

ECOSYSTEM PREDICTS 

Future of the Sustainable Organisation: Top 5 ESG Trends in 2024

PUBLISHED

November 2023

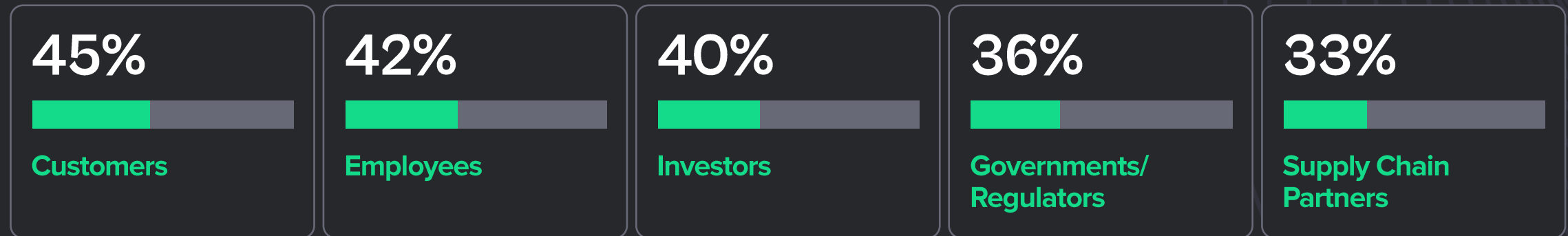


From Paris Agreement Goals to Individual Impact

The UN's global stocktake synthesis report underscores the need for significant efforts to meet the ambitious goals of the Paris Agreement to keep the global warming limit to 1.5°C, compared to pre-industrial levels. Achieving this requires collective action from governments, organisations, and individuals.

While regulators focus on mandates, organisations today are being influenced more by individual responsibility for positive impact. Customers and employees are leading ESG actions – another fast-emerging voice driving ESG initiatives are value chain partners looking to build sustainable supply chains.

Most Vocal Advocates of ESG



Source: Ecosystem, 2023

“Ecosystem research reveals that only 27% of organisations worldwide currently view ESG as a strategic imperative, yet we anticipate rapid change in the landscape. Ecosystem analysts present the top 5 ESG trends in 2024.”

1

Organisations Will Evolve ESG Strategies from Compliance to Customer & Brand Value

Many of the organisations that we talk to have framed their ESG strategy and roadmaps primarily in relation to compliance and regulatory standards that they need to meet, e.g. in relation to emissions reporting and reduction, or in verifying that their supply chains are free from Modern Slavery.

However, organisations that are more mature in their journeys have realised that ESG is quickly becoming a strategic differentiator and compliance is only the start of their sustainability journey.

Customers, employees, and investors are increasingly selective about the brands they want to associate with and expect them to have a purpose and values that are aligned with their own.



Gerald Mackenzie

Principal Advisor

Organisations will feel the need to embed ESG much more thoroughly into their strategy, data and technology, reporting, and operations to meet stronger stakeholder expectations.



2

Sustainability Will Remain a Stepping-Stone to Full ESG

Heading into 2024, the corporate continues to navigate the nuances between Sustainability and Environmental, Social, and Governance (ESG) initiatives. Sustainability, focused on environmental stewardship, is a common starting point for corporate responsibility, offering measurable goals for a solid foundation.

Yet, the transition to comprehensive ESG, which includes broader social and governance issues alongside environmental concerns, demands broader scope and deeper capabilities, shifting from quantitative to qualitative measures. The trend of merging sustainability with ESG risks is blurring distinct objectives, potentially complicating reporting and compliance, and causing confusion in the market. Nevertheless, this conflation ultimately paves the way for more integrated, holistic corporate strategies.

By aligning sustainability efforts with wider ESG goals, companies will develop more comprehensive solutions that address the entire spectrum of corporate responsibility.



Peter Carr

VP, Ecosystem Consulting

To master the balance between sustainability and ESG, organisations will need to start by clearly defining and communicating the unique roles and intersections of both programs. That's going to help everyone – the supply chain executive, facilities manager, the CHRO and the CEO.



3

ESG Consulting Will Grow – Till Industry Templates Take Over

At the end of 2022, LinkedIn buzzed with announcements of Chief Sustainability Officer appointments. However, the [Global Sustainability Barometer Study](#) reveals that only around one-third of global organisations have a dedicated sustainability lead. What changed?

Organisations have recognised that ESG is intricate, requiring a comprehensive focus and a capable team, not just a sustainability leader.

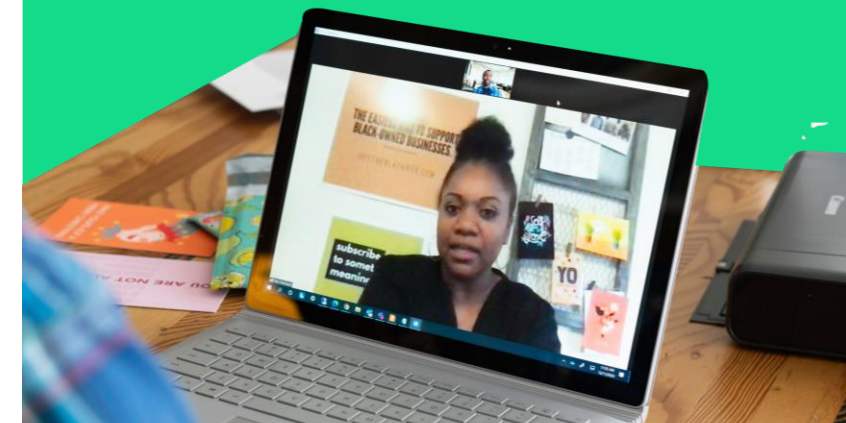
Each organisation's path to sustainability is unique, shaped by factors like size, industry, location, stakeholders, culture, and values. Successfully integrating ESG requires a nuanced understanding of an organisation's barriers, opportunities, and risks, making it challenging to navigate the sustainability journey alone. This is complicated by the absence of clear government/industry mandates and guidelines that frame best practices.



Sash Mukherjee

VP, Industry Insights

Organisations will turn to third-party guidance to initiate their ESG strategies, extract insights from data assets, and create market differentiation. This trend will continue until adoption matures sufficiently for tech providers to develop industry templates.



4

Sustainability Tech Will Finally Gain Traction

Many organisations initiate sustainability journeys with promises and general strategies. While the role of technology in accelerating goals is recognised, alignment has been lacking. In 2024 sustainability tech will gain traction.

- ◀ **Environmental Tech.** Improved sensors and analytics will enhance monitoring of air and water quality, carbon footprint, biodiversity, and climate patterns.
- ◀ **Carbon-Neutral Transportation.** Advancements in electric and hydrogen vehicles, batteries, and clean mobility infrastructure will persist.
- ◀ **Circular Economy.** Innovations like reverse logistics and product lifecycle tracking will help reduce waste and extend product/material life.
- ◀ **Smart Grids and Renewable Energy.** Smart grid tech and new solutions for renewable energy integration will improve energy distribution.



Kaushik Ghatak

Principal Advisor

Supporting the industrial adoption of sustainability technology will be Green Finance, where green bonds, ESG investing, and sustainable financial products will persist in directing investments toward environmentally friendly technologies and projects.



5

Cleantech Innovation Will See Increased Funding

Cleantech is the innovation that is driving our adaptation to climate change. We expect that investments into, and the pace of innovation and adoption of Cleantech will accelerate into 2024.

As companies commit to their net-zero targets, the need to operationalise the technologies required to fuel this transition becomes all the more urgent.

[BloombergNEF reported that for Europe alone](#), nearly USD 220 billion was invested in Cleantech in 2022.

But to meet net-zero ambitions, annual investments in Cleantech will need to triple over the rest of this decade and quadruple in the next.



Gerald Mackenzie

Principal Advisor

As achieving net-zero goals gain urgency, incremental changes will not be enough. Rethinking business models and embracing innovation are crucial for the transition required. This presents significant opportunities for innovators but poses risks for incumbents underestimating the ongoing seismic shift.





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