

Environmental, Social and Governance (ESG) 101





### What is ESG?



#### **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?



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:









## The ESG timeline

















### 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 <u>International Sustainability Standards</u> <u>Board (ISSB)</u>.

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?



### **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.

















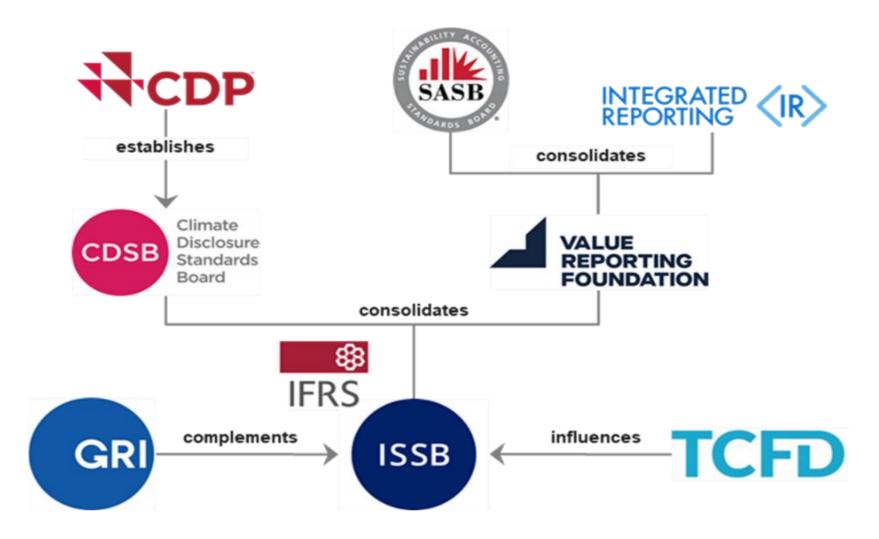


International Sustainability Standards Board

















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 tearns develop effective strategies for each of the three pillars of Environmental, Social and

84%

of firms report Improved access to external Investment 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.

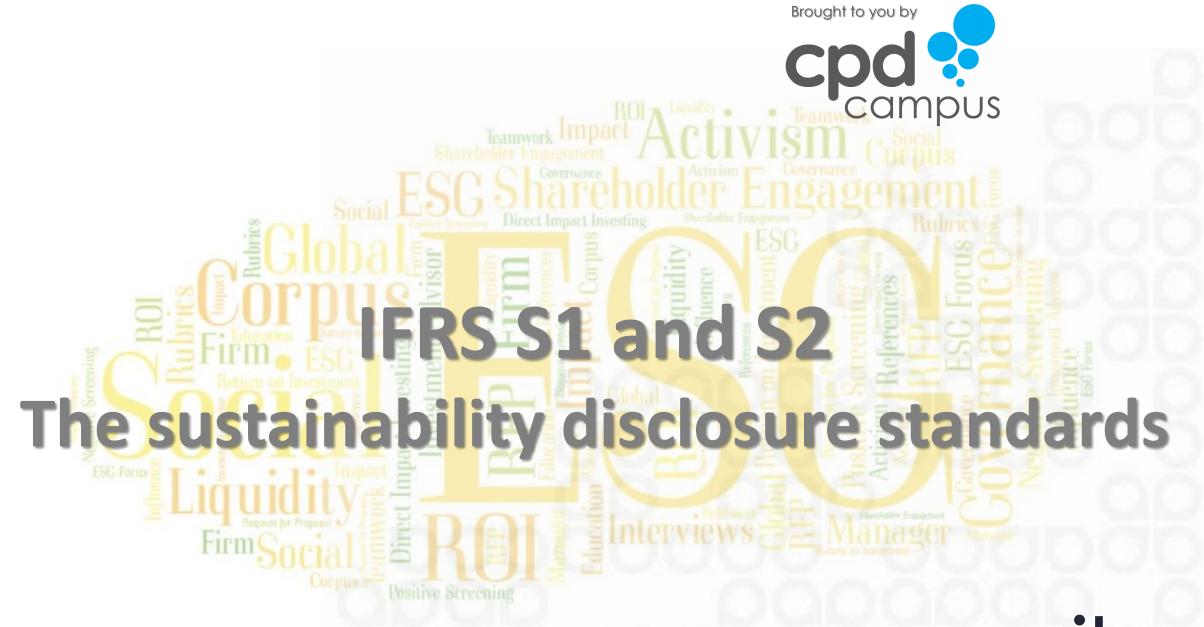
Contact Moore Global to see how we can help you achieve practical commercial benefits from adopting ESG principles.

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







### 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?



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









