

CONCEPT NOTE



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORTING STANDARDS FOR BUSINESS



ESG frameworks are important to sustainable investing because they can help Individuals or Organizations determine whether they are aligned with their values, as well as analyze the ultimate worth of a company for their purposes.

CONCEPT NOTE

In the recent years, Environmental, Social and Governance (ESG) reporting policies have become critical in the strategy of successful businesses. Investors started to pay attention to the activities of the companies they were engaged with and to pull out of companies if they thought those activities were undesirable or irresponsible.

Since the 2010s and exacerbated by the global Covid-19 pandemic in 2020, investors have been using their influence on a much greater scale. They are now considering ESG data in areas like **carbon footprint, diversity and inclusion, and compliance with global sustainability guidelines** in deciding where to invest. Companies that are resilient to future shocks and are committed to behaving responsibly are increasingly seen as better bets.

But it's not just investors. Employees now have ESG much higher up on their agendas. The upheaval and uncertainties caused by the 2020 pandemic and the rise in hybrid working has put a new focus on finding purpose in work, which ties in neatly with ESG issues.

Common ESG concerns in an organization are as summarized below:

 <p>ENVIRONMENTAL</p>	 <p>SOCIAL</p>	 <p>GOVERNANCE</p>
<ul style="list-style-type: none"> ➤ Natural Resource Use ➤ Carbon Emissions ➤ Energy Efficiency ➤ Pollution/Waste Management ➤ Environmental Regeneration Opportunities 	<ul style="list-style-type: none"> ➤ Workforce ➤ Human Rights ➤ Diversity & Inclusion ➤ Supply Chain & Local Content Considerations 	<ul style="list-style-type: none"> ➤ Board Independence ➤ Board Diversity ➤ Shareholder Rights ➤ Management Compensation ➤ Corporate Ethics

Source: ESG Rating providers, OECD, selected themes for illustration.

The **Environmental** dimension is about lowering carbon emissions. Organizations are becoming increasingly interested in how they can reduce their carbon emissions. Some of the ways to reduce carbon emissions include:

- Reducing the quantity of materials and products used.
- Opting for natural materials like timber, bamboo and wool.
- Using products with high recyclable content.
- Looking for products with an Environmental Product Declaration (EPD).
- Minimizing the amount of waste produced.

Concerns are also raised on environmental protection and regeneration.

The Social concern is about supporting both employees and the wider community. The office can play a key part in demonstrating your company’s commitment to people and institutions in the communities where you do business. Some examples of how the workplace can support employee wellbeing include:

- Ensuring a range of settings to suit different needs throughout the day, from collaborative hubs to quiet spaces to social break out areas.
- Giving workers choice over where they work and the ability to control the environment.
- Providing furniture that supports physical wellbeing, e.g. sit-stand desks that encourage movement

The Governance aspect is about the internal practices and processes your company has in order to govern itself and make effective decisions. Some of the considerations include:

- Fair employment.
- Diversity and inclusion.
- Safe working conditions.
- Anti-bribery and corruption.
- Sustainability.
- Regular auditing of policies.
- Compliance to both local and international statutes and regulatory frameworks.

BENEFITS OF ESG AT THE WORKPLACE

The benefits of putting ESG at the forefront in the workplace of the future can be seen in several key areas:

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| <ul style="list-style-type: none"> ✓ More engaged workers. ✓ Enhanced reputation. ✓ Attracting customers. ✓ Attracting talent. ✓ Providing a sense of purpose. | <ul style="list-style-type: none"> ✓ Higher profitability. ✓ Aligning with regulations. ✓ Attracting investors. ✓ Keeping valued employees. |
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The FKE Hybrid Program on ESG	
Phase I: Virtual Masterclass Module 1: ESG Trends and Regulations. Module 2: ESG Reporting & Sustainability. Module 3: The Future of ESG Reporting.	Date 20th – 22nd June 2023 Time: 10.00am -12.00 Noon. Delegates earn 3 IHRM CPD Points.
Phase II: Physical Practical Workshop Module 4: Practical Guide to ESG Reporting.	Date 05th – 07th July 2023 Venue: Sarova Imperial Hotel, Kisumu Delegates earn 6 IHRM CPD Points.

To register please click on the link: <https://forms.gle/Wx4DN7AHwS5P9nAw6>

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