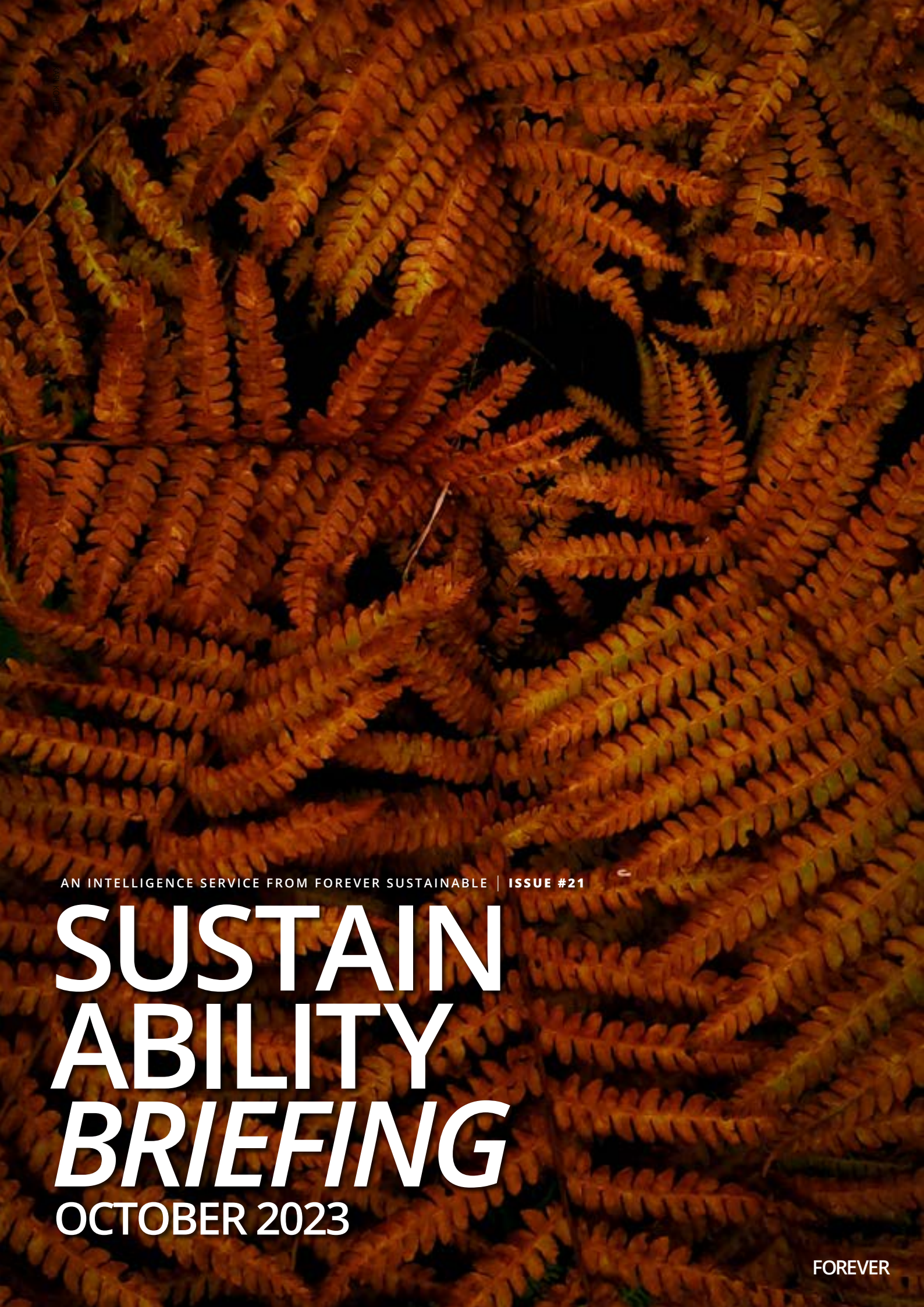




AN INTELLIGENCE SERVICE FROM FOREVER SUSTAINABLE | ISSUE #21

SUSTAIN ABILITY *BRIEFING* OCTOBER 2023

FOREVER

A stronger “Head of sustainability”

>>> THE CHIEF SUSTAINABILITY

officer (CSO) is getting a more influential role in companies, according to professor Robert Eccles from Harvard and Oxford University. With the growing importance of sustainability the CSO gets a stronger role to play when it comes to integrating ESG into corporate strategy, in discussions with investors and as part of the dialogue with senior leadership on corporate objectives and transformation. This is a change from the past when the CSO historically has been focusing on handling stakeholder expectations and communication. Robert Eccles writes in the piece in Harvard Business Review. The CSO should now have full support from top management with the needed resources and expertise and be fully involved with strategy, capital allocation and in investor dialogues. Conclusions were built on about 60 interviews with CSOs and investors. ■



SOURCE: The Evolving Role of Chief Sustainability Officers.: EBSCOhost
<https://hbr.org/2023/07/the-evolving-role-of-chief-sustainability-officers>



NIKOLA JOHANNY MIROVIC



ALEXANDER GREY

Diversity requires new feedback

>>> AS COMPANIES BECOME

more diverse with a more mixed background of managers, feedback needs to be done in a different way. With a more diverse workplace, there is a risk that people will interpret feedback as something negative and hostile, instead of as a support for development. This concerns especially negative feedback and the reason is different expectations of how feedback should be done depending on culture, gender and generational aspects for example. More careful systems of feedback needs to be built that

takes into account the need of empowerment of managers before feedback is delivered. This includes aligning choice of words with the norms of recipients and having continuous feedback loops into operational practices making it normal and not a big thing, writes professor Erin Meyer from Harvard Business Review. ■



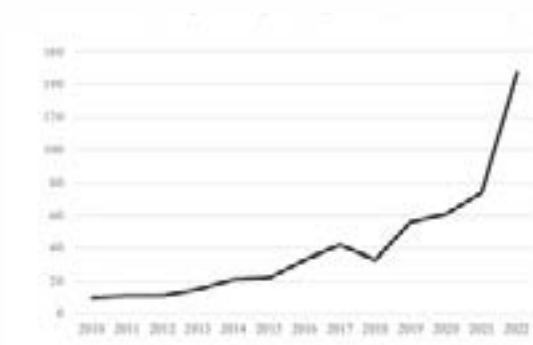
SOURCE: When Diversity Meets Feedback.: EBSCOhost
<https://hbr.org/2023/09/when-diversity-meets-feedback>



Women in the lead

>>> WITH MORE women in high positions, companies more effectively pursue their financial and nonfinancial aims. This thanks to their ability to monitor key social and environmental issues with a long-term perspective and also through an attention to internal control systems. This is a result of an aggregated study of more than 500 research papers in the topic of gender diversi-

ty. It was carried out by three Italian researchers and published in the academic journal Sustainability Accounting, Management and Policy Journal. Research shows a strong development for the role on women in "Upper Echelons Theory", meaning studies of top managements teams. Of the 532 articles a majority was written the latest three years with 150 of them in 2022. ■



Source: Author's own creation



SOURCE: A systematic literature review of studies on women at the top of firm hierarchies: critique, gap analysis and future research directions | Emerald Insight
<https://www.emerald.com/insight/content/doi/10.1108/AMPJ-10-2022-0557/full/html>

on the rise

Biodiversity Accounting



Source: Biblioshjny

Figure 7.
Annual scientific
production

»»» **THERE HAS BEEN** a sharp increase in the research on business implications of biodiversity. In a recent study covering accounting and biodiversity about 520 academic articles was found 2000 – 2022. It has been a sharp increase the latest years. About half of these were published the latest 6 years, with a top year 2021 of more than 45 papers. Five topics were found among the many articles; “Natural resource management”, “Biodiversity economic evaluation”, “Natural capital accounting”, “Biodiversity

accountability” and “Biodiversity disclosure and reporting”. One conclusion is that the *“level of biodiversity reporting is pitifully low”*, as the authors write and they call for better evaluation tools and further integration of ecological knowledge among managers.■



SOURCE: Biodiversity accounting: a bibliometric analysis for comprehensive literature mapping | Emerald Insight
<https://www.emerald.com/insight/content/doi/10.1108/SAMPJ-04-2022-0214/full/html>

GAPs on TFND reporting

»»» **THERE IS A** large gap between companies reporting of biodiversity and the proposed TNFD framework, a study finds. Of a main sample of about 360 European companies, 75 percent of them mention “biodiversity” in their reporting. However, only about a third are using TNFD dimensions in their reporting of biodiversity. The disclosures are lacking quantification, details and clear targets, according to the author from University of Mannheim. The reporting is also to a large extent unstandardized and hard to compare from one company to another. Large companies and those with high biodiversity risks report to a larger extent than smaller companies with lower nature-related risks. The study investigates the current state of voluntary biodiversity reporting of large European public companies and to what extent it is in line with the Task Force on Nature-related Financial Disclosures (TNFD). ■



SOURCE: Mind the Gap?! The Current State of Biodiversity Reporting by Gerrit von Zedlitz :: SSRN
https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4538287

How Biodiversity and Finance can be integrated

»»» **“FINANCIAL** decision-making is incentivized to ignore biodiversity risks and mostly fails to maximize biodiversity conservation or nature-positive finance”. This is argued in a paper in the journal Business Strategy and The Environment. Using Coase’s financial decision-making theory a new way of working is developed:

Regulation is needed and longed for, as finance only values limited aspects of nature as “bankable,”.

The value of the nature and the threat of destruction need to have a financial value to the investor.

Local risks needs to be in focus of the Biodiversity-related financial risk due to the local nature of biodiversity impacts and opportunities.

Scaling Biodiversity finance promoting all the secondary benefits, as part of initiatives in climate finance.

Partnership needs to be established in biodiversity finance development and it must be co-led and championed also by financial decision-makers.■



SOURCE: Integrating biodiversity into financial decision-making: Challenges and four principles - Nedopil - 2023 - Business Strategy and The Environment - Wiley Online Library
<https://onlinelibrary.wiley.com/doi/abs/10.1002/bse.3208>

Investing in nature key in fighting climate change

»»» **A PAPER FROM** McKinsey and the World Economic Forum explores the role that natural climate solutions can play in helping to address climate change. The paper argues that investing in nature is key to climate mitigation because natural climate solutions (NCS) can help to reduce greenhouse gas emissions and remove carbon dioxide from the atmosphere. NCS are conservation, restoration, and land-management actions that increase carbon storage and avoid

greenhouse-gas emissions. Examples of NCS include avoided deforestation and peatland impact, reforestation, and soil sequestration in agriculture. The report estimates that NCS projects could yield nearly a third of the required emissions reductions by 2030. The report also highlights the co-benefits of NCS, including improved biodiversity, water quality, and community livelihoods. NCS can also help to foster capital flows to forest-rich countries in the Global South. The

report concludes by arguing that NCS offer vast opportunities for the private sector, and that momentum behind realizing them is growing. ■



SOURCE: Natural climate solutions are key to mitigation | McKinsey
<https://www.mckinsey.com/capabilities/sustainability/our-insights/why-investing-in-nature-is-key-to-climate-mitigation?cid=other-eml-alt-mip-mck&hdpid=034837a1-a151-4f7e-9e3f-6b6e43f0d-bad&hctky=12551171&hlkid=6f534bab3f5e-45e6ab25e6d2add8e29f>

Marginalized stakeholders in focus

»» WHEN COMPANIES do a stakeholder analysis it is often covering the largest stakeholders and among the given ones. As a consequence, many companies stakeholder analysis look the same. Researchers argue in the journal Business Ethics Quarterly that the smaller stakeholders are marginalized which is a problem to be addressed both in research and

practice. They offer a theory of marginalized stakeholder-centric entrepreneurship where firms can utilize stakeholder input from these less visible stakeholders to get new ideas and resources. It enables firms to be more innovative by developing new capabilities in partnership with marginalized stakeholders. This dialogue also gives companies a better chance to

address ethical, racial and political issues. ■



SOURCE: Toward a Theory of Marginalized Stakeholder-Centric Entrepreneurship | Business Ethics Quarterly | Cambridge Core <https://www.cambridge.org/core/journals/business-ethics-quarterly/article/toward-a-theory-of-marginalized-stakeholder-centric-entrepreneurship/5FFE0C130A5CBBB1957BA714D5E36BE6>

Revisiting the stakeholder model

»» **STAKEHOLDER CAPITALISM** is getting a lot of attention especially in the US, where the Shareholder model has been dominating. This has urged Harvard Business Review to do a guide on types of Stakeholder Capitalism ranging from instrumental where the view is that broader stakeholder concerns is the best way to maximize value for shareholders concerns

are to beneficial or structural where all stakeholders should benefit even at the expense of shareholders. The first one is also well expressed in Rebecca Henderson's book "Reimagining Capitalism" where she reintroduces the Shared Value concept and sees companies as a main source of good to solve societal challenges such as climate change. ■

Instrumental Managers should respect stakeholders' interests when doing so will maximize long-term returns to shareholders.

Classic Companies have ethical and legal obligations to stakeholders that must be respected whether or not doing so is likely to maximize shareholder value.

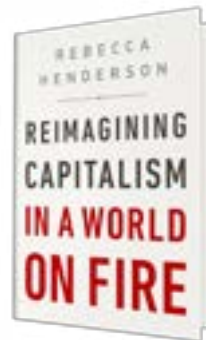
Beneficial The corporate objective is improving all stakeholders' well-being (rather than just maximizing value for shareholders).

Structural To protect stakeholder interests, stakeholders other than shareholders should have formal powers in corporate governance.



SOURCE: <https://hbr.org/2023/09/what-does-stakeholder-capitalism-mean-to-you>

Reimagining capitalism in a world on fire
Rebecca Henderson



SLCA next **BIG** thing

»» **SOCIAL LIFE CYCLE** Assessments is coming as the next development within Scope 3 perspectives in the value chain. The earlier LCA, most often focusing on climate change has occupied companies the latest years. Now it is time to turn to things like diversity, accidents and working conditions among suppliers. A recent study reviews SLCA and the connected drivers and barriers for implementation. ■



SOURCE: Socially responsible life cycle assessment: organizational activity for the greater good | Emerald Insight (oru.se) <https://www.emerald.com/insight/content/doi/10.1108/SRJ-11-2022-0481/full/html>

ABOUT US

FOREVER SUSTAINABLE

We are a Scandinavian hybrid consultancy and think tank focusing on sustainable business and Shared Value.

SUSTAINABLE BUSINESS QUARTERLY REPORT

An intelligence service for executives engaged in sustainability, CSR and the future of business.

IN COOPERATION WITH:

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