

WHAT is ESG?



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

ESG helps an organisation **IDENTIFY**, **ORGANISE**, **ANALYSE**, **PRIORITISE** and accordingly **guide DECISIONS** on various **business risks** and **opportunities**.

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



Social

- 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

CO₂ CH₄ SF₆ NF₃
 HFCs N₂O PFCs
 Categorise **different types of GHG emissions** created by **companies**, their **suppliers** and **customers**.

SCOPE 1 DIRECT Emissions	SCOPE 2 INDIRECT Emissions	SCOPE 3 INDIRECT Emissions
Emissions from sources that a company owns or controls directly	Indirect emissions that are a consequence of the company's activities but occur from sources that are NOT owned or controlled by it.	Emissions produced by the company's value chain
 <i>Examples</i> Company facilities  Vehicles Assets 	Purchased electricity, steam, heat and cooling <i>Example</i>  TNB electricity usage	Produced by 15 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
11. Use of sold products
12. End of life treatment of sold products
13. Downstream leased assets
14. Franchises
15. Investments

