

## Build Back Better with ESG

As COVID restrictions begin to lift, there is emphasis on organisations ‘building back better.’

Prior to the COVID pandemic, “build back better” was commonly applied to disaster recovery initiatives. The phrase stems from prior initiatives to not just rebuild, but also to recover with greater resilience.

Stimulating recovery is paramount. Governments have developed numerous support programs to help reduce the challenges resulting from months in lockdown. As the recovery continues into 2020 and beyond, the pandemic has become a catalyst to hasten and heighten fiscal and regulatory focus on ESG as well as a decarbonised future.

In the past, ESG performance has largely been driven by stakeholder pressure, a desire to differentiate and the good will of companies rather than hard legislative requirements. But this is changing. Organisations are increasingly obligated to participate in ESG plans and there are further incentives as well as resources available for those companies who prioritise ESG initiatives, including emissions targets.

As the amount of aid has increased across countries, governments committed to ambitious ESG and net zero aims may add opportunist measures to their support promises. Air France had to reduce domestic flights and agree to work towards becoming the world’s “most environmentally friendly” airline to satisfy the conditions of its government bailout. And there are many other governments using both the ‘carrot’ and ‘stick’ to meet green objectives.

In the UK, Boris Johnson has committed to “build back better and build back greener,” with funding available to progress net-zero ambitions, including a £40m Green Recovery Challenge Fund to “help halt biodiversity loss and tackle climate change through local conservation projects.” Further funding is available to attract investment in UK electric vehicle manufacturing as well as energy storage.

The European Union’s environmental agenda and ESG focused policy objectives are also driven by their recovery agenda. A substantial amount of the €750B recovery plan of the European Union is oriented towards ESG-related initiatives to “accelerate growth.” These measures are also part of the EU Green Deal, which aims to steer Europe towards being a climate-neutral continent by 2050. The EU initiatives will encompass the launching of renewable energy projects—namely wind and solar, the financing of one million charging points for electric vehicles as well as further sustainable transport infrastructure.

A further understanding of the current ESG related regulations as well as insight into the potential opportunities (and deterrents) of recovery initiatives can support your organisation’s resilience.

*The Environmental, Social and Governance (ESG) Strategy Series offers a topical and practical perspective on how ESG can benefit business. Each month, our Sustainable Business team will provide the best of their insight, findings and project experience on how ESG can build value. We welcome inquiries and feedback at [esg@itpenergised.com](mailto:esg@itpenergised.com) or [info@orbisadvisory.com](mailto:info@orbisadvisory.com).*

