



# Environmental – Social – Governance (ESG)

## Training Attendance



# Evolution of ESG

- Why Organizations Exist?
- Shareholders vs. Stakeholders
- Conflict of Interests
- Mindset Shift
- Business Growth vs. Investment Growth
- Sustainability Challenge
- ESG – Key Future Business Challenges
- ESG always existed but disintegrated.
- ESG – Translation in Financial Terms
- ESG – Investors & Investment Funds



# What is ESG?

- Financially measurable ESG related business decisions that helps investors in making investment decision.
- ESG funds are invested in businesses that comply with basic ESG framework.
- ESG is a principle based framework.
- By now, compliance to ESG is voluntary.
- Every organization needs company specific ESG Compliance structure.
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# Why Learn ESG?

- ESG is today's new black for corporates
- How two different businesses differ with or without ESG compliance.
- Why corporates need to invest in enterprise wide ESG compliance?
- In future, every business will have to comply with ESG which is voluntary now.
- ESG learning applies to all level of management structure.
- how ESG compliance creates business opportunities?
- Financial impact on organization with or without ESG Compliance.



# ESG Financial Measurement

- In future, company's will be distinguished between ESG compliant & non-compliant businesses.
- ESG Compliance will determine future investors decision in company's business
- Businesses are expected to report key environmental challenges & thier financial imact
- Type of challenges & compliance level will decide investment future.
- Type of challenges & compliance level will decide company's financial future.
- Every business segment need rethinking from Environmental Perspective
- Manufacturing sector will be expected to have higher level ESG compliance structure.
- Every business decision need implication of ESG perspective.
- Company's need to think ahead of local regulatory frameworks to make their businesses ESG Compliant.
- Non Compliance is easy, cost effective but has dire future implications.



# ESG – Environmental Challenge

- Businesses are either sustainable or non-sustainable.
- Sustainability depends on its nature, use of non-renewable resources and recycling of resources used.
- Problem – Climate Change
- Problem – Bio Diversity
- Problem – Waste Management
- Problem – Water Conservancy
- Problem – Water Pollution
- Problem – Depleting Natural Resources
- Problem – Green Issues



# ESG – Social Challenge

- Who are business stakeholders?
- Social challenge encompasses everyone connected or affected from business activities.
- Employees: Key ESG Stakeholder.
- Customers: Future of business rests in their hands.
- Vendors: Need to be ESG Compliant for future business.
- Supply Chain: Future partnerships criteria will be ESG compliance.
- Society: Social acceptability criteria lies in ESG Compliance.
- Investors – Funds are already named as ESG Funds in Investment market.
- Biodiversity: Hurting Biodiversity can be fatal for business.
- Social Cost: Will determine business sustainability.



# ESG – Governance Challenge

- What is Corporate Governance?
- Concept of 'Good Corporate Citizenship'
- Governance Stakeholders?
- Why Governance is added in ESG Framework?
- Who is Responsible for Governance in ESG?
- How Good Governance can be Measured?
- Perils of Bad Governance
- Widened Scope of Governance – From Stock Exchange to Society
- Financial Measurement of Governance
- Governance Watchdogs
- Why now?



# ESG – Implementation Challenge

- Mindset
- Cost Benefit Analysis
- Conflict of Interest
- Previous Cosmetology with different names
- Readiness
- Rethinking & Redesign
- Principle Based
- Tick Box Approach
- Legal Framework
- Projection Focused Issue
- Inaccurate Financial Measurement



# ESG – Successful Implementation

- Tone is set at the top
- ESG Objective & Measurables Policy Steps
- ESG Learning & Practical Implementation
- Mindset Shift
- Sensitivity
- ESG Steering Committee
- Convert to Rule Based
- Connect to Performance Evaluation
- Accountability Framework
- Funds Allocation
- Review & Audit



# ESG – Role Responsibility Grid

- Board of Directors - Ownership
- Senior Management – Policy Makers
- Middle Management - Implementers
- Operational Teams – Feet on ground
- Vendors- ESG Compliant
- Supply Chain – ESG Business Partners
- Customers – ESG Monitors
- ESG Investors – Performance Evaluators
- Regulatory Agencies - Watchdogs
- Society: Beneficiary
- Competitors: Competitive Advantage



# Environmental – Social – Governance (ESG)

## Post-assessment Questionnaire: ESG Awareness - Ittihad International Investment



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Feedback form: ESG Awareness  
(Group 2) - Ittihad International  
Investment

