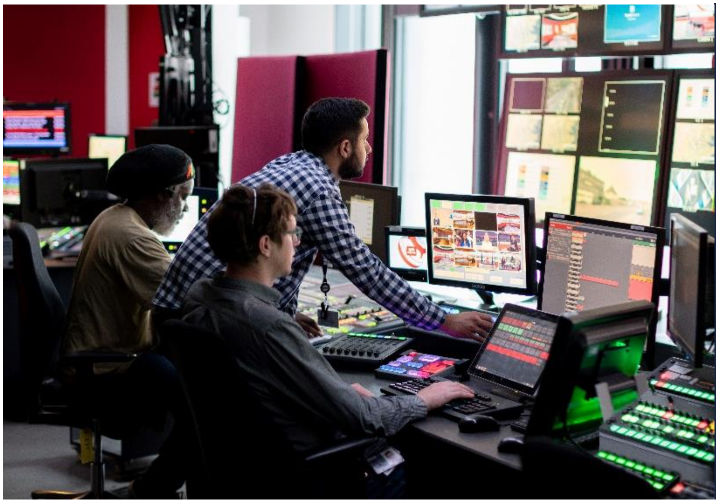

How can the technology sector respond to sustainability?

In what the World Economic Forum labels the ‘Fourth Industrial Revolution’, technological innovations are becoming faster, more efficient and more widely accessible. Technology has the dual role in transforming organisations within its ecosystem and as a digital enabler of sustainable solutions. Environmental, social and governance (ESG) performance is becoming a basic expectation of stakeholders as discussions around technology and ESG evolve to become more strategic, specific and regular.

Global companies like Google, Microsoft and Salesforce are leading the way in setting bold transformation goals that set them on track for net zero. But there is still a gap between commitments and real action. Analysis by 451 Research reveal that only 29% of the global technology companies have a formal ESG strategy.[1] With focus on sustaining competitive advantage, how can technology companies respond to sustainability and measure positive impacts?

1. Embedding circularity

The main issues that the sector continues to grapple with is reducing waste and the limitations of digital accessibility. Companies are expected to be accountable for the impact of the entire supply chain and to avoid contributing to ethical, environmental and human right violations. E-waste is quickly becoming one of the world’s fastest growing and most toxic waste streams, making it top of the circularity agenda. The UK is committed to ‘closing the loop’ and are taking a stringent approach to end complacency on e-waste. At the end of this year, the UK government will consult on reforms to the regulations around managing e-waste which will likely impose mandatory waste tracking.

In a circular economy, the intention is to produce a model of production and consumption with no waste or pollution. Rather, outputs are cared for, repaired, reused and recycled as much as possible. In contrast to the ‘take-make-waste’ linear model, a technology company that adopts circularity will benefit from improved efficiency, material cost savings, greater security of supply, better job creation, improved customer engagement and loyalty, more innovation and improved brand reputation.[2] Either through improving environmental impact or encouraging habits of circularity, consumer-facing technology companies are in a powerful position to steer consumers towards more sustainable habits i.e. re-using and repairing products where possible.

Partnerships are vital and there are plenty of examples between technology firms and organisations finding ways to embed an inclusive circular economy. Environmental charity Hubbub and Virgin Media 02 launched a £400,000 digital lending scheme to support programmes that deliver on social and environmental benefits. [3] By pioneering a tablet lending scheme, the fund will assist community organisations to support people facing digital isolation to access the internet, and to reduce e-waste by recycling digital devices.

2. Identify a specific ESG approach

Another step would be to measure own ESG performance to build a culture of sustainability in and around the sector. Sustainability has never been more important to technology leaders, as 74% of CEOs agreed that increasing ESG efforts attract investors.[4] Companies that want to excel in their ESG strategy must use compelling evidence to develop a unifying framework that identifies strategic priorities, commitments and key performance indicators (KPIs). This means that technology companies must first set expectations and commit to transparency. The Simply Sustainable method begins with developing ESG goals to establish mechanisms that measure and track relevant ESG metrics.

Alongside addressing their own priorities, companies should also drive change throughout their wider operating ecosystem. Technology companies should focus on working with suppliers and partners that align to their emission and reduction commitments - this will be a core feature to value propositions of the end-to-end lifecycle.

3. Find areas of material impact

To make progress on ESG performance, technology companies need to think about areas where change can make the most impact. Understanding the sustainability issues that are most relevant to the company and key stakeholders demonstrates that focus is on the most important sustainability issues. This will lead to focused efforts that deliver the greatest impact.

Materiality assessments are pivotal to a serious approach to sustainability and corporate responsibility. By continually evaluating, refining and talking to internal and external stakeholders, areas that are the most critical to the business will be prioritised. This demonstrates that a company is aware of the social and environmental issues that present sources of risk and opportunity.

4. Evaluate and communicate efforts

Communicating the journey to sustainability in the form of ESG reporting is both important to address growing stakeholder scrutiny, but also acts a measure to improve year on year performance. Companies that fail to provide qualitative context and content to stakeholders miss out on engaging all stakeholders. This is an opportunity for a company to position themselves as the solution that aligns with stakeholder concerns – by giving the ‘why’ behind operational changes and using ESG data to inform your sustainability strategy. By demonstrating to stakeholders their corporate approach to sustainability is beyond a ‘tick-boxing’ activity’, companies can expect to maximise their return on investment into ESG reports.

5. Adapt to changing workforce expectations

Today’s generation want company values that align with their personal values, with companies that innovate to address global issues being more attractive to skilled workers. To attract and retain top talent, technology companies of all sizes must be perceived as embracing sustainability with evidence to back up claims. For example, investing in learning and development for STEM subjects, diversity and inclusion, allowing flexible work or donating portion of profits to an environmental cause are ways that will more likely attract and retain skilled employees.

It is about the intention behind the initiative, not the scale of it. Companies are expected to have ESG embedded into the corporate strategy, and this does not exclude the technology industry. Finding ways to bring ESG closer to daily operations while allowing everyone to contribute will maximise a company's total impact.

How Simply Sustainable can develop your ESG strategy.

Underpinned by decades of specialised experience in sustainability and ESG, we provide deep expertise to all our clients worldwide to enable transformation at speed and scale.

At any stage of the sustainability journey our robust and holistic approach identifies the key levers to match ambitious goals with clear targets and actionable roadmaps.

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[1] ESG and Technology. S&P Global.

[2] The Circular economy in detail. Ellen MacArthur Foundation.

[3] Tech Lending Community Fund. Virgin Media O2

[4] Survey in CEO thinking on Sustainability. Gartner.