

# Why ESG?

## An HR practitioner's mindset

**Nathan Farrugia**  
Managing Director, VISTAGE & UP Your Level



**HR Transform**  
The Future of Work



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Let's think differently...

## Taking Stock

Socio-political unrest, a global pandemic, war in Europe, visible climate change, technological disruption...

...the world is VUCA on steroids, and the pressure on organisations has never been higher.

# Why ESG?

ESG is not really new. We have had Corporate Social Responsibility, Corporate Responsibility, Triple Bottom Line, Conscious Business, BCorp and other iterations of what is essentially a framework to encourage companies to see further than short term profit.

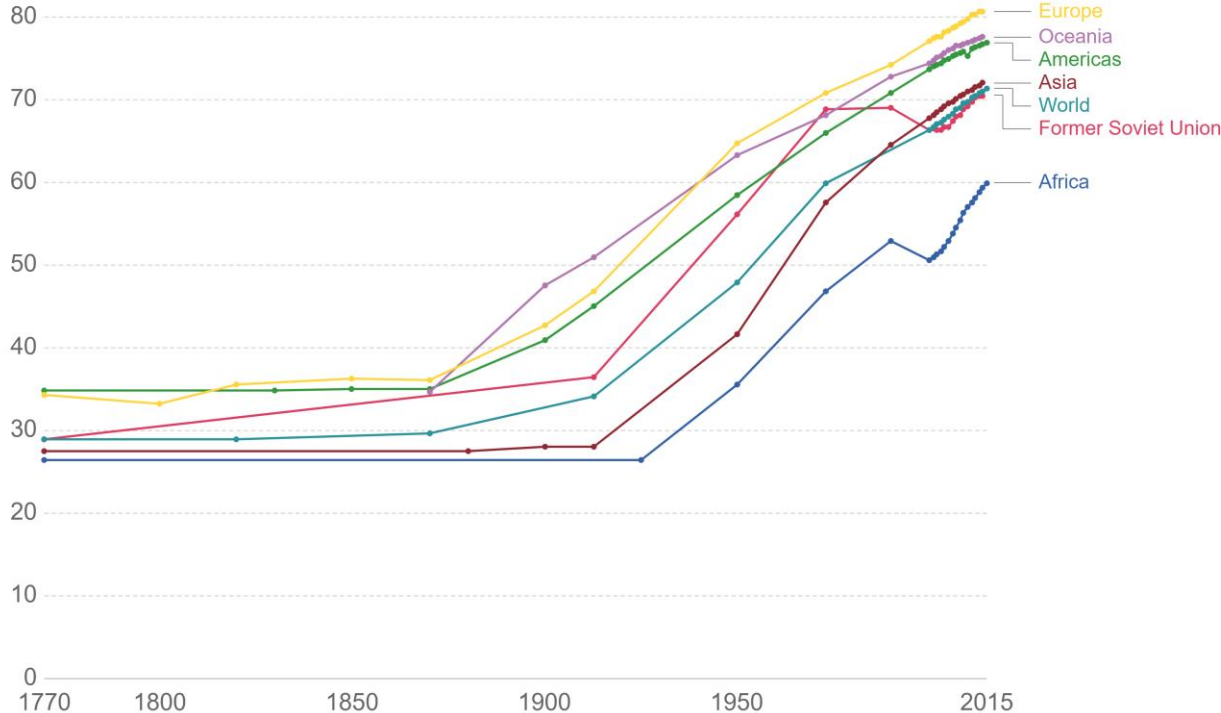
It is still a very young movement and we are navigating as we go along.

The main relevance to Human Resources is the impact its adoption has on the people within the business and the community around it.



Is the world a better place?

# Life expectancy globally and by world regions since 1770

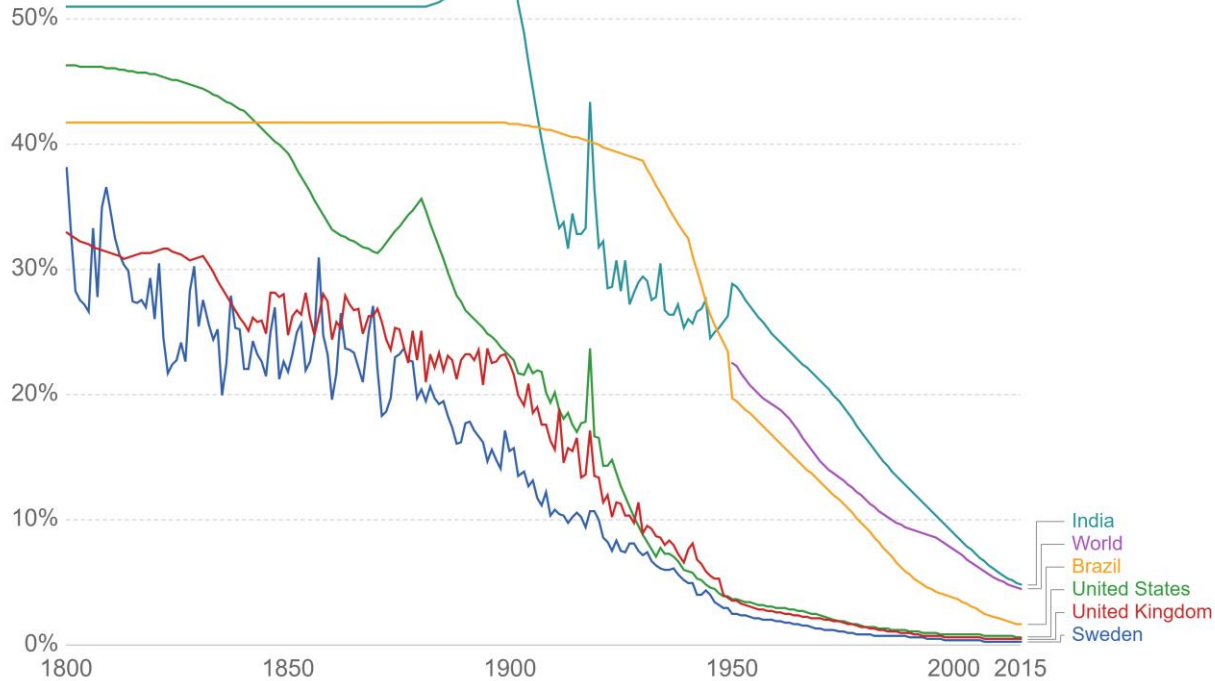


Source: Life expectancy – James Riley for data 1990 and earlier; WHO and World Bank for later data (by Max Roser)  
OurWorldInData.org/life-expectancy/ • CC BY-SA



# Child mortality rate

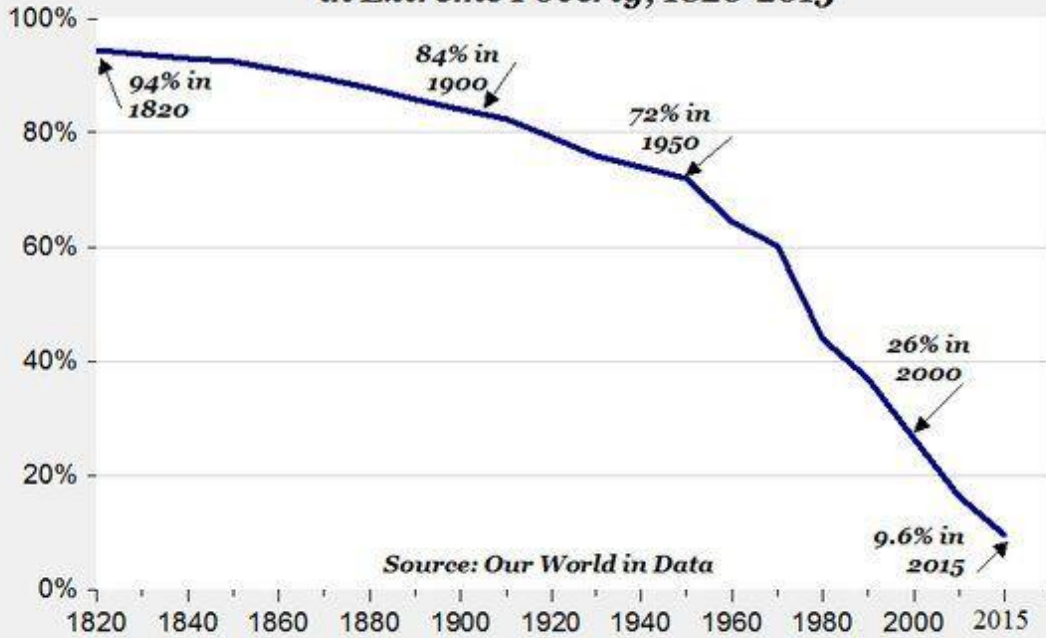
Shown is the share of children (born alive) who die before they are five years old.



Source: Gapminder estimates up until 1949 and UN Population Division from 1950 to today

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### Share of World Population Living in Extreme Poverty, 1820-2015



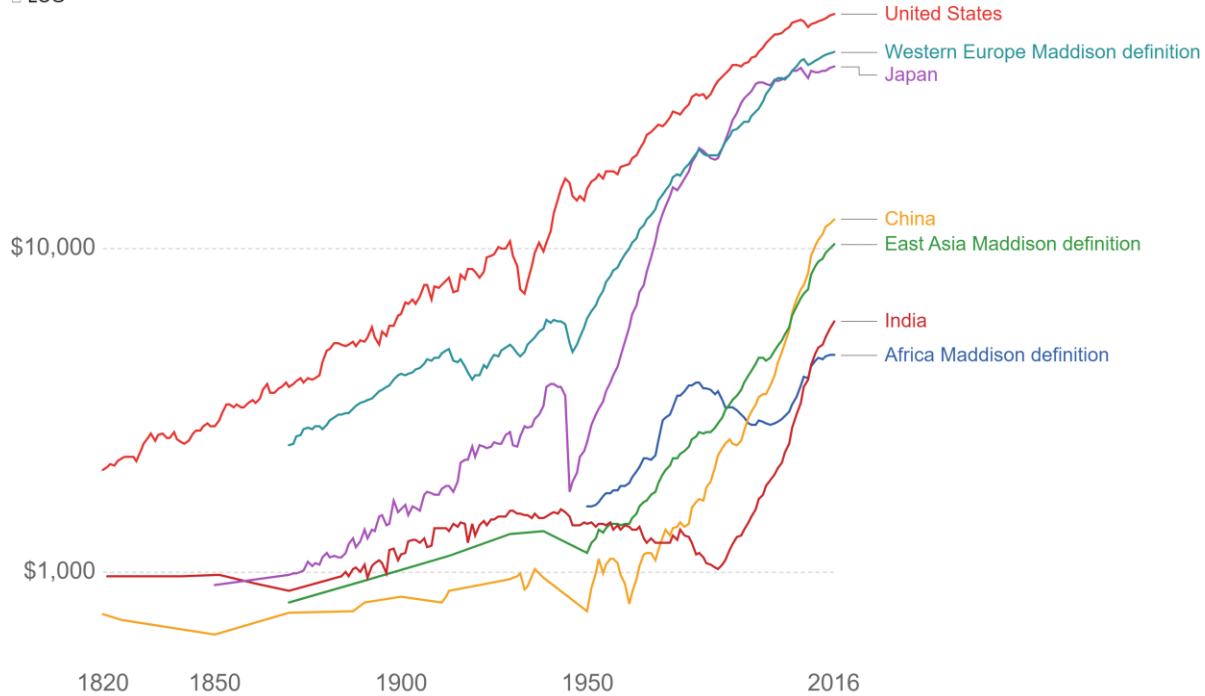
Source: Our World in Data

Carpe Diem **AEI**

# GDP per capita

Real GDP per capita is measured using US\$, inflation adjusted at prices of 2011. Multiple benchmarks allow cross-country income comparisons.

□ LOG



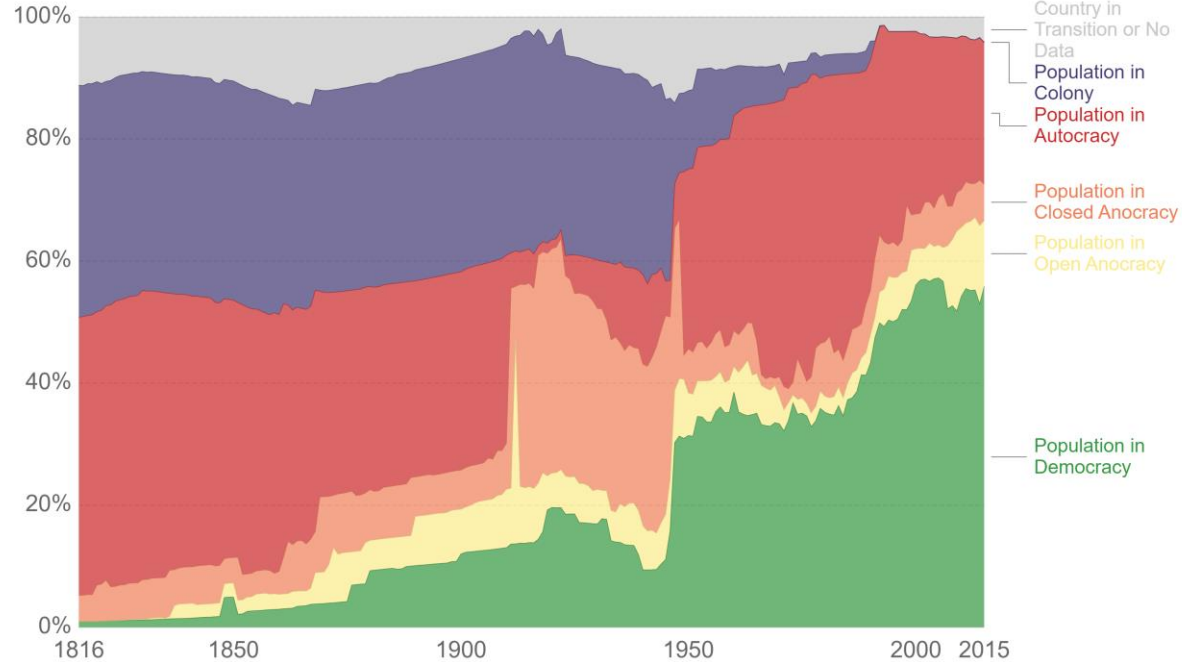
Source: Maddison Project Database (2018)

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## Number of world citizens living under different political regimes



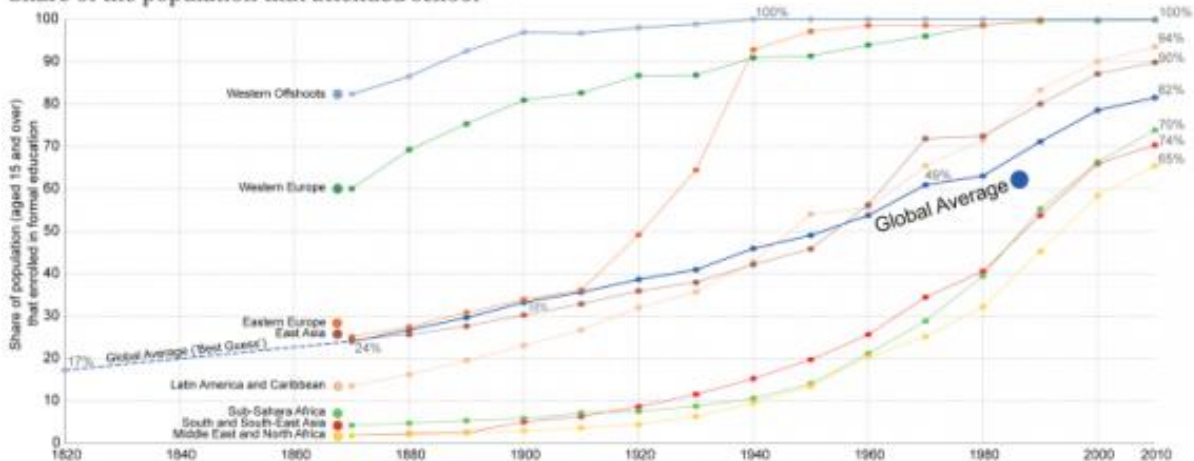
The Polity IV score captures the type of political regime for each country on a range from -10 (full autocracy) to +10 (full democracy). Regimes that fall into the middle of this spectrum are called anocracies.



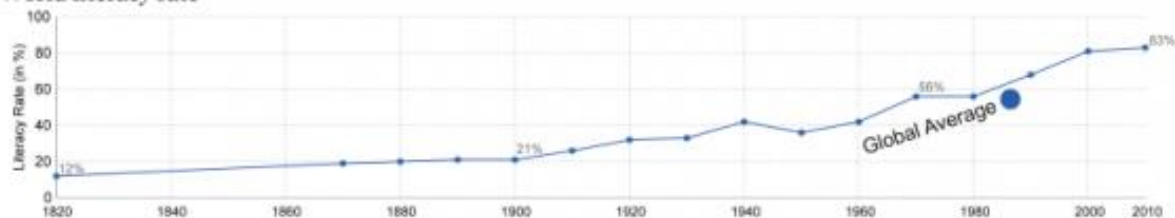
Source: World Population by Political Regime they live in (OWID (2016))  
[OurWorldInData.org/a-history-of-global-living-conditions-in-5-charts/](https://ourworldindata.org/a-history-of-global-living-conditions-in-5-charts/) • CC BY-SA

## Rising education around the world, 1820-2010 – by Max Roser

Share of the population that attended school



World literacy rate

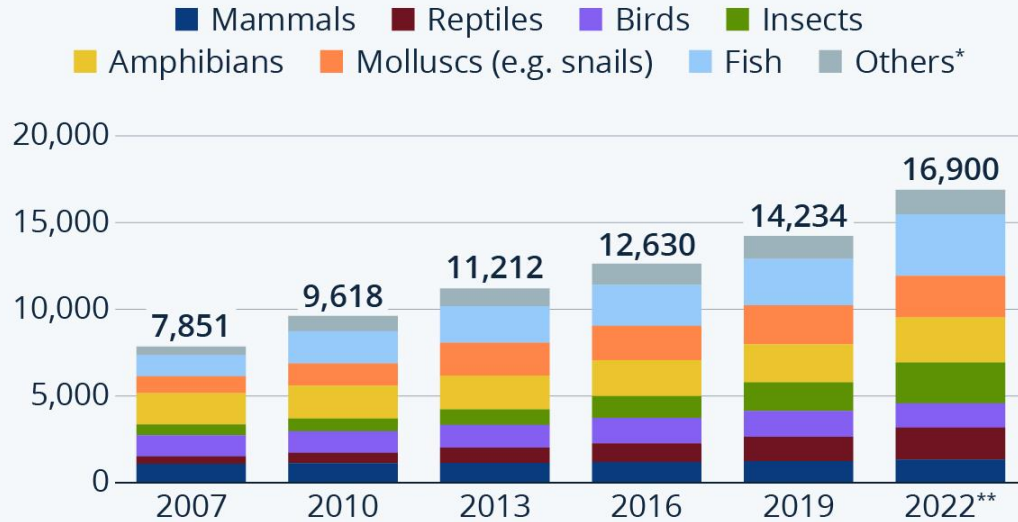


Data source: Van Zanden et al. (eds.) (2014). How Was Life? Global Well-being since 1820. OECD.  
The interactive data visualisation is available at [OurWorldInData.org](http://OurWorldInData.org). There you find the raw data and more visualisations on this topic.

Licensed under CC-BY-SA by the author Max Roser

# The Number of Endangered Species is Rising

Number of animal species on the IUCN Red List, by class



\* other invertebrate (spineless) animals, such as crustaceans, corals and arachnids (spiders, scorpions)

\*\* preliminary

Source: IUCN Red List



Risk	Estimated probability from an expert survey for human extinction before 2100
Overall probability	19%
Molecular nanotechnology weapons	5%
Superintelligent AI	5%
Non-nuclear wars	4%
Engineered pandemic	2%
Nuclear wars	1%
Nanotechnology accident	0.5%
Natural pandemic	0.05%
Nuclear terrorism	0.03%

Table source: Future of Humanity Institute, 2008.<sup>[14]</sup>



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# How does the future impact HR ?



The economy will grow - with a constrained labour force



Hybrid work will evolve: enter the metaverse



Learning, skills, career pathways will become critical



Coaching will develop Power Skills in everyone



Talent Acquisition & Talent Mobility will converge



Every company will need a talent marketplace platform



Talent intelligence and skills taxonomy will be people strategy cornerstones



The intense focus on employee experience will become mainstream



Diversity will be reframed as “belonging, equity, and inclusion”



Pay & reward will get a serious refresh



Sustainability and global climate change will become HR priorities



Company will need to rearchitect their HR Technology



The people analytics crusade will touch on every aspect of your business



Building HR skills and capabilities will be nonnegotiable



The CHRO role will be integral to organisational success

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# Human Centred Approach to Leadership

Verging on sounding evangelical, there needs to be an internal voice of humanity in our Boardrooms and C-Suite that acts in the best interest of the planet and its' people.

The practical aspect is that the CEO and commercial teams often needs to focus on shareholder return on investment, value creation and profitability, and this has little or no counterbalance.

A wise CEO would do well to ensure that HR is represented at the highest levels of decision-making within the business.



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**89% of CEOs say HR  
should have a central  
role in the business...**



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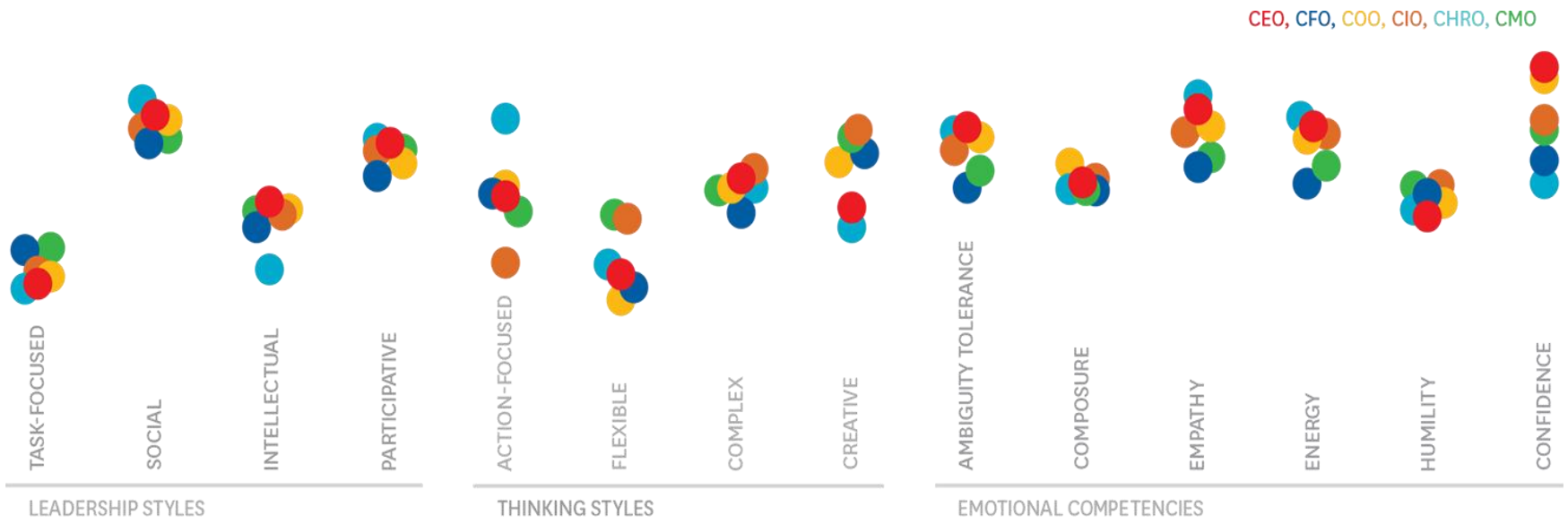
**...only 45% of CEOs say  
they are creating the  
conditions for HR to  
lead business growth  
successfully**

Charles Dickens' quote is especially apt: “It was the best of times, it was the worst of times.”

The recent past and the immediate future may be especially challenging for HR professionals. But these are also terrific times for opportunity.

A CHRO at a Fortune 200 company said recently in a webinar, “If you're an HR professional and you're not at the table today, you never will be.”





SOURCE ELLIE FILLER AND DAVE ULRICH

HBR.ORG

Except for the COO (whose role and responsibilities often overlap with the CEO's), the executive whose traits were most similar to those of the CEO was the CHRO. "This finding is very counterintuitive—nobody would have predicted it,"

## Back to ESG

### SUSTAINABLE WORKPLACE CULTURE

In the Future of Work, whether ESG is here to stay or not, the role of the CHRO and HR team is to foster a Sustainable Workplace Culture.

## How?

- Set Sustainability Goals for individuals and teams along ESG Strategies
- Create Flow in the workplace to enhance wellbeing
- Use IKIGAI approaches to Work Life Balance
- Prevent Skills Mismatch and job 'creep' (Ai, tech shifts)
- Incorporate Demographic Shifts, Diversity and Inclusion
- Focus on loyalty, not performance, to enhance talent retention and growth
- Role model the right behaviours. Actively suppress negative ones.
- Lead HR technology adoption

## Impact Hacks

1. Make ESG as your platform. Governance happens 'in the boardroom'
2. Measure HRs ROI
3. Align to, not counter, the 'bottom line' rhetoric
4. Widen your knowledge across the business (tech, finance etc)
5. Stick your neck out. Earn your place !

**And  
Again...**

## **SUSTAINABLE WORKPLACE CULTURE**

In the Future of Work, whether ESG is here to stay or not, the role of the CHRO and HR team is to LEAD a Sustainable Workplace Culture.

# THANK YOU!



PERFORMANCE COACHING

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**Nathan Farrugia**

Entrepreneur, Storyteller & Author,  
Business Coach, Record-breakin...



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