changes in behaviour and governance. However, this can only occur through unprecedented collaboration among manufacturers, retailers, and governments. When it comes to materials like textiles, food, and plastics, entire value chains need to be aligned around a shared vision. High-level commitments, smart incentives, and action are required from everyone with a stake in the way materials cycle through an economy. In the textile industry, for example, if fashion brands and retailers can commit to a standard garment collection scheme, the volume of what is recovered could justify the necessary investment in technology and infrastructure. In the case of food, farmers, food brands, retailers, and city governments can similarly collaborate on a broad scale.

Eventually, a shift could get underway to systems where all of the food we eat is designed to be part of a regenerative cycle of edible products and fertilizers. When it comes to plastics, however, there are particularly complex challenges in terms of how we use them to package and consume things. Still, people around the world are responding to these challenges by changing the way they shop, what they choose to eat, and how they live - and substantial sums are being invested in removing plastic from the ocean, rivers, and streets. All of this work will be for nothing, though, if increasing amounts of plastic continue to be landfilled, burned, or otherwise deposited into the environment. Businesses and governments need to work together more closely to design ways to produce, consume, and re-use materials, and a systems approach to developing such a circular economy means tying together the various social and ecological systems that underpin economies - and adopting a more expansive view. The products and services likely to result would be both decentralized and interconnected, and would depend on meaningful collaboration among businesses, governments, and communities.

Related insight areas: [Food Security](#), [Supply Chains](#), [Cities and Urbanization](#), [Corporate Governance](#), [Air Pollution](#), [Agriculture](#), [Food and Beverage](#), [Manufacturing](#), [Retail](#), [Consumer Goods and Lifestyle](#), [Plastics and the Environment](#), [Agile Governance](#), [Climate Indicators](#), [Green New Deals](#), [Sustainable Development](#), [Future of the Environment](#), [Institutional Investors](#), [Science](#), [Global Governance](#)



Eco-Business

Coca-Cola responds after COP27 sponsorship backlash

14 November 2022

Coca-Cola has responded to criticism of its sponsorship of COP27 following a backlash from environmental groups for the company's apparent use of the climate talks to gloss over its vast plastic footprint. The consumer goods brand and its public relations firm had not responded to media queries about the backlash until Monday, and there had been no mention of Coke's sponsorship of COP27 on the brand's website or social media channels. Green groups called for Coke to be removed as a COP27 sponsor early on in the event, pointing to the fizzy drinks brand's reputation as the world's biggest polluter of plastic, which is derived from climate-wrecking fossil fuels. To continue reading, just sign up – it's free! - Get the latest news, jobs, events and more with our Weekly Newsletter delivered to you free.



Eco-Business

'How do we become a protector for the oceans?': Malaysian leading recycler on being ocean bound plastic-certified

14 October 2022

Heng Hiap Industries reuses plastic found in the vicinity of marine and riverine environments in Johor. Its chief executive Seah Kian Hoe shares why the company wanted to be certified under a global scheme for ocean bound plastic.



World Economic Forum

Here's how we can achieve plastic neutrality — and save the ocean

10 November 2022

By 2050, the world will have produced over 40 billion tonnes of plastic — the vast majority of it will live in the ocean or our environment for centuries. To combat this crisis, and reach plastic neutrality, plastic credits can be a key tool. Already, companies like Saathi are finding ways to cut their plastic pollution massively while also providing social benefits. Plastic is everywhere because it is cheap and convenient. We have produced over eight billion tonnes of it since the 1950s.



The New Humanitarian

Climate solutions in the US midwest get a boost from the Philippines

20 October 2022

On a recent Saturday morning Pamela McGhee and several neighbours were busy at work in a community garden on Detroit's east side, weighing food scraps and assessing compost piles for compliance. Items in the compost are assessed according to a "yuck" and "yay" system. "Yuck" items, like animal bones and meat, which do not compost well in their system, were discarded; "yay" items, including fruit peels and coffee grounds, were added to the pile. McGhee and her neighbours are participating in a pilot programme to build zero-waste systems for Detroit. A citywide composting programme would create local jobs, decrease truck traffic and emissions from waste pickup, and provide organic fertiliser for community gardens like the one in which McGhee was volunteering.

Defining Corporate Purpose

An organization's reasons for being should extend well beyond financial gains

The Business Roundtable, an association of CEOs of the largest American companies, has departed from a longstanding view that corporations exist solely to serve their shareholders. In 2019, the organization declared that companies should benefit all stakeholders, including customers, employees, suppliers, and communities - in addition to shareholders. This strongly reinforced the idea that profits are not the sole purpose of a business, and that corporations should exist to solve problems and provide services. If they are successful at doing this, long-term shareholder returns can increase, as society in general is better served. Establishing purpose is not an abstract exercise; it has proven to be essential for guiding decision making and for establishing priorities. London Business School Professor Alex Edmans has noted that as virtually all of the major decisions a company makes involve trade-offs, one of the main benefits of having a strong purpose is to guide these trade-offs. Purpose must not only be explicitly defined, however - it must also be implemented. Shareholders must understand the organization's purpose, and be able to identify the metrics (both quantitative and qualitative) related to delivering on it.

Some of these metrics incorporate the traditional concepts behind corporate social responsibility (CSR), such as maintaining positive working conditions and employee satisfaction, cultivating workforce diversity, and focusing on client satisfaction and product quality. But purpose can go well beyond CSR - one example is the clothing company Patagonia, which states that its reason for being is to help protect life on Earth. This is (presumably) understood by its investors, and implemented by designing, producing and selling products in the most environmentally sustainable way possible, and by building its supply chains and customer service around the circular economy ideas of repairing, reusing, and recycling. Responsible corporations create value for society and are motivated by the desire to do so. Survey results published by researchers at Stanford Graduate School of Business in 2018 showed that 65% of Americans believe CEOs at large companies should use their positions to address broad social, political, and environmental issues. That is to say, most Americans realize that corporations need to be committed to providing solutions and value to everyone - and that businesses have a responsibility to society.

Related insight areas: [Emerging-Market Multinationals](#), [Financial and Monetary Systems](#), [Leadership](#), [Supply Chains](#), [Values](#), [Institutional Investors](#), [Sustainable Development](#), [ESG](#), [Justice and Law](#), [Future of Consumption](#), [Taxes](#), [Circular Economy](#)



Eco-Business

Lego and the Toy Makers: How Sustainability Comes to Play Land

14 October 2022

In this report, we aim to research LEGO's ESG performance when compared with other toy makers in the industry by examining their environmental (including carbon emissions), social and governance initiatives. We evaluated LEGO's ESG performance by referring to our ESG framework, which covers 18 initiatives of ESG reporting. Overall, we found LEGO takes the lead in ESG reporting. In particular, LEGO has voluntarily published its sustainability since 2007 and started following GRI (Global Reporting Initiative), and assured its reports by a third party since 2009. We also found LEGO has an ambitious goal of reducing GHG emissions and controlling landfills. However, we do find that its disclosure on pollutants and risk management is missing, and overall disclosures on corporate governance are weaker than other sections.

Corporate Risk Management

For boards, the volatility of risk scenarios is only increasing

Every organization is confronted with some type of risk - operational, financial, technological, environmental, regulatory - which can have devastating consequences. Effective corporate governance requires continuous and systematic management of all types of risk, both current and anticipated. First, risks must be prioritized, and here the board of directors can play a key role by deciding in what priority they should be addressed, what is to be deemed simply unacceptable, and how they should be addressed from a structural perspective. For example, evidence gathered from the 2007 global financial meltdown indicates that banks with boards that had identified a need to establish a separate risk management committee managed the crisis better than those with integrated committees. The benefits of this type of separation have become only more evident as fiduciary duties have come to include oversight of a broad range of matters, including compliance with international accounting rules and stability measures that require banks to set aside capital in case of potential losses. Implementing a robust risk management system requires the integration of different parts of an organization, including the board's risk committee, internal auditing, finance, legal, and operations.

Increasingly complex and rapidly changing economic, environmental, social, and technological conditions have multiplied potential risk scenarios. Worsening climate change, geopolitical tensions, trade wars, and social upheaval like the protests that spread in Hong Kong in 2019 require corporate governance that is proactive when it comes to identifying risks and addressing them. Determining an appropriate board structure and approach to risk management will depend upon both a company's industry and stage of its life cycle; risk exposure is very different for financial institutions than it is for petrochemical firms. Even within the financial sector, different approaches are required - from insurers exposed to extreme weather events related to climate change, to retail banks making loans to small businesses during volatile periods. Organizations are dealing with complexity and litigiousness like never before, forcing their boards to assess current and past organizational exposure. Still, there are some strategic advantages to taking risks; after all, achieving sustained growth requires some degree of risk-taking. Incorporating risk management into corporate strategy is therefore crucial.

Related insight areas: [Justice and Law](#), [Financial and Monetary Systems](#), [Banking and Capital Markets](#), [International Security](#), [Climate Change](#), [Corruption](#), [Cybersecurity](#), [Insurance](#), [Civic Participation](#), [Illicit Economy](#), [Development Finance](#), [Risk and Resilience](#)



Kellogg School of Management

Tesla Deserves an A for Its Financial Management

02 November 2022

Finance & Accounting Nov 2, 2022 Tesla Deserves an A for Its Financial Management Elon Musk should be commended for being in the position to even think about stock buybacks right now. Yevgenia Nayberg In Tesla's earning call last week, Elon Musk said that the company could pursue a \$5 billion to \$10 billion share buyback.

A New Understanding of Economic Growth

Prioritizing people and ecological systems can create more sustainable economies

Traditional economic systems and growth expectations generate unhealthy tension by being extractive by design. On one hand, such linear, extractive approaches have generated unprecedented economic gains and prosperity - by 2015, a record low 10% of the global population was living in extreme poverty, according to the World Bank. And, these approaches have generally spurred the provision of natural resources and workers in ways designed to achieve optimal profitability and productivity. On the other hand, any extractive economy will eventually be faced with potentially dire threats to biological and cultural diversity, an inevitable increase in the intensification of resource exploitation, and an ever-present threat of resource scarcity. There is also no guarantee that the short-term gains afforded by this model will be equally shared and accessed. Its trajectory usually involves simply regenerating itself by shifting focus to a new type of resources to be extracted and exploited - which by definition is not sustainable. This pattern often results in periods of relative short-term abundance, followed by periods of progressive scarcity prior to the identification of new resources to tap.

It is important to understand exactly how a circular economy approach can break the vicious cycle inherent in linear and extractive economies - and forge a new way forward. According to the United Nations, the conception and application of a circular economy has the potential to positively impact the progress made on several of its Sustainable Development Goals, which provide a framework for putting the global economy on a healthier, more sustainable path by 2030. The potential for a circular economy to limit the extraction of resources and instead regenerate the material necessary for further production can bolster Sustainable Development Goal 12, ensuring sustainable consumption and production, not to mention SDG 6 (ensuring the availability of water and sanitation for everyone), SDG 8 (promoting sustainable economic growth and decent work), SDG 11 (making cities more inclusive and sustainable), SDG 13 (taking urgent action to combat climate change), SDG 14 (sustainably use the ocean and seas), and SDG 15 (halting and reversing land degradation biodiversity loss). Ultimately, the circular model also has positive implications for SDG 10 - reducing inequality.

Related insight areas: [Cities and Urbanization](#), [Biodiversity](#), [Climate Change](#), [Economic Progress](#), [Global Health](#), [Inequality](#), [Ocean](#), [Social Justice](#), [Workforce and Employment](#), [Sustainable Development](#)



Eco-Business

Fisherfolk incentivised to collect trash from Indonesia's waters

18 October 2022

The Indonesian government has launched a program that will pay thousands of traditional fishers to collect plastic trash from the sea. The four-week initiative is part of wider efforts to cut marine plastic waste by 70 per cent by 2025. The Ministry of Marine Affairs and Fisheries said on Oct. 4 that it had budgeted 1.03 billion rupiah (\$67,600) to pay 1,721 fishers across the archipelago for any plastic trash they collected daily from Oct. 1-26. It said the money, which works out to about 150,000 rupiah (\$10) per fisher per week, would serve as compensation for their not fishing during this period. That's slightly more than the 140,000 rupiah (\$9) per week that the ministry estimates they earn from fishing.

Investing in Climate Action

Strategic investments can stimulate economies and build climate resilience

Investments in green transportation, sustainable agriculture, and climate-resilient infrastructure can have a multiplier effect. According to the Business Commission for Sustainable Development, investing \$320 billion annually in sustainable business models in developed economies could unlock \$2.3 trillion in additional annual investment by 2030. A report published by the Organisation for Economic Co-operation and Development found that better integrating economic and climate action could increase average economic output in G20 countries by almost 3% by 2050. And, the International Finance Corporation has identified nearly \$23 trillion in climate-smart investments in emerging markets through 2030. Investment in decarbonization surpassed \$500 billion for the first time in 2020, despite COVID-19, according to Bloomberg New Energy Finance, and direct investment in electrical power capacity from renewable energy exceeded \$300 billion for the second time (following 2017) - including \$50 billion in offshore wind. Corporations are signing long-term, large-scale renewable energy contracts, and the Green Climate Fund (an element of the Paris Agreement) is sponsoring nearly 150 projects in developing countries with over \$7 billion in committed financing - though still short of the \$100 billion targeted to be available annually by 2020.

Governments can catalyse private investment in climate resilience by providing incentives and funding innovation. Businesses can reinforce government action in turn, by making climate-smart investments and by supporting the United Nations 2030 Agenda for Sustainable Development. According to the New Climate Economy report published in 2018 by the Global Commission on the Economy and Climate, \$90 trillion will be spent globally through 2030 on new infrastructure - which exceeds the value of all current infrastructure stock. Developing countries are expected to account for roughly two-thirds of this new infrastructure investment, which can be made sustainable and compatible with climate goals through relatively modest additional upfront costs. Ultimately, these upfront costs can be more than offset by efficiency gains and fuel savings. The potential rewards are enormous; the Global Commission on the Economy and Climate's report projects an economic gain of \$26 trillion through the year 2030 if investments are made in low-carbon technologies and resilient infrastructure, rather than conducting business as usual. Such investments offer an unprecedented opportunity to leapfrog the wasteful, polluting infrastructure of the past, and accelerate the global transition to efficient, climate-resilient, and low-carbon economies.

Related insight areas: [Green New Deals](#), [COVID-19](#), [Energy Transition](#), [Cities and Urbanization](#), [Development Finance](#), [Institutional Investors](#), [Manufacturing](#), [Circular Economy](#), [Financial and Monetary Systems](#), [Economic Progress](#), [Sustainable Development](#), [Private Investors](#), [Water](#), [Climate Indicators](#), [Infrastructure](#)



Project Syndicate

Is It Time to Give Up on 1.5°C?

23 December 2022

The world economy's carbon intensity is declining at nowhere near the rate needed to limit global warming to 1.5°C. But while continuing to tout an unrealistic goal could hamper progress, as people become demotivated or simply stop viewing the effort as credible, setting a more feasible goal raises risks of its own.



Carbon Brief

Guest post: 'Fair' climate-finance flows should be at least \$250bn per year

13 December 2022

Global carbon dioxide (CO₂) emissions must be roughly halved by 2030 to get the world... The post Guest post: 'Fair' climate-finance flows should be at least \$250bn per year appeared first on Carbon Brief .



LSE Business Review

Can financial markets make a difference to natural assets?

12 December 2022

Lutfey Siddiqi and Sharmin Tan argue that a holistic, nature-positive lens is the most effective means for private capital to help address climate change. Integrating net-zero initiatives with natural asset stewardship should lead to better outcomes for the planet, businesses, and communities. The challenge Three decades on from the Rio Earth Summit, almost two decades since the coinage of the term ESG (environment, social, and governance issues), and seven years on from the dual launch of the Paris Climate Agreement and UN Sustainable Development Goals (SDGs), mainstream economic and financial systems can no longer ignore their dependence and impact on the planet's ecological systems. Business models need to change to better account for the full range of costs and benefits that they generate.



Project Syndicate

The Double Transformation

09 December 2022

The transition to a carbon-neutral economy will make it impossible for competition authorities to keep operating as they have over the past few decades. To accelerate the clean-energy revolution and ensure that dominant companies do not erect new barriers to market entry, policymakers must shed 40 years of conventional wisdom.



Carbon Brief

State of the climate: 2022 is currently tied for fourth warmest year on record

07 December 2022

This year has been one of extremes, featuring record-shattering summer heatwaves and devastating floods. Western... The post State of the climate: 2022 is currently tied for fourth warmest year on record appeared first on Carbon Brief .



World Economic Forum

Carbon accounting: what it is and why your company should start doing it

05 December 2022

Companies need to accelerate efforts to massively reduce their carbon emissions. Taking care of your carbon footprint and showing your dedication to sustainability now makes sense from a business perspective. Carbon accounting solutions are essential for any company to understand where there is the most potential for emission reduction. Global surface temperatures have warmed 1.1°C since pre-industrial times, due to greenhouse gas emissions (GHG). DevelopMinded has published the Making Sense of Carbon Accounting Report 2022 , which provides insights on how to get started with carbon accounting and a comparison of 17 carbon accounting solutions for reducing your company's carbon footprint.



ETH Zürich

Climate action: Methane is our most powerful lever

23 November 2022

While the insufficient measures increasingly argue against reaching the 1.5-degree target, we could still achieve it with a rapid reduction in methane emissions, writes Cyril Brunner. The 1.5 degree target is slowly but surely slipping out of reach. The recent world climate conference COP27 in Egypt offered little reason for any assumptions to the contrary. Switzerland is also clearly not on course with regard to the climate. Although climate change is now recognised as a socially relevant issue, social change is making only slow progress.

The Paris Agreement

It provides a framework for climate action, though COP26 demonstrated that we're falling behind on its goals

The Paris Agreement was negotiated at the annual United Nations climate summit in 2015, and provides a means for participating countries to respond to the environmental, social, and economic effects of climate change. The agreement was a significant milestone because it achieved consensus on the need to limit the rise in global average temperature to well below 2°C above pre-industrial levels. 181 countries ratified the deal and submitted initial pledges - called Nationally Determined Contributions - to reduce their own emissions and to help regions most vulnerable to climate change adapt. One of the UN's Sustainable Development Goals, adopted in 2015 to guide development for the next 15 years, encourages countries to incorporate their climate commitments into national policies, and urges companies to de-carbonize their operations and supply chains. In addition, the Kigali Amendment to the Montreal Protocol (on Substances that Deplete the Ozone Layer) bolsters the Paris Agreement by preventing the equivalent of an estimated one billion tons of carbon dioxide emissions every year (about 40 billion tons of yearly emissions currently result from human activity).

Public commitments targeting greenhouse-gas emissions have been gaining momentum, albeit unevenly. Unified progress on global climate goals was shaken in 2017, when the Trump Administration announced its intention to withdraw the US from the Paris Agreement at the earliest allowed date - which, ironically, was a day after the 2020 US presidential election. The Biden Administration promptly returned the US to the agreement. A new round of revised reduction pledges are expected in 2022, following a bittersweet COP26 climate summit that was held in Glasgow - which will signal how much real progress can be made. The COP26 Climate Pact does include provisions aimed at increasing transparency and accountability, and countries are expected to increasingly report on their actions and progress made on climate-change mitigation, on adaptation measures, and on related support that is provided or received. COP27 is expected to take place in November 2022 in Sharm El-Sheikh, Egypt, where activists hope more awareness will be raised about the severe climate impacts being felt in Africa, and more related support will be both promised and delivered.

Related insight areas: [Climate Indicators](#), [Global Governance](#), [Sustainable Development](#), [Future of the Environment](#), [Risk and Resilience](#), [Civic Participation](#), [Justice and Law](#), [Corporate Governance](#), [Economic Progress](#), [United States](#), [Social Protection](#)



World Economic Forum

Why shifting food behaviours will require talking to our primal selves

15 December 2022

Carbon dioxide emissions have soared in recent decades and our global food system accounts for about a quarter of them. There is growing awareness about how eating meat impacts the environment, but more needs to be done to encourage a plant-based diet. Products that look, taste and smell like the food they replace are key to tapping into our pleasure and encouraging repeat purchases. Carbon dioxide (CO2) emission levels have risen dramatically in recent decades and our food system accounts for about 25% of them. Meanwhile, all the most greenhouse gas (GHG) intensive foods have grown in adoption, despite our knowledge of how diet impacts the environment has increased.



World Economic Forum

Expanding London's low emissions zone will help 5 million more people breathe cleaner air

08 December 2022

London is expanding its Ultra Low Emission Zone for the second time. Air pollution falls hardest on the socially marginalized, who produced the least of it. The expansion will bring cleaner air to millions in outer London and lower emissions. On 25 November, the Mayor of London, Sadiq Khan, announced the second expansion of London's flagship air quality policy, the Ultra Low Emission Zone (ULEZ), which goes into effect in August 2023. This will see the current scheme grow to cover all the boroughs of Greater London, unlocking numerous health, environmental and economic benefits for 5 million more people, in addition to the current 4 million.



Eco-Business

The next Amazon? Congo Basin faces rising deforestation threat

14 November 2022

At the COP27 climate talks in Egypt this week, world leaders have sought to accelerate efforts to halt deforestation by 2030 - in line with a pledge 140 countries made last year to preserve forests. A new group of nations was created to boost momentum on that promise, along with new funding commitments, including 90 million pounds (\$106 million) from Britain to support conservation of the Congo Basin - the world's second-largest rainforest. A more intact forest than regions like the Amazon, Central Africa's Congo Basin saw deforestation increase by 5 per cent in 2021, according to a report released on Thursday by environmental group Climate Focus. Marion Ferrat, a senior consultant at Climate Focus who co-authored the report, said the new pledges to protect the Congo Basin are encouraging, "but there needs to be funding that reaches communities on the ground." Many of the promises are "very high-level", often lacking specific objectives and the mechanisms to track them, she added in a phone interview from the climate summit.



SpringerOpen

Informing about the invisible: communicating en route air pollution and noise exposure to cyclists and pedestrians using focus groups

08 November 2022

Active mobility and public transport are considered beneficial for health and wellbeing and valuable for climate change mitigation. However, cyclists and pedestrians have high air pollution and noise exposure alongside traffic, which adversely impact health and wellbeing. The measured exposure can differ from the perceived exposure, hence, communicating en route exposure is crucial. Therefore, this study investigates how to communicate route-based exposure to cyclists and pedestrians and explores if exposure communication, e.g. via smartphones, is worthwhile for healthy and pleasant commute. It is investigated how exposure feedback influences the motivation to protect oneself and how exposure information should be designed. Three focus groups with 20 cyclists/pedestrians living in Berlin, Germany, were conducted.

Understanding Climate Risks

Extreme weather, rising sea levels, and food and water scarcity are becoming a reality

All ten of the hottest years on record have occurred since 2005. The global average temperature is now about 1°C above the pre-industrial average, and increasing at a rate of about 0.2°C per decade. This warming is largely the result of human activity. Carbon dioxide released by burning fossil fuels, and through agricultural activity like farming, has raised the pre-industrial concentration of carbon dioxide in the atmosphere by about one-third to more than 400 parts per million - which has in turn intensified the trapping of heat. Global warming is causing sea levels to rise and is changing precipitation patterns, with increased rainfall in some regions and more extreme drought in others. The world experienced a staggering number of climate-related disasters in 2020 - causing damage from hurricanes, wildfires, droughts, and floods that resulted in financial losses totalling more than \$200 billion, according to the German reinsurer Munich Re. The US National Climate Assessment issued in late 2018 projected yearly related losses of \$300 billion in the US alone by the end of this century.

The Paris Agreement on climate change aims to limit global average temperature rise to well below 2°C above pre-industrial levels. However, a 2018 report published by the Intergovernmental Panel on Climate Change vividly illustrated the need to limit warming to no more than 1.5°C; many ocean ecosystems, including the majority of the world's warm water coral reefs, are likely to disappear if warming exceeds this level. The average global rise in sea level - which is projected to be about half a metre by 2100, if warming reaches 2°C - could be reduced by 20% by hitting the 1.5°C target, thereby protecting an estimated 10 million vulnerable people. A slower temperature rise would also help affected regions better adapt to climate change. In order to meet the 1.5°C target, however, countries must go well beyond their initial Paris Agreement pledges and commit to net-zero emissions by the year 2050. Achieving this will require far-reaching changes to many aspects of modern society as we know it, but would also help create a more sustainable, equitable world.

Related insight areas: [Peace and Resilience](#), [Sustainable Development](#), [Ocean](#), [Forests](#), [Air Pollution](#), [Global Governance](#), [Future of the Environment](#), [Corporate Governance](#), [Risk and Resilience](#), [Antarctica](#), [Food Security](#), [Water](#), [Climate Indicators](#)



Igarapé Institute
Global Futures Bulletin: The Amazon Climate Bomb

08 December 2022

Global Futures Bulletin: The Amazon Climate Bomb Rampant deforestation and degradation over the past five years are pushing the Amazon Basin to a dangerous tipping-point. Die-back in the world’s largest rainforest could jeopardize the Biome’s vast carbon capture and water producing potential, with dire global consequences for South America and the world. The second edition of the Global Futures Bulletin – “The Amazon Climate Bomb” presents the leading causes of the Amazon climate collapse, its implications, and the solutions from the global to the local levels. The Bulletin not only warns that time is running out but also explains the two essential ways to defuse the “Amazon Climate Bomb.” ,it is key to prevent and reverse global warming, a core priority of the 2015 Paris Climate Agreement.



Harvard Kennedy School – Journalist’s Resource
How indoor air quality in schools affects student learning and health

07 December 2022

Some U.S. schools plan to use federal pandemic relief funds to improve indoor air quality. Journalists covering the issue need to know what the research says about classroom air quality and how pollutants can affect student health and achievement. The post How indoor air quality in schools affects student learning and health appeared first on The Journalist’s Resource .



UN Climate Change
Framework launched to guide the development and purchasing of high-quality blue carbon projects and credits

16 November 2022

A new set of principles to build investable, high-quality blue carbon projects to ensure positive outcomes for people, nature and climate, has been launched at COP27 by Conservation International, along with Salesforce and a global coalition of ocean leaders. The post Framework launched to guide the development and purchasing of high-quality blue carbon projects and credits appeared first on Climate Champions .



International Institute for Sustainable Development
IISD Annual Report 2021–2022

07 November 2022

IISD knows that, together, we can do hard things. Our annual report for 2021–2022 highlights key accomplishments toward our vision of a world where people and the planet thrive, including a special focus on how we’re tapping into the power of nature.



SpringerOpen
Capping carbon emission from green data centers

11 October 2022

Abstract The world has witnessed a global surge in energy consumption and carbon footprint since the industrial revolution. Data centers are claimed to be the second most significant contributor of the havoc greenhouse gasses. This paper deals with modeling carbon footprint of green data centers. Initially, we use a panel dataset of a green data center that mostly relies on green energy resources for power. Our study reveals that in spite of massive renewable energy usage, the carbon footprint trend of this data center is quite significant. Alongside, due to massive nuclear energy usage in this data center, a hefty amount of nuclear waste is generated causing a global threat to sustainability. This is a novel paper that pinpoints that though green data centers claim they are zero-carbon data centers but the reality is different.



Carbon Brief
‘Top 1%’ of emitters caused almost a quarter of global emissions since 1990

29 September 2022

Just 1% of the world’s population was responsible for almost a quarter of greenhouse gas... The post ‘Top 1%’ of emitters caused almost a quarter of global emissions since 1990 appeared first on Carbon Brief .

Building Future-Ready Business Models

Business model choices and strategies will shape long-term growth and success-being

Successful companies look beyond linear value chains and industry boundaries, to create dynamic value “maps.” They use technology to encourage collaboration, and create shared value in broader digital ecosystems. Instead of well-defined value pools and homogenous competitors, these companies thrive in networked, overlapping value pools with heterogeneous competitors. They invest in creating value that delivers for both the business and all of its stakeholders.

A Forum report published in 2020 highlighted the accelerating shift to “digital-at-the-core” business models - adaptive, data-led, asset-light, and based on services rather than products. Instead of extending traditional models and channels (such as brick-and-mortar stores) while enabling digital channels, companies are orchestrating entirely digitally-enabled platforms and marketplaces.

KEY INSIGHTS FROM THE DISCUSSIONS

For many firms, there has been more change over the past 12 months than over the previous decade. What has occurred is an acceleration of trends that were already underway, rather than entirely new concepts. Organizations that were already planning for the future were well positioned to quickly adapt.

Platform or ecosystem approaches to value creation require a mindset shift for most firms, which were not built to collaborate and share. At the same time, the speed of digital transformation during the pandemic has highlighted the importance of organizational cultures that foster innovation, and education on new tech and business models across organizations - especially at senior levels.

Future-ready organizations are enabling greater flexibility and upskilling across workforces. For example, Publicis launched an internal “gig marketplace” that has enabled greater mobility for the organization and cross-skilling for employees.

In order to avoid disruption, one approach is to view compliance as an opportunity for innovation. NatWest, for example, has seen complying with open banking data-sharing requirements as a strategic opportunity to rethink how products are designed and delivered.

Increasingly, countries will need to bridge the digital divide to build inclusive economies (through initiatives like the EDISON Alliance). They will also need policy and regulatory frameworks that can quickly adapt to new technologies and business realities.

Across industries there is a desire to retain cultural habits that

have emerged over the past year, such as greater collaboration and moving at speed. ESG and purpose have also come to the forefront and the hope is for them to remain there. Additionally, there is a strong sentiment that this is the time to double down on investments, not the time to withdraw, in order to properly invest in the future.

When asked about business model opportunities, more than 63% of participants selected “alignment with environmental sustainability goals,” 56% selected both “increased value from digital platforms and marketplaces” and “value from data-sharing and collaboration,” 53% selected “expanding digital ecosystem and partnerships,” and 34% chose “data/AI-driven customer insights and personalization.”

Related insight areas: [The Digital Economy](#), [Innovation](#), [The Digital Transformation of Business](#), [Fourth Industrial Revolution](#), [Data Science](#)



MIT Sloan Management Review

What Outperformers Do Differently to Tap Internal Talent

17 October 2022

In a tight labor market, companies are in trouble when career growth opportunities within the organization are misaligned with the needs of employees. Additionally, lateral moves and promotions allow employees to experience professional growth and develop new skills. Yet our research finds that only 10% of job opportunities today are filled with internal lateral hires. While often overlooked as a lever for talent, offering employees lateral moves can be an untapped gold mine for companies. By adopting leading practices for internal mobility, companies can better deploy existing worker capacity and benefit from more successful hires who hit the ground running in new roles with greater institutional knowledge, higher levels of engagement and retention, and even improved gender equity.

References

1. Cyber Risk Governance

- #CyberSecMonth is in full swing to build cybersecurity awareness, Geneva Centre for Security Sector Governance (DCAF), dcaf.ch

2. Building Climate Coalitions

- Acute port congestion and emissions exceedances as an impact of COVID-19 outcome: the case of San Pedro Bay ports, SpringerOpen, jshippingandtrade.springeropen.com

3. Governing Disruption

- Twitter's Remarkable Mission in a Divided World, INSEAD Knowledge, knowledge.insead.edu

4. Regulation and Corporate Adaptation

- The performance of household-held mutual funds: Evidence from the euro area, VoxEU, cepr.org

5. ESG Ratings and Rankings

- Characteristics of Active-Duty Soldiers' Most Serious Sexual Harassment and Sexual Assault Experiences, RAND Corporation, www.rand.org

6. Diversity, Equity and Inclusion

- K-12 parents differ by party in how frequently they discuss certain national issues with their children, Pew Research Center, www.pewresearch.org
- Buy-In from Black Patients Suffers When Drug Trials Don't Include Them, Harvard Business School Working Knowledge, hbswk.hbs.edu
- Ten recommendations for Germany's feminist development policy, German Development Institute, www.idos-research.de
- Examining the Loss of Wealth and Downward Mobility of African Americans, RAND Corporation, www.rand.org
- Overcoming Compound Racial Inequity, RAND Corporation, www.rand.org
- Recruiters: Highlight Your Company's Diversity, Not Just Perks and Pay, Harvard Business School Working Knowledge, hbswk.hbs.edu
- Pushing forward: Dismantling anti-LGBTIQ+ discrimination in Argentina, UN Women, www.unwomen.org

7. A Systems Perspective on Circular Change

- Coca-Cola responds after COP27 sponsorship backlash, Eco-Business, www.eco-business.com
- Here's how we can achieve plastic neutrality — and save the ocean, World Economic Forum, www.weforum.org
- Climate solutions in the US midwest get a boost from the Philippines, The New Humanitarian, www.thenewhumanitarian.org
- 'How do we become a protector for the oceans?': Malaysian leading recycler on being ocean bound plastic-certified, Eco-Business, www.eco-business.com

8. Defining Corporate Purpose

- Lego and the Toy Makers: How Sustainability Comes to Play Land, Eco-Business, www.eco-business.com

9. Corporate Risk Management

11. Investing in Climate Action

- Is It Time to Give Up on 1.5°C?, Project Syndicate, www.project-syndicate.org
- Guest post: 'Fair' climate-finance flows should be at least \$250bn per year, Carbon Brief, www.carbonbrief.org
- Can financial markets make a difference to natural assets?, LSE Business Review, blogs.lse.ac.uk
- The Double Transformation, Project Syndicate, www.project-syndicate.org
- State of the climate: 2022 is currently tied for fourth warmest year on record, Carbon Brief, www.carbonbrief.org
- Carbon accounting: what it is and why your company should start doing it, World Economic Forum, www.weforum.org
- Climate action: Methane is our most powerful lever, ETH Zürich, ethz.ch

12. The Paris Agreement

- Why shifting food behaviours will require talking to our primal selves, World Economic Forum, www.weforum.org
- Expanding London's low emissions zone will help 5 million more people breathe cleaner air, World Economic Forum, www.weforum.org
- The next Amazon? Congo Basin faces rising deforestation threat, Eco-Business, www.eco-business.com
- Informing about the invisible: communicating en route air pollution and noise exposure to cyclists and pedestrians using focus groups, SpringerOpen, etr.springeropen.com

13. Understanding Climate Risks

- Global Futures Bulletin: The Amazon Climate Bomb, Igarapé Institute, igarape.org.br
- How indoor air quality in schools affects student learning and health, Harvard Kennedy School – Journalist's Resource, journalistsresource.org
- Framework launched to guide the development and purchasing of high-quality blue carbon projects and credits, UN Climate Change, climatechampions.unfccc.int
- IISD Annual Report 2021–2022, International Institute for Sustainable Development, www.iisd.org
- Capping carbon emission from green data centers, SpringerOpen, link.springer.com
- 'Top 1%' of emitters caused almost a quarter of global emissions since 1990, Carbon Brief, www.carbonbrief.org

14. Building Future-Ready Business Models

- What Outperformers Do Differently to Tap Internal Talent, MIT Sloan Management Review, sloanreview.mit.edu

Acknowledgements

- Cover and selected images throughout supplied by Reuters.
- Some URLs have been shortened for readability. Please follow the URL given to visit the source of the article. A full URL can be provided on request.

Continue the experience online

Explore the collective intelligence of the World Economic Forum

In today's world, individuals and organizations can find it difficult to keep up with the latest trends or to make sense of the countless transformations taking place around them.

How can you decipher the potential impact of rapidly unfolding changes when you're flooded with information—some of it misleading or unreliable? How do you continuously adapt your vision and strategy within a fast-evolving global context?

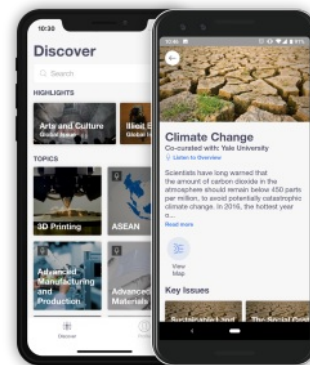
Leaders require new tools to make better strategic decisions in an increasingly complex and uncertain environment. The World Economic Forum developed Strategic Intelligence to help you understand the global forces at play and make more informed decisions.

Connect to Strategic Intelligence

Visit [Strategic Intelligence](https://intelligence.weforum.org) on the web or download the [Strategic IQ](https://wef.ch/si) app on your mobile device to learn more.



intelligence.weforum.org



wef.ch/si





COMMITTED TO
IMPROVING THE STATE
OF THE WORLD

The World Economic Forum, committed to improving the state of the world, is the International Organization for Public-Private Cooperation.

The Forum engages the foremost political, business and other leaders of society to shape global, regional and industry agendas.

World Economic Forum
91-93 route de la Capite
CH-1223 Cologny/Geneva
Switzerland
Tel.: +41 (0) 22 869 1212
Fax: +41 (0) 22 786 2744
contact@weforum.org
www.weforum.org