ESG: what are the goals? How to proceed work in progress?

Environmental risks created by business activities have actual or potential negative impact on air and land, water, ecosystems, and human health. ESG is to consider as an instrument, as a social contract between earthlings and earth to provide and maintain sustainability.

Our economies need to move away from corporate-profits only and zero-sum game for environment and social life. Although ESG is not a panacea and sometimes hijacked by companies to profile as sustainable, the three central factors in measuring the sustainability and societal impact of an investment in business are of influence on the economic system. But change start from and by people, not systems.

There's no central plan on how to proceed and on the work in progress of ESG. Many business sectors, government departments (Central government encourages sustainable energy | Renewable energy | Government.nl), researchers, advisory services (eg. KPMG IMPACT | ESG and sustainability - KPMG Global (home.kpmg), policymakers (A critical look at the ESG market – CEPS), stock-markets, rating industries (which brings me to the question of: do countries' ESG ratings have effect on their sovereign borrowing costs?) are concerned with the 3 factors.

But who determines the agenda and who takes the lead for an unambiguous approach?

Meanwhile, the importance of ESG within business has grown and better standards in order to contribute to a better environment and better working conditions are increasingly met. But there are still many barriers to overcome: legislation and regulation, definitions and determination of standards and correct explanations of outcomes and results.

In Europe there's the Green Deal, which means step by step obligations for companies to focus on people, environment and societies: a part of this is the CSR Directive to embed sustainable objectives in the companies' strategy (Corporate sustainability reporting | European Commission (europa.eu) and to publish regular reports on the social and environmental impacts of their activities.

Do nothing is not an option: to limit further damage to the earth, there must be a tool (ESG or integrated reporting) to manage, to assess and to monitor impacts of our business operations on environment and societies. But we also have to contend paradoxes: when it is claimed that ESG measures environmental goodness by how little humans impact Earth, Sri Lanka has received an ESG score of 98 out of 100, while the country is broke: https://michaelshellenberger.substack.com/p/green-dogma-behind-fall-of-sri-lanka. And Croatia will enter the eurozone 1-1-2023 but no data has been released on ESG ratings.

According to Nicholas J. Firzli, investment choices of pensionfunds, sovereign wealth funds and endowments are, to a large extent, guided and predetermined by the systematic use of old fashioned indices or benchmarks, designed by a small set of Anglo-American index providers, most notably MSCI (Morgan Stanley Capital International).

Outcome of COP26 has shown that financial institutions and corporates are integrated when ESG is challenged. Ignoring ESG not only could impact business profitability but also governments' credibility, who can expand the balance of payments with an element for ESG.

Thus there is the need for change and urge to proceed work in progress. Setting materiality thresholds for ESG disclosures is sensible, as is working with fitting governance model(s) (designing-sustainability-governance-report-march2022.pdf (feelingeurope.eu).