# WHAT is ESG?







**ESG**, short for <u>Environmental</u>, <u>Social</u> and <u>Governance</u>, is a three-pillar framework that helps stakeholders understand how an organisation is <u>managing RISKS</u> and <u>OPPORTUNITIES</u> related to the <u>ESG criteria</u>.

ESG helps an organisation <u>IDENTIFY</u>, <u>ORGANISE</u>, <u>ANALYSE</u>, <u>PRIORITISE</u> and accordingly <u>guide DECISIONS</u> on various <u>business risks</u> and <u>opportunities</u>.

# The 3 Pillars of ESG and Key Issues



#### **Environmental**

- Climate change
- Energy consumption and efficiency
- Greenhouse gas (GHG) emissions
- Waste management
- Air and water pollution
- Biodiversity loss
- Deforestation
- Recycling



### Socia

- Human rights
- Working conditions
- Health and safety
- Fair pay for employees
- Employee engagement
- Data and privacy
- Fair treatment of customers and suppliers
- Customer satisfaction
- Community relations

# Governance

- Corporate behaviour
- Corporate governance
- Accounting practices
- Board practices
- Financial transparency
- Business integrity
- Regulatory compliance
- Rules on corruption, bribery, conflicts of interest, lobbying, etc.

# Scopes 1, 2 and 3 Greenhouse Gas (GHG) Emissions



Categorise different types of GHG emissions



 $NF_3$ 





created by **companies**, their **suppliers** and **customers**.

**PFCs** 

## SCOPE 1 **DIRECT Emissions**

Emissions from sources that a company owns or controls directly

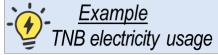


## SCOPE 2 **INDIRECT Emissions**

**SCOPE 3 INDIRECT Emissions** 

Indirect emissions that are a **consequence** of the company's activities but occur from sources that are **NOT owned** or **controlled** by it.

Purchased electricity, steam, heat and cooling



Emissions produced by the company's value chain

Produced by15 distinct categories (see next slide)



# Scope 3 Emission Categories (Produced by a Company's VALUE CHAIN)

- 1. Purchased goods and services
- 2. Capital goods
- 3. Fuel- and energy-related activities (not included in Scope 1 or 2)
- 4. Upstream transportation and distribution
- 5. Waste generated in operations

- 6. Business travel
- 7. Employee commuting
- 8. Upstream leased assets
- 9. Downstream transportation and distribution
- 10. Processing of sold products | 14. Franchises
- 11. Use of sold products
- 12. End of life treatment of sold products
- 13. Downstream leased assets

  - 15. Investments



**Upstream Activities** 



**Downstream Activities**