



Environmental, Social and Governance (ESG) 101

YOUR KEY TO THE TAX COMMUNITY

What is ESG?

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ENVIRONMENTAL

Full transparency around environmental credentials, frameworks and policies is essential to build relationships with stakeholders and manage your external reputation.

Components

- Water management
- Waste management
- Greenhouse gas emissions

SOCIAL

Employment equality, diversity, good working conditions, supply chain management and understanding the impacts on neighboring communities are just some of the areas of focus for a socially responsible firm.

Components

- Health & Safety
- Diversity & Inclusion
- Human rights
- Impact on Communities

GOVERNANCE

Strong Governance is key to any ESG strategy.
Our experts can advise on what policies are required to create real change within your business.

Components

- Board Composition
- Stakeholder Engagement
- Business Integrity
- Cybersecurity

How did we get here?

How did we get here?

- **What is sustainable development?**

Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

- Our Common Future

- **Sustainable development has three pillars:**



Economic Growth



Environmental Protection



Social Equality

The ESG timeline

2005



2011



2021



2022



Important dates to remember

2005

- The term ESG was first coined in 2005 in a landmark study entitled “Who Cares Wins”.
- The study brought together institutional investors, asset managers, buy-side and sell-side research analysts, global consultants and government bodies and regulators to examine the role of **environmental, social and governance value** drivers in asset management and financial research.

2011

- The Sustainability Accounting Standards Board (SASB) launched to standardize sustainability accounting and measurements across 77 industries.
- The mission of SASB is “*to establish and improve industry specific disclosure standards across financially material **environmental, social, and governance topics** that facilitate communication between companies and investors about decision-useful information*”.

Important dates to remember

2021

IFRS announces at COP26 the formation of a new International Sustainability Standards Board (ISSB).

The ISSB was established to develop — in the public interest — a comprehensive global baseline of high-quality sustainability disclosure standards to meet investors' information needs.

March 2022

The ISSB established at COP26 to develop a comprehensive global baseline of sustainability disclosures for the capital markets, launched a consultation on its first two proposed standards.

One sets out general sustainability-related disclosure requirements and the other specifies climate-related disclosure requirements.

Is this not already being done?

Is this not already being done?

Integrated Reporting

- Strategy
- Governance
- Performance

Sustainability Reporting

- Non-financial data
- Company's achievements and strategies

Standards & Frameworks

Standards provide specific, detailed, and replicable requirements for what should be reported for each topic, including metrics.

Frameworks provide principles-based guidance on how information is structured, how it is prepared, and what broad topics are covered.



Standards & Frameworks

Standards make frameworks actionable, ensuring comparable, consistent, and reliable disclosure.
Frameworks and standards are complementary and are designed to be used together.



Standards & Frameworks



So why produce an ESG report?



MOORE Intelligence

Grow twice as fast: the best reason to adopt ESG

9%
Jump in profits for ESG advocates

Moore Global can help companies unlock the significant financial and strategic dividends that flow from a strong commitment to ESG.

We have identified a wide range of factors that can significantly boost the bottom line, improve customer loyalty and make it easier to hire and retain key employees.

Moore Global's new bespoke ESG service draws together expertise from around the world to help leadership teams develop effective strategies for each of the three pillars of Environmental, Social and Governance.

We develop roadmaps towards better ESG performance based on your unique circumstances. We also help improve your risk assessment and ability to take advantage of growth opportunities that arise on your ESG journey.

The opportunities are potentially game-changing, as the results of Moore Global's new survey of 1,300 organisations around the world showed:

- Revenue at ESG adopters grew twice as fast as those companies that are less committed.
- ESG advocates also showed a healthy 9% jump in profits – that is 3x greater than firms that do not take ESG as seriously.
- Customers and investors reward businesses that commit to diversity and sustainability – 83% of ESG adopters said customer retention was up, while 84% found it easier to access external capital.

ESG has changed the business landscape with regulators, lenders and investors all pressing for more transparency on diversity and sustainability. It poses a new set of questions for business leaders – and Moore Global has the answers.

84%
of firms report improved access to external investment

Contact Moore Global to see how we can help you achieve practical commercial benefits from adopting ESG principles.
Visit www.moore-global.com to find out more

- Supply chain requirements
- Bottom line benefits
- Sustainability linked loans
- Staff retention rates
- Reduced operational costs
- International regulations
- Local regulations

IFRS S1 and S2

The sustainability disclosure standards

How to report on all risks and opportunities

General Requirements [Standard]

A company would be required to disclose material information about all significant sustainability-related risks / opportunities



Climate [Standard]

A company would apply the relevant IFRS Sustainability Disclosure Standards to identify risks / opportunities and disclosures



If no specific IFRS Sustainability Disclosure requirements, a company must consider:

SASB Standards	CDSB Framework and application guidance	Other standards	Other resources
Industry-based disclosure topics	ISSB's non-mandatory guidance – eg social, water and biodiversity	Those that meet investors' information needs	Peer company practices (similar industry / geography)

Illustrative Guidance: how to use **SASB Standards** and **CDSB Framework application guidance** to do this



What to do now?

What to do now?

- Knowledge and learning
- Team and company discussion
- Client engagement
- Preparation for implementation
- Voluntary disclosure
- ESG Reporting and Assessments
- Engage with an ESG Practitioner

In conclusion...

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