



Hogan Lovells Game Changers Summit

Keynote Address delivered
by Deborah Meaden

November 2023

The Hogan Lovells ESG Game Changers Summit convenes industry leaders and experts to explore crucial topics in Environmental, Social, and Governance (ESG) practices. This series fosters discussions on sustainability trends, challenges, and innovations, encouraging collaboration and driving positive change in the global business arena. Through expert panels and insightful sessions, the summit inspires actionable strategies for ethical and sustainable business practices, making it essential for professionals committed to ESG initiatives.



Summary and Key Takeaways

1: Industry will be the driver of ESG, not government.

There's a consensus among experts that the impetus for the expansion of ESG practices will be predominantly driven by the industry rather than government. One point raised was that businesses can move quicker and are more flexible than governments and regulators. However, it was stressed that it is imperative for these three bodies to work together. The panellists gave fascinating insights into the significant role of employees as a source of pressure for companies to expand ESG implementation. The competitive advantage in embracing ESG was highlighted in particular by Mark Gregory, indicating a strong business case for proactive ESG initiatives within companies. Also noted was the importance of industry collaboration in the implementation of sustainable innovation.

2: Anti-ESG politics is here to stay.

Hogan Lovells partner and ex Attorney General of Washington, D.C., Karl Racine asserted the enduring challenge against ESG, attributing its persistence to political and financial motivations incentivizing opposition. Partner Nicola Evans and Karl highlighted the increasing opposition to social measures of ESG, particularly in the United States. The panel emphasised the association between principled social measures and company success.

3: The time is NOW.

There was a consensus among panellists that there had been a noticeable shift in the conversation around ESG. Sophie Lambin remarked that while there is general agreement that the ESG framework is imperfect, there is widespread acknowledgement that there is no time to wait for the perfect framework. Janine Hirt, declared that ESG is cemented as a priority in the Fintech industry. As the panel noted previously, ESG was viewed as a niche investment but has now evolved into a mainstream corporate strategy, and that firms failing to prioritise ESG will get left behind.

4: Balancing ESG Regulatory Impact and Resource Allocation for Sustainable Initiatives.

ESG regulations, while not solely about reporting and compliance, aim to drive impactful change. It's crucial not to limit these regulations to mere data reporting requirements but to understand their intention to improve the world. However, the heavy demands of data reporting are leading to a diversion of resources from actual sustainability efforts. Many businesses are allocating significant resources to meet reporting needs, which risks impeding genuine sustainability initiatives across diverse industries. The challenge lies in striking a balance between fulfilling reporting obligations and ensuring these regulations contribute meaningfully to real sustainability actions.

5: Balancing the Complexity of ESG Data with Explanation and Storytelling.

While quantitative data is crucial for compliance and comparison, it's equally vital to incorporate qualitative data, particularly in the social aspects of ESG metrics. (Bobbie Mellor). The complexities of ESG data necessitate explanation and storytelling to provide a context that goes beyond mere numerical or aggregated values. These narratives are fundamental to gaining a comprehensive understanding of the diverse and multifaceted human and environmental challenges and accomplishments embedded within ESG initiatives.

“A key priority for ESG going into 2024 will be to show the relevance and return to those who are currently less engaged in it, but who still have collective power over its future. As Business continues to embed all aspects of ESG into its investment and operational strategies, there is also a need to break down the E, the S, and the G, as well as recognise that misunderstanding of ESG or the perception of its irrelevance can be seized on by third-parties for their own political gain.”[Robert Gardener, Director of Government Affairs]

We are delighted to present the Hogan Lovells 2023 ESG Game Changers keynote address delivered by Deborah Meaden. Deborah, a renowned entrepreneur, investor, and television business personality, shared her insights and experience in an engaging talk that inspired attendees.

Thank you so much for inviting me to talk on my favourite topic, and actually, when I walk through businesses, I don't hear that very often. Sometimes when I talk about ESG, I get: "What, on top of all the other stuff that I've got to do, I have to worry about that?" My answer is, "Absolutely!".

So about 40 years ago, when I did my business studies course, my thesis was on climate change. But it was something that was going to happen way beyond my lifetime. It was a threat that was going to exist generations in the future. Of course, we now know that isn't true - we're actually living with the changes that we have been impacting for hundreds of years.

Do I feel hopeful about it? That was something that I was actually really worried about. My business won its first environmental award about 25 years ago, and it was something that was niggling and worrying me. I don't know if you know, but I did a podcast called The Big Green Money Show and that came out of me being very concerned about hearing the consumers that I spoke to every day, saying "So what are businesses doing?", and me thinking "When I walk amongst businesses and I talk to them, they're actually doing some pretty cool stuff." But, there was this massive divide between the perception of what was happening; the consumer over here and the big businesses over there.

When I say that I find ESG my favourite topic and the most exciting thing in my life, it's because I don't feel worried about it anymore. Human beings are amazing - whatever we put our mind to, we can absolutely sort it. To any business I've ever invested in, the first question I ask them is what do you want this business to achieve? What business do you want this to be? If they just tell me, "I want to be a millionaire", my heart sinks. I think, "What else? What do you want it to be? Not how much money do you want it to make, what do you want it to be?". Most of them, when they pause and think about it, they are people and they care. When prodded and pushed they can say "Ok, if it is people you care about, are you worried about the social or environmental impact of your business?"

What is it that you care about?". Before I go any further, we need to understand that. Your business, whether you like it or not, is having a massive impact on the people around you: the people who work in it, the community and the world. If you don't decide what it is that you want your business to do, it can spin out of control; you are going to lose that feeling of achievement because all you are going to be doing is making money, and business is so much more than that. Business is a community, all of you, the people you work with, your customers, your community. You want to go home and know that the things you've been doing all day, every day, align with the things you care about when you go home.



I have an interesting observation, and I have been guilty of doing this myself. The things that I really care about in life, I can now say follow through in everything I do. I'm an investor in businesses; I can influence businesses. I can invest in a business because I love what it's doing. I can not invest in a business – it might make me a fortune – but I may not want to, because I don't like what it does. I am lucky enough to be able to do that. But I have had those moments where all of the things that I cared about at home, when I've stepped through my door into work, I've taken them off like a coat and made different decisions. I am not proud to say that, but that is the reality of life. It is not that every decision we make is going to have a positive impact on the planet, yet. We do have a lot of tensions in the things that we do all day, every day. We have to make decisions. We have to weigh those decisions up and ask, where does this come in the scale of things? If we do not decide what matters to us and what is important, then we might make the money, but we are never going to feel the achievements.

We have been talking about ESG in terms of what it means to most people. If we work in ESG and it is something we talk about daily, we understand. If you talk to most people, they don't even know what ESG stands for. When you start asking whether people care about the community and the environment around them, or if they are worried about their carbon footprint, they begin to get it. So the language of ESG is not easy to translate. But, as we now know, because of ESG regulation, ESG can either be seen as an annoying thing that gets in the way of our lives, or it can be used as a real opportunity to drive the change in the transition period.

I always think of regulation as a baseline. It should be there as the bare minimum. At the moment I am delighted to see the regulation coming through. It is changing at a rate of knots. What that means for business is that there can be huge risks and huge opportunities.

The risk is regulatory change is driving at us very, very fast. Trying to keep ahead of regulation is becoming hard. The other, brilliant risk is the consumer knows more than ever before. They are not prepared to take your word for it. They are not going to take green-washing; they are not going to take social washing. They are asking the questions and they genuinely care about it. We are all consumers, so we ask those questions. When you go back to everyday life, stop talking about ESG and start talking about:

- “Are you worried about trees?”
- “Are you worried about biodiversity and the nature around you?”
- “Are you worried about diversity in the workforce?”
- “Do you see enough people that look like you in the places that you work?”

Then people start thinking, “Yes, of course those things matter to me”.

What I think is important is that the regulatory framework drives change. It creates risk and we need that risk to make us think about ESG. We are seeing businesses now who are not just being fined for the fact that they are greenwashing or social washing, but the customer is also saying, “You are not quite the business I thought you were and I'm going to go somewhere else”. That is a painful transition that we have to make but it is essential because, if we don't feel it and it doesn't hurt, and we are not going to drive those changes. Otherwise, if there aren't consequences, it is too easy to say, “I'll get to it. It does matter to me, but I will get to it and I will get to it later”.



An interesting development is the debate on how we manage AI. I see two main questions: first, we need to give ourselves time in any organisation to work out what we mean by ESG; while there is the regulation, what actually matters to us? What are we going to make our decisions based on? ESG becomes real when we stop worrying about the regulations and we start meaning it. We start feeling it. By the way, Hogan Lovells does this beautifully, by the way, they have a lot of tools to help us manage our way into a better landscape.

Second, the hard and important task is the “meaning it”. How do you get your organisations and the people who work with you to feel it? How do you get your board rooms, your board of directors to at least consider, “Is this worth it? Weighing this out, are we doing the right thing?” I always advocate that you need space and time. It can’t just be part of somebody’s job. This is the biggest issue the world is facing, so it needs space and time and investment for people to be able to take it on board.

It is about getting people together and saying what does ESG actually mean? What does nature loss mean and how are we impacting nature loss? How does this organisation feel about nature loss? What are we going to do to reduce it? You need to give people time so that they can feel this too. Certainly, at the senior level, directors need to know – not necessarily everything, but at least be embedded in the way people feel and their mood. They need to know the direction of travel. It is the meaning that will make the difference. The hardest bit is trying to build that feeling within an organisation. That needs time and resources. The board of directors genuinely needs to understand everything it is trying to achieve.

You need to show people. I did a film with some footage from Wild Isles, the David Attenborough documentary. We took this into businesses and the engagement we got when people actually saw this wonderful footage, the consequences of nature and the impact different industries were having, you did not then need to send people on training courses; they felt it and saw their impact on biodiversity.

For me, it is that “meaning” bit. When I used to do The Big Green Money Show, I got a fantastic opportunity to look at the different mindsets in different-sized organisations. While it is fair to say I only really invest in businesses, even if they are not perfect, I have to know which have the right intentions. On the one hand, I am lucky enough to work with tiny businesses that are starting out, many with the intention of reducing their planetary impact; on the other hand, at the other end of the scale, I can be interviewing the CEO of an airline. I thought he was brave to come on The Big Green Money Show, as well as the head of sustainability at a global manufacturer. What gave me hope was that most of the businesses I interviewed had intent. That, to me, is what matters. I would get to the end of those shows and ask my co-host, “Do you believe them? Did they mean that?”. Once you can walk into an organisation and think, “They mean that. They’ve got it.”, then you have won.

Why does that matter? Because it matters to you, it matters to your community, it matters to society, it matters to the planet, it matters to the customers. I think customers have suddenly realised: this is democratised. We don’t tell customers anymore, they tell us. They respond. If we do not get our businesses ahead, we are already in trouble because this is moving so fast. People really care. Even the people who do not yet know they care about it yet, once that door is opened and they step through it, they will change their minds. They say to businesses, “You have let me down: you sold me something, you green-washed, you lied to me. I’m not dealing with you anymore”.

Word spreads so widely that anybody selling any goods, any service, or anybody making an investment in “a green investment”, and it turns out that it is not, and uses fossil fuels, runs the absolute risk. They are already in trouble, but they don’t know it yet. The smart businesses, the businesses of the future who might right now not financially be showing the gain, are those that are investing the time and the mental capacity into making sure that they are providing what their customers possibly do not yet know they want; but when they do decide that they want it, they are absolutely going to go for it.



I am hopeful because human beings are amazing. We have just got to put our minds to it, and quickly. When I hear people asking, “What is business doing?”, I think you really need the hope that “business” is doing a lot. Business is the great hope. Governments are too slow. It takes too long and there is too much inconsistency. This is not helpful to industry. So, we need consistency.



Deborah Meaden

Dragons Den investor and influential entrepreneur

I know we all get it. You all talk to businesses and see what they are doing. I see a room full of people who want to make a difference, who want to go out there and make an impact. That is our big hope for the future. We do things differently. We think differently. We engage with people differently. We spread the word differently. If you seize this opportunity, that is actually how the world changes.



The full list of external 2023 panellists included:

Janine Hirt [CEO, Innovate Finance], Mark Gregory [General Counsel & Corporate Affairs Director, Rolls-Royce], Sophie Lambin [Founder and CEO of Kite Insights], Stuart Burnside [Head of Product Governance & ESG Product, M&G Investments], Kate McKeon [Director, Head of Sustainability, InfraRed Capital Partners] and Bobbie Mellor [Global Head of Sustainability and Transparency, Vodafone Group] and Amos Wittenberg [Founder & CEO, Dovetail Finance].

Hogan Lovells partners:

Patrick Sarch, Nicola Evans, Karl Racine, Rita Hunter, Robert Gardener, Adrian Walker.

Previous speakers included:

- 2022 ESG Game Changers Summit keynote address - Paul Polman, businessman and former CEO of Unilever
- 2022 ESG Game Changers Summit - Rt Hon. Anne-Marie Trevelyan MP, then Secretary of State for International Trade



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