International Labour Organization

How to set up successful ESG advisory services

A practical guide for employer and business membership organizations on driving sustainability

How to set up successful ESG advisory services

A practical guide for employer and business membership organizations on driving sustainability

---

ISBN: 9789220429808 (web PDF)
DOI: https://doi.org/10.54394/ZUQC3573

About this guide

Welcome to this comprehensive guide on setting up and delivering effective Environmental, Social, and Governance (ESG) advisory services. The guide supports Employer and Business Membership Organizations (EBMOs) in enhancing their members' sustainability performance while simultaneously generating additional income for the EBMO. The guide has a strong focus on working with small and medium-sized enterprises (SMEs).

> Sustainability unlocks opportunities. Set your members up for success.

Tailored ESG advisory services by EBMOs help businesses to navigate the complexities of ESG challenges and to make the most of the opportunities on offer. This guide offers practical, step-by-step advice on:

- **How EBMOs can set up paid ESG advisory services for their members**. The guide covers basic topics from understanding market demand for ESG services to designing and pricing these services, and finally, to launching and tracking performance.
- **How EBMOs can help companies develop and implement effective ESG strategies**, from conducting materiality assessments and engaging with stakeholders to bringing the strategy to life through people, policies and practices.
- **How to support businesses to report and disclose their ESG performance**. This includes an overview of the main reporting frameworks used by the private sector, practical tips for writing and communicating the company's ESG performance and celebrating success.
- **How to assist member companies in accessing sustainable finance.** Sustainability pays, including through easier access to funding. This guide takes EBMOs through the basic options for sustainable funding open to their members.

The guide offers a flexible menu of options for services and delivery methods from which the EBMO can pick and choose. Each chapter features practical steps and actions, templates, and real-life case studies that EBMOs can adapt to their specific contexts and the company they are working with. Whether the EBMO is just starting out or looking to enhance its existing ESG services, this guide provides the tools and knowledge that underpin success.

Acknowledgements

The development of this guide on ESG advisory services for EBMOs has been a collaborative effort, drawing on the skills, knowledge and experience of a team of dedicated individuals.

We would like to express our thanks to Mariska van der Linden, a business sustainability expert and writer, who is the main author of this comprehensive guide.

We also extend our thanks to the EBMOs that participated in interviews for our case studies. Their real-world insights provide valuable inspiration for others. Specific thanks go to Cara Westerman, General Manager Business Sustainability at Business Chamber Queensland, Australia and Nathalie Bordas, Programme Director at the Unión Industrial Paraguaya (the Paraguayan Industrial Union). Your support has been crucial in bridging the gap between theoretical concepts and practical applications.

We would like to acknowledge our colleagues at the International Labour Organization (ILO) who supported the development and review of this guide. Appreciation goes to Emi Mitani, Junior Professional Officer, Green Small and Medium sized Enterprises Policy Development, ENTEPRISES, Eleonora Gonnelli, Consultant, ILO ACT/EMP, and the wider ILO Bureau for Employers' Activities team. Your critical feedback and thoughtful suggestions have significantly enhanced the quality and relevance of this guide.

Our thanks go to Laura Greene, Senior Programme and Operations Officer, ILO-ACT/EMP, who led the coordination and development of this guide.

Thank you all for your contributions and commitment to supporting EBMOs and SMEs to take sustainability to the next level.

Contents

Practical templates

Checklists

Abbreviations and acronyms

AI	Artificial Intelligence
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSR	Corporate Social Responsibility
DEI	Diversity, Equality and Inclusion
EBMO	Employer and Business Membership Organization
EIF	European Investment Fund
ESG	Environmental, Social, and Governance
EU	European Union
GDP	Gross Domestic Product
HDI	Human Development Index
ILO	International Labour Organization
OECD	Organisation for Economic Co-operation and Development
R&D	Research and Development
SDGs	Sustainable Development Goal
SME(s)	Small and Medium-sized Enterprises
tCO_2e	Tonnes of carbon dioxide equivalent
UN	United Nations
WEF	World Economic Forum

1

Let’s get started

Sustainability is of increasing importance in the business world. Today, Environmental, Social, and Governance (ESG) performance significantly influences access to finance, investment decisions, and commercial relationships. Employer and Business Membership Organizations (EBMOs) can be catalysts when it comes to companies achieving business success through ESG.

This guide by the ILO LEADER (Leading Employers in Action for Social and Environmental Responsibility) Programme supports EBMOs to increase their members' sustainability performance while simultaneously increasing their own and their members' income. At a fundamental level, this guide has two aims.

- **To advise EBMOs on how to set up paid ESG advisory services.**
- **To provide a menu of options for what this service could include.**

This guide is not exhaustive in the menu options it provides. Rather, it aims to inspire EBMOs to adapt and set up those services that work for them and their members. EBMOs can pick and mix the menu options that work in their specific context.

What are ESG advisory services?

In the context of this guide, ESG advisory services are paid, tailored services offered by an EBMO to businesses to help them address ESG challenges and make the most of ESG-related opportunities. These services can include expert guidance, tools and resources to assist members in developing sustainability strategies, complying with ESG-related regulations, improving social responsibility practices, strengthening governance frameworks, and more. The goal of the advisory services is to enhance members' ESG performance, ensure alignment with global and industry standards, meet stakeholder expectations, and reap the full array of business benefits that flow from embracing ESG.

ESG advisory services: a major opportunity for EBMOs

There are significant benefits to be gained from providing ESG advisory services to members. A 2025 survey by the ILO LEADER Programme of 90 EBMOs in 65 countries[1] shows that more than half (58 per cent) of EBMOs worldwide already offer member services or activities specifically related to ESG, with four out of five EBMOs surveyed predicting demand will increase. Since launching ESG services for their members, EBMOs report:

- Greater member engagement (56 per cent).
- Increased participation in policy discussions (46 per cent).
- Increased profile and influence (46 per cent).
- The setting up of new partnerships (42 per cent).
- Membership growth (23 per cent).
- An increase in grants or funding (23 per cent).

Despite a majority of EBMOs worldwide offering member services or activities specifically related to ESG comparatively few offer hands-on assistance to enterprises through advisory services (29 per cent), ESG tools (15 per cent), and ESG reporting support (10 per cent). This represents an opportunity for EBMOs to grow their ESG services with an additional revenue stream, particularly as the ESG advisory services market is predicted to grow significantly over the coming years. Recent figures show that the global ESG and sustainability advisory market was valued at approximately USD 44,000 million in 2024 and is projected to grow steadily to USD 76,000 million by 2033.[2]

---

[1] Please see the ILO LEADER Programme's online resource hub.

[2] Global Growths Insights, ESG and Sustainability Advisory Market Size, Share, Growth, and Industry Analysis, By Types (ESG Advisory, Sustainability Advisory), By Applications Covered (Chemicals, Building and Construction, Agriculture, Food and Beverage, Mining, Oil and Gas, Other), 2025.

A quick introduction to ESG

The term 'ESG' refers to a collection of enterprise performance criteria on how the company is managing its social and environmental impact.

> ESG reporting or disclosure is the process by which companies publicly share their performance.

Environmental (E)

The environmental criteria focus on **conservation of the natural world**. This includes, for example, criteria on:

- Energy use
- Waste management
- Pollution prevention and management
- Biodiversity conservation
- Treatment of animals
- Climate change
- Deforestation
- Water scarcity

Social (S)

This standard is about **people and relationships**. This includes the company's relationships with its employees, suppliers, customers, and the communities where it operates. It includes factors like respect for human rights, labour practices, diversity, equality and inclusion (DEI), health and safety, and community engagement. The social component of ESG is often divided into the following categories.

Human and labour rights

- Decent working conditions
- Social protection
- Employee relations
- Occupational safety and health
- Forced labour and human trafficking
- Child labour

Diversity, equality, and inclusion

- Gender equality
- Equal opportunities

Workplace

- Workplace culture
- Privacy and data security

Conflicts and politics

- Engagement in high-risk areas
- Political risk
- Social inequalities

Stakeholder impact

- Community engagement
- Philanthropy
- Consumer safety
- Product accessibility

Governance (G)

These are standards for **running a company** covering, for example:

- Executive pay
- Audits
- Internal controls
- Shareholder rights
- Effectiveness of the board of directors
- Risk management
- Transparency and corruption.

ESG is on the rise

ESG is increasingly in the spotlight as stakeholders across the spectrum—investors, consumers, regulators, and employees—look for greater accountability and transparency from enterprises on their social and environmental impact. These stakeholders are interested not only in companies' social and environmental impacts but also in how ESG issues affect financial performance and prospects. This is especially the case for investors, who seek information on how and how well a company manages its **ESG risks** to make investment decisions.

The global push toward sustainability is driven by urgent challenges like climate change and social inequality. These have made ESG considerations central to business strategy and decision-making. As a result, ESG is no longer a "nice-to-have" but is increasingly becoming a critical component of business success and reputation.

Enterprises in many countries are now required by law to report on their sustainability policy and performance. Company supply chains are also increasingly in focus, with more and more legislative measures requiring companies to prevent, mitigate and account for their social and environmental impacts and initiatives in their operations and business relationships.

Additionally, ESG performance is playing a growing role in investment decisions. For example, several investment firms, including BlackRock, Inc., BNP Paribas Asset Management, Legal & General Investment Management and Goldman Sachs, prioritize diversity and inclusion in their investment strategies.[3]

Business loan trends follow a similar trajectory to those seen in investment. Enterprises that integrate ESG are more likely to obtain loans, potentially at a better rate, from banks, credit unions, and other lending institutions. For example, Sustainability-Linked Loans (SLLs) offer cheaper borrowing if companies can meet agreed ESG goals such as reducing carbon emissions or improving board diversity. (For more information on SLLs, please see chapter six).

As the pressure to embrace ESG increases, there is a growing role for EBMOs to help their members reach new heights when it comes to sustainability. EBMOs can be game changers when it comes to unleashing the potential of ESG for members, whilst also reaping benefits for the organization itself.

The business benefits of embracing ESG

A growing body of evidence shows that a business can do well and good at the same time. However, it's not just businesses that stand to gain from embracing ESG, the same goes for EBMOs.

Companies which improve their ESG performance:

- Attract investors
- Win over consumers
- Enhance company reputation
- Drive innovation
- Stay ahead of regulations
- Are more efficient and better at managing risks
- Attract and keep top talent
- Build strong community and government relations

[3] Ross Kerber and Jessica DiNapoli, "BlackRock adds diversity target for US boardrooms", Reuters, 18 December 2021.

EBMOs that embrace ESG:

- Can provide additional, paid services to their members
- Increase their profile and influence
- Effectively help their members improve performance
- Prepare their members for new and changing regulations
- Drive membership growth
- Are more attractive to donors

How to use this guide

This guide can be used by EBMOs:

- To **define which paid ESG advisory services** the EBMO wishes to provide to its members.
- To **identify the mode of delivery** which fully supports their members on ESG. For example, the service could be delivered directly by the EBMO, or by a consultant, through partnership with another organization, etc. The service could be delivered as a training workshop, using a helpdesk, one-on-one consultancy, or other format.
- As a **practical tool during interactions with members** who have opted for paid ESG advisory services. Chapters 3 to 5 contain step-by-step guidance and templates that EBMOs can use directly in meetings with companies.

Background information

The ILO LEADER Programme has produced a suite of more than 20 ESG products for EBMOs. These are tailored to EBMO goals and ESG maturity levels. They include:

- Amendable briefs and a video setting out the business case for ESG.
- Enterprise and EBMO sustainability success stories.
- Research briefs on governance standards, sustainability terminology, policy developments, and more.
- Support and communications materials to run a national ESG business award.

All these products provide useful background information to this guide and can help in preparing for delivery. The products are available in the ILO LEADER Programme's online resource hub. For more detailed information or tailored support please reach out to your ILO ACT/EMP field specialist.

The ILO LEADER Programme's ESG training course

This guide is aligned with the ILO LEADER Programme's training course *ESG Leadership Essentials: A Training Course for Enterprises* (available in the ILO LEADER Programme's online resource hub). The training course is designed to be delivered by EBMOs to companies. It can be useful to train enterprises on ESG as a first step, then provide advisory services as a second step. Alternatively, parts of the training course can be tailored to the company the EBMO is working with and delivered as part of the ESG advisory services.

Target audience

This guide is aimed at EBMOs that are starting out or have gone part of the way when it comes to setting up and running ESG advisory services. It therefore assumes that the reader has a basic understanding of ESG and relevant concepts.

The advisory services described in this guide can be adapted for enterprises of all sizes and sectors except for micro-enterprises of ten or fewer staff. The guide has been written with small and medium-sized enterprises (SMEs) in mind. Tips are given for how the material can be broadened for larger enterprises.

Additional information

The guide points the reader to relevant ILO materials as well as other resources. This includes training courses, business cases, an ESG assessment tool for enterprises, and much more. Additional information is signposted using the 'i' icon to the right.

Why the focus on SMEs?

Many large enterprises already have sustainability strategies and reporting frameworks in place. This is partly because the pressure to do so on larger enterprises from consumers, governments, stock exchanges and other stakeholders is a long-term trend.

SMEs, on the other hand, are less likely to have sustainability strategies and practices in place. They also generally have less resources available to pay for external support. Pressure on SMEs to be sustainable is now equally growing, with many also wanting to do what they see as being right and reap the benefit that ESG offers. However, sustainability support for SMEs is not as readily available as for larger enterprises or may be more prohibitive in costs. Moreover, SMEs require a more light-touch approach that delivers equally concrete sustainability outcomes. This guide aims to help EBMOs plug the gap.

Structure and contents

This guide outlines practical **stages** for EBMOs setting up and then delivering an ESG advisory service. Each stage is composed of **steps**, and steps have been divided into smaller **actions** where relevant. The stages, steps and actions are suggestive and not prescriptive. **EBMOs will know best when, how and if to deliver each stage, step and action** to ensure that the ESG advisory service provided is tailored to the EBMO's and the company's needs and context.

The guide is structured according to the following chapters.

1. Let's get started

This introductory chapter looks at the aims and structure of the guide. It also covers some of the basic knowledge necessary to fully understand subsequent chapters, such as the definition and evolution of ESG.

2. An introduction to developing commercially viable ESG advisory services

This chapter takes EBMOs through the basic steps of setting up a successful, paid ESG advisory service.

3 to 5. Menu of options for ESG advisory services by stage

Each chapter covers one of three basic stages in a company's ESG journey – strategy development, strategy implementation, and reporting and disclosure (see diagram below). Once ESG reporting and disclosure has taken place, the company may wish to use the available information to revisit its ESG strategy, thereby going back to the first stage, ESG strategy development, and starting the cycle again with a view to continuous improvement.

6. How to fund sustainability efforts

This chapter focuses on access to sustainable funding, which is relevant to all stages of the company's ESG journey. Transitioning to sustainable practices often requires additional funds. The good news is that sustainable enterprises have more options for accessing funding than other enterprises.

The guide features easy-to-use **templates** and **checklists**. These can be lifted, adapted and used directly by the EBMO in its interactions with members.

The guide also contains three **real-life case studies** of EBMOs that are already successfully providing their members with income-generating ESG advisory services. Each case study is intended to inspire the reader and includes practical tips for readers wishing to follow in the footsteps of the EBMO featured in the case study.

Timelines

This guide does not set out timelines. The EBMO is best placed to estimate timelines, based on its experience of service delivery to its members and the context of the company it is working with. The time required to implement the services outlined in this guide may vary depending on factors such as the company's size and industry, maturity level in ESG practices, regulatory and stakeholder requirements, management commitment, corporate culture, employee awareness, and the efficiency of its data collection and reporting systems.

Moreover, embedding ESG implies significant changes for the company, including shifts in corporate strategy, governance structures, operational processes, supply chain management, employee engagement, and sustainability reporting. It may be better to take more time for ESG service delivery to allow the company to complete the change process.

> Embracing ESG often means organizational change. Providing ESG services could span months or even years.

Additional information

For further information on the benefits of ESG for EBMOs, the role EBMOs can play in driving sustainability, and available support, please see ILO (2024) Sustainability Unlocks Opportunities: How ESG Sets EBMOs Up for Success.

The ILO (2022) Training Guide: Environmental Social Governance (ESG) and its Implications for Medium-Sized Enterprises in Africa has detailed information on why African companies should take pressures to adopt ESG seriously, what businesses benefits this brings, and the role EBMOs can play. The guide also looks at different sectors.

The SME ESG Hub developed by the UN Global Compact Network for Malaysia and Brunei has many useful ESG resources, tools as well as real-life SME sustainability case studies.

A useful guide for larger companies on embedding ESG is the Exchange Group and Tokyo Stock Exchange (2020) Practical Handbook for ESG Disclosure.

2

An introduction to developing commercially viable ESG advisory services

Tailored services allow EBMOs to offer focused, practical solutions that align with their members' specific industries, size, and ESG maturity levels. This not only helps members remain competitive and compliant but also enables them to proactively manage risks and seize opportunities in an increasingly ESG-driven marketplace. Offering these services on a paid basis increases EBMO income while demonstrating the tangible value of the EBMO's expertise.

1. Step 1: Sound out the market
2. Step 2: Assess EBMO ability to deliver
3. Step 3: Design ESG services
4. Step 4: Market the ESG services
5. Step 5: Track performance

This chapter provides a **basic introduction** to how EBMOs can set up commercially viable ESG advisory services. It includes basic tools and templates which, unlike other tools and templates in this guide, are intended for **internal use** by the EBMO.

EBMOs that already have strategies in place for commercial services development can either skip this chapter or consult the additional material below.

Step 1. Sound out the market

Sounding out the market gives EBMOs the information they need to identify where the opportunities for service development are, and who the likely clients of this service would be. To design the right ESG advisory service, EBMOs need to:

- Understand the **demand** side: What are EBMO members' ESG challenges and priorities?
- Understand the **supply** side: What services are already on offer by the EBMO itself and its competitors?

Action 1. Understand the demand for ESG services

There are various ways to identify members' needs and demands. Gaining information on member demand for ESG services can be done:

Additional information

For more in-depth guidance on how to set up EBMO services for members, please see ITCILO (2012) Services by Employers' Organizations - A Strategic Approach to Service Development: Developing, Agreeing and Delivering a Sustainable Service Strategy. An eLearning course is also available on the same page.

- Informally, by collecting staff and members' opinions, analysing information and feedback received during meetings, seminars or trainings, or by discussing with colleagues from sector organizations or directly with members or decision-makers.
- Using a more standardized approach involving surveys, focus groups and interviews.

The investigation should include an exploration of members' willingness to pay and potential budgets for ESG advisory services, as well as identifying industries or sectors with unique ESG requirements.

The EBMO may also wish to identify the potential of gaining new members through ESG services provision. In this case, the information would need to be collected from enterprises that are potential prospective members as opposed to existing members.

Template 1: ESG survey questions for EBMO members

The below questions can be amended to suit the EBMO's specific context and added to regular membership surveys or integrated in a standalone survey specifically on sustainability. EBMOs can, for example, add standard survey questions on enterprise size, location and sector. The questions can also be adapted to an interview or focus group format.

1. How would you rate your enterprise's current level of ESG maturity?

- ☐ Just starting
- ☐ Some initiatives in place
- ☐ Advanced and actively reporting
- ☐ Other (please specify)
- ☐ I am not sure

2. Which ESG areas are the highest priority for your enterprise over the next 12-24 months? (Tick all options that are relevant)

Environmental

- ☐ Climate change and carbon emissions
- ☐ Energy efficiency and renewable energy
- ☐ Resource use and waste management
- ☐ Water management
- ☐ Biodiversity and ecosystem protection
- ☐ Pollution prevention (air, water, soil)

Social

- ☐ Diversity, equity, and inclusion (DEI)
- ☐ Employee health and safety
- ☐ Human rights and labour practices
- ☐ Community engagement and social impact
- ☐ Consumer protection and product safety
- ☐ Training, education, and workforce development

Governance

- ☐ Board structure, diversity, and independence
- ☐ Ethical leadership and anti-corruption measures
- ☐ Executive compensation and accountability
- ☐ Risk management and compliance
- ☐ Shareholder rights and transparency
- ☐ ESG strategy development, integration and disclosure practices

3. What are the biggest barriers preventing your enterprise from advancing its ESG initiatives? (Tick all options that are relevant)

- ☐ Lack of knowledge and expertise
- ☐ Budget constraints
- ☐ Unclear regulations
- ☐ Difficulty in measuring and reporting impact
- ☐ Other (please specify)

4. How familiar is your business with current ESG regulations and reporting requirements relevant to your industry?

- ☐ Very familiar
- ☐ Somewhat familiar
- ☐ Not familiar
- ☐ I am not sure

5. What type of ESG support would be most valuable to your organization? (Tick all options that are relevant)

- ☐ Training workshops
- ☐ Toolkits and resources
- ☐ Regulatory updates
- ☐ Peer networking
- ☐ Customized support for your enterprise
- ☐ Other (please specify)
- ☐ I am not sure

6. How much budget would your enterprise like to allocate to external ESG support annually?

- ☐ Less than 500 US Dollars (USD)
- ☐ USD 500 – USD 1,000
- ☐ USD 1,000 – USD 5,000
- ☐ More than USD 5,000
- ☐ I don't know

7. Would your enterprise be interested in a paid, customized ESG advisory service offered by *(insert EBMO name)* as an additional benefit to your annual membership?

- ☐ Yes
- ☐ Maybe
- ☐ No
- ☐ I am not sure

8. If you answered 'Yes' to the last question, what type of pricing structure would work best for your enterprise? (Tick all options that are relevant)

- ☐ Subscription-based (ongoing service)
- ☐ One-time fee for specific services or projects
- ☐ Tiered options based on the level of service provided
- ☐ Pay-as-you-go (charged per use or hour)
- ☐ Other (please specify)
- ☐ I am not sure

9. What price range would you consider reasonable for the following services?

ESG strategy development for your enterprise

- ▢ Less than USD 500
- ▢ USD 500 – USD 1,000
- ▢ USD 1,000 – USD 5,000
- ▢ More than USD 5,000
- ▢ I am not sure

ESG strategy implementation for your enterprise

- ▢ Less than USD 500
- ▢ USD 500 – USD 1,000
- ▢ USD 1,000 – USD 5,000
- ▢ More than USD 5,000
- ▢ I am not sure

ESG reporting and disclosure for your enterprise

- ▢ Less than USD 500
- ▢ USD 500 – USD 1,000
- ▢ USD 1,000 – USD 5,000
- ▢ More than USD 5,000
- ▢ I am not sure

Advice on how to fund your enterprise' sustainability initiatives (grants, investments, loans, etc)

- ▢ Less than USD 500
- ▢ USD 500 – USD 1,000
- ▢ USD 1,000 – USD 5,000
- ▢ More than USD 5,000
- ▢ I am not sure

Action 2. Understand the supply of ESG services

In addition to understanding the demand for ESG services from members (and potential future members), it is important to understand what services are already available. This means carrying out an **internal audit of the EBMO's ESG-related services** on offer, as well as those offered by competitors. The latter can be done by carrying out a **competitors' analysis.**

ESG services already provided by the EBMO

While the EBMO may not provide all ESG-related services needed by its members, EBMOs are almost always already providing some services which fall under the ESG umbrella. These could be services fostering employee engagement, environmental compliance, DEI, workforce development, legal compliance, and more. Linking existing services to the ESG agenda where relevant can allow the EBMO to update and finetune its existing service offer.

The audit of existing ESG services should be conducted jointly by the EBMO's senior management team, together with staff from relevant departments. The audit needs to answer, at a minimum, the questions in the following short checklist.

Checklist 1: Assessing ESG services already provided by the EBMO

- ☐ Why was the service developed (e.g. is the ESG service part of a long-term strategy or was it designed ad hoc to fulfil a demand from members)?
- ☐ How much does it cost to deliver the service?
- ☐ How profitable is the service for the EBMO?
- ☐ Is a clear price strategy in place?
- ☐ How often is the service delivered?
- ☐ How many members use the service? What are their characteristics (e.g. size, sector, location)?
- ☐ What is the feedback from members on the service?
- ☐ Are there any other organizations that provide the same service?

At the end of this exercise, the EBMO should have a clear understanding of its own ESG service offer and be in position to choose which services to keep, improve or abandon. Additionally, the EBMO could use information from existing services to shape the new ESG service and/or advertise the new ESG service to members already benefiting from existing services.

Gauging the competition

Sounding out competitors means finding out if the advisory service envisaged is already supplied and by whom to be able to decide if it is worth developing it. Ideally, the EBMO should provide services that are not sufficiently covered by other providers, services of a better quality and/or at a more affordable price.

Competitors for EBMOs when it comes to ESG services typically offer a mix of consulting, certification, tools, and assurance services. Competitors can include:

- **Government institutions**, in particular in the field of information provision.
- **Consulting firms**, which includes general management consultants such as McKinsey and Deloitte, as well as specialized ESG firms.
- **Certification and standards organizations**. Examples include the Global Reporting Initiative (GRI), the Carbon Trust, ISO, and the B Corporation.
- **Law firms**, which help enterprises navigate ESG-related regulations.
- **ESG rating agencies** such as MSCI and Sustainalytics.
- **Technology providers**, which include companies such as EcoVadis, Salesforce (Net Zero Cloud), and SAP Sustainability Cloud that provide paid software programmes for ESG reporting, supply chain monitoring, and data analytics.

Let's get started
Introduction
Stage 1
Stage 2
Stage 3
How to fund sustainability efforts
Annexes

To assess competition, the EBMO's senior management team and other relevant staff can together answer the short list of questions in the checklist below.

Checklist 2: Gauging the competition

- ☐ Who is competing with the EBMO in providing ESG services?
- ☐ What ESG services do they offer?
- ☐ What are the strengths and weaknesses of these services and service providers?
- ☐ Where is the EBMO's opportunity for competitive advantage? (Are any services demanded by companies not being offered? What about the quality and price of the currently available ESG services? Are the services relevant for SMEs?)
- ☐ Are competitors members of the EBMO? If so, how will the EBMO deal with this?
- ☐ Is there a possibility to build strategic alliances with competitors for certain services? For example, services could be delivered in partnership, or the EBMO could refer members to external expert organizations, possibly against a commission.
- ☐ How is the market likely to change in the next two to five years?

Step 2. Assess the EBMO's ability to deliver

To assess whether the EBMO has the ability to deliver the envisaged ESG services, it is helpful to carry out a SWOT analysis and an assessment of the EBMO's internal capacity to deliver.

Action 1. Carry out a basic SWOT analysis

A SWOT analysis can provide a useful starting point when matching an organization's resources and capabilities to the competitive environment in which it operates. It is a basic commonly used tool to help with decision making at organization, programme and project level. SWOT stands for Strengths, Weaknesses, Opportunities and Threats.

The SWOT analysis starts with the definition of a desired end state or objective (in this case, new ESG advisory services). It then identifies the key internal and external factors that are important to achieve this objective.

SWOT elements are defined as follows.

- **Strengths:** attributes of the organization which are helpful to achieving the objective. EBMO strengths could include unrivalled competence in industrial relations, a good network of ESG consultants, a strong public profile on ESG, or access to ILO ESG training and materials.
- **Weaknesses:** attributes of the organization which are harmful to achieving the objective. EBMO weaknesses could include understaffing, lack of staff expertise in ESG, and the reluctance of members to pay market rates for ESG services.

> The EBMO **can** control strengths and weaknesses. The EBMO **cannot** control opportunities and threats.

- **Opportunities:** external conditions which are helpful to achieving the objective. For example, EBMO opportunities could include technical and/or financial support from regional and international bodies, potential to expand into an ESG training centre, and membership recruitment and growth.
- **Threats:** external conditions that could do damage to the objective. EBMO threats could include increasing competition in ESG training and consultancy, competition from other business associations, or an economic climate that incites enterprises to cut costs.

The following grid can be completed by senior management and other relevant staff to help with the SWOT analysis.

Template 2: SWOT analysis

SWOT Analysis

	Helpful to developing ESG service	Harmful to developing ESG service
Internal factors	Strengths	Weaknesses
External factors	Opportunities	Threats

Carrying out a SWOT analysis will help an EBMO to think in a strategic way about how to take advantage of its current external environment and how to avoid threats, using its internal strengths and limiting the impact of its weaknesses. Different strategies can emerge from a SWOT analysis:

- S-O strategies use the EBMO's strengths to take advantages of the opportunities.
- W-O strategies overcome EBMO weaknesses that prevent it from taking advantages of the opportunities.
- S-T strategies use the EBMO's strengths to reduce the negative impact of threats.
- W-T strategies reduce the EBMO's weaknesses that can make threats have a real impact.

Let's get started
Introduction
Stage 1
Stage 2
Stage 3
How to fund sustainability efforts
Annexes

Action 2. Assess internal capacity

Senior management and other relevant staff need to determine together whether the EBMO has the internal organizational capacity to deliver the envisioned ESG advisory services for members. EBMOs can use the checklist below as a basis for their assessment. The checklist can be adapted to the EBMO's specific context.

Checklist 3: Assessing EBMOs' internal capacity to deliver ESG services

1. Strategic alignment	▢ Do the new ESG advisory services align with the EBMO's mission, vision, and strategic priorities? ▢ Are key stakeholders (e.g., board members, leadership, and staff) supportive of offering these services? ▢ Do they have a clear understanding of how the services will add value to members and to the EBMO?
2. Staff capacity	▢ Is there a designated team or staff member responsible for setting up, leading and managing the ESG advisory services? ▢ Do relevant staff members have the necessary expertise in ESG topics? ▢ Do relevant staff members have sufficient time available to work on the new ESG advisory services? ▢ Are there any synergies with existing work? ▢ Is there sufficient administrative support (invoicing, processing payments, and so on)? ▢ Is it possible to address any gaps through upskilling/recruitment/consultants/partnerships with NGOs, think tanks, academic institutions and other ESG experts? ▢ Have external partners been identified to complement staff expertise? Have Service Level Agreements[4] been set up?
3. Technical and operational capacity	▢ Does the EBMO have the required tools and technologies in place to deliver the ESG advisory services (e.g. software for ESG reporting or analysis)? ▢ Is there a structured process in place that will govern the setting up and running the ESG advisory services? ▢ Could the EBMO scale the services if successful? ▢ Is it possible to plug any gaps through partnerships with NGOs, think tanks, academic institutions and other ESG experts?

[4] A Service Level Agreement (SLA) is a formal contract between a service provider and a customer that sets out the expected level of service including performance standards, responsibilities and guarantees.

4. Financial capacity	▢ Does the EBMO have the required resources to invest during the start-up phase of the ESG advisory services? ▢ Does the EBMO have the necessary funds to market the services? ▢ Does the EBMO have the necessary funds to run the services? ▢ Can any gaps be plugged, for example through loans, grants, or partnerships? (More on this below) ▢ Are members willing to pay for ESG advisory services?
5. Member engagement and communication	▢ Is there a plan to involve members in co-creating or fine tuning the services? ▢ Is there a plan for marketing the services to members (and potential new members)?
6. Monitoring and evaluation	▢ Is there a plan in place for measuring the impact/success of the new ESG advisory services? ▢ Is there a plan in place for gathering feedback from members on the service?

Step 3. Design the ESG services on offer

The EBMO is now ready to decide which areas of ESG the new advisory will focus on, and what the most effective mode of delivery is.

- **Focus area**

  This is about the specific subject area the service will focus on, for example, sustainability strategy development, compliance, reporting, carbon footprints, community relations, DEI, and more.

- **Format**

  The service could be delivered as a training workshop, using a helpdesk, one-on-one consultancy, a chatbot, or using another format.

- **Delivery option**

  The service could be delivered directly by the EBMO, or by a consultant, through partnership with another organization, etc.

> The ESG services should be able to accommodate members' varying levels of ESG maturity, as well as specific sector and company characteristics.

Action 1. Set a pricing structure

To ensure service take up, it is important to set a competitive and transparent general pricing structure for **all** ESG services provided by the EBMO, whether paid for or not. For instance, a pricing structure could include the following basic options.

- **Free** ESG services, for example to attract new members, can include free entry to an introductory training course on ESG.
- Paid ESG services delivered as part of the **basic annual subscription** such as regulatory updates, advocacy, and an introductory training course on ESG.
- **Additional paid ESG advisory services** are on top of those provided as part of members' basic annual subscription. These prices could be adapted to company characteristics such as sector, size, location, annual profits, etc.
- **Price differentiation according to membership status.** EBMOs may offer the same service at a different price to different membership categories. For example, many EBMOs offer services to non-members but at a higher price.

For non-paying services, the financial target is usually cost limitation. When it comes to paid services, there can be two different objectives: reaching the break-even point or generating a surplus.

How to set a pricing structure for ESG advisory services

Looking specifically at paid ESG advisory services, their pricing structure ideally allows EBMOs to cater to members with varying levels of ESG maturity, needs, and budgets, ensuring flexibility and scalability. The fictional example below of a competitive EBMO pricing structure for paid ESG advisory services can be used as a template by EBMOs when developing their own ESG advisory services and amended to their own context.

Template 3: Example of a pricing structure for ESG advisory services

(All prices shown are for illustrative purposes only.)

Basic tier Foundation support	**Standard tier** Intermediate support	**Premium tier** Advanced support
USD 500 per year	*USD 2,000 per year*	*Pricing on a case-by-case basis.*
Target audience: SMEs or organizations just starting their ESG journey. **Services offered:** ▶ Access to ESG templates and guides (e.g. sustainability policies, reporting frameworks). ▶ Monthly newsletter with updates on ESG trends and regulations. ▶ Introductory webinar on ESG essentials. ▶ Limited email support for basic ESG queries (up to 5 inquiries per year).	**Target audience:** Enterprises with some ESG experience looking to strengthen their practices. **Services offered:** ▶ All services from the basic tier. ▶ Four one-on-one consultation session (up to 3 hours) for tailored ESG advice. ▶ Two workshops or training sessions on specific ESG topics (e.g. carbon footprint reduction, DEI). ▶ Access to an online ESG resource library with tools, case studies, and regulatory updates. ▶ Annual ESG performance benchmarking report (sector-specific).	**Target audience:** Larger enterprises with advanced ESG goals or regulatory requirements. **Services offered:** ▶ All services from basic and standard tiers. ▶ Dedicated ESG advisor for personalized, ongoing support (up to 10 hours per month). ▶ Comprehensive ESG strategy development tailored to the organization. ▶ Custom ESG reporting assistance, including data collection and compliance support. ▶ Priority access to exclusive ESG forums, networking events, and peer-learning sessions. ▶ Annual ESG performance audit with detailed recommendations for improvement.

Custom add-ons (available to all tiers):

- Additional consultation hours *(USD 150/hour)*.
- ESG training for staff *(USD 600 per workshop)*.
- ESG compliance audits *(USD 2,000 per audit)*.

Whether amending the above template or starting from scratch, the checklist below helps to establish the right pricing structure for ESG advisory services. Much of the information it requires has already been gathered in previous steps.

Checklist 4: Setting a pricing structure for paid services

1. Willingness and ability to pay	☐ What is the maximum amount that members (and potential prospective members) are willing to pay? ☐ What are the financial capabilities of members (and potential prospective members)? ☐ Do the above differ according to enterprise industry, size or location?
2. Benchmarking	☐ What are competitors charging? (EBMOs do not have a profit-oriented approach, as opposed to commercial service providers, and enterprises often expect services offered to be cheaper than the ones available on the market.) ☐ What does the EBMO offer that is different and how does this influence the price?
3. Cost	☐ How much will it cost the EBMO to deliver the service? This includes staff time, technology, training, marketing, administration, and more.
4. Pricing models	☐ What pricing models will work best? This can include: ☐ Subscription-based (ongoing service) ☐ One-time fee for specific services or projects ☐ Tiered options based on the level of service provided ☐ Pay-as-you-go (charged per use or hour).
5. Market segmentation	☐ Will the pricing be based on membership status and/or member size, sector or location? ☐ Will any discounts be given? For example, discounts could be given to early adopters (early bird discount), for long-term commitments or multi-service bundles.

The importance of discounts

There are many benefits to giving discounts to members who are interested in the new ESG advisory services. Discounts can, for example:

- Encourage members to try the new service.
- Drive revenue by attracting a larger number of users.
- Promote equity by making sure that members of all sizes and with varying budgets can access the ESG advisory services.
- Support longer-term relationships with members, for example with multi-year discounts.

Action 2. Explore other ways of funding ESG services

It can be challenging for EBMO members to pay for ESG services in addition to their regular membership fees, especially in the case of SMEs. For an EBMO wishing to offer ESG advisory services, it can be useful to explore other ways to fund these, particularly during the start-up phase when the services are least likely to be self-financing. The following funding options contribute to a sustainable, diversified funding model and are often used by EBMOs.

Grants

A grant is a fund given by an organization or a person that does not need to be repaid. It is usually given for a specific purpose linked to public benefit. Governments, public institutions, local authorities, charities, foundations, philanthropists, international donors and companies can all give grants. For example, the Information and Communications Technology Association of Jordan and the International Finance Corporation (IFC) partnered in 2020 to train member companies in how to attract and retain Jordan's female talent. The work was carried out with grants from donor governments and foundations.[5] Given the sizeable public benefits of driving ESG among enterprises, EBMOs are likely to be in a strong position to apply for sustainability-related grants.

Partnerships

Partnerships with expert organizations such as universities, business schools, financial institutions and ESG consultancies can help to bring in know-how and funds. For example, Make UK, the United Kingdom's trade association for manufacturing and engineering, has partnered with Inspired PLC, a commercial energy and sustainability advisor. Make UK members can access expert guidance on their energy strategy through Inspired PLC.[6] Together, Make UK and Inspired have also produced a guide to net-zero for manufacturers.[7]

Sponsorship

Companies, financial institutions and other players may be keen to support the EBMO on ESG in order to achieve their own sustainability objectives. Sponsorship is a specific type of partnership where a company or organization supports an event or activity, often in exchange for advertising or promotional benefits. A common example is event sponsorship, where a larger EBMO member contributes financially to an EBMO activity.

Sponsorship can come in the shape of funding but also includes in-kind donations of resources and services such as staff time, office space, IT support, accounting, and more. For example, South Africa's Gender-Based Violence and Femicide (GBVF) Response Fund is the first ever worldwide to bring together companies to take on gender-based violence and harassment at a national level. Companies make direct cash contribution to the fund but also donate in kind. In-kind donations include accountancy services, legal services, and advertising space on billboards.[8]

5 International Finance Corporation, IFC Partners with Key ICT Business Association in Jordan to Boost Women's Employment, 31 October 2020.

6 Make UK, Energy Services and Net Zero Support, makeuk.org (accessed on 20.03.2025).

7 Inspired PLC and Make UK, Making it to Net-Zero: A Manufacturers' Guide, 2024.

8 ILO, How to Prevent and Address Violence and Harassment at Work: A Training Course for Enterprises, 2024.

Reinvest EBMO profits

Income from other activities can be invested in ESG advisory services. Some EBMOs have successfully used ESG training courses for members and/or their supply chains to gain funds while driving demand for ESG services. Fundraising activities such as a gala event can also contribute to funds for the new ESG services.

"We rolled out our ESG training course for FKE members and the Kenyan market in October 2022, with the design based on information gathered through the ILO ESG Pulse Check and member focus groups. The ESG courses have become immensely popular, especially those that include site visits to businesses leading the way. By May 2025, a total of 123 companies had participated. Several of these companies wished to take things a step further and we are now providing them with tailored consultancy services. The ESG training courses not only created demand for sustainability consultancy services but also contributed to covering the costs of our first consultancies."

Eric Munyobi
Manager Consulting & Training Services
Federation of Kenya Employers (FKE)

Step 4. Launch and market the service

Everything is now ready to promote and roll out the service which usually involves the following three fundamental tasks.

Action 1. Pilot the service

It can be useful to test the new service with a small group of members before rolling it out. Member feedback can help to finetune the service and increase its impact. It's also an opportunity to collect testimonials from members in the pilot group which can be used for marketing purposes. Members can be offered a discount to drive participation in the pilot.

Action 2. Produce promotional messages and materials

Promotional materials can include news items, social media cards and messages, brochures and more. The materials highlight how the service addresses key member needs as well as the business benefits of embracing ESG. Messages can also outline the EBMO's competitive advantage when it comes to ESG advisory services by focusing on benefits such as tailored support, industry-specific expertise, and the EBMO's trusted role.

Messages will have more impact if tailored to specific member segments. For example, for small enterprises, the EBMO's messages on the new ESG service could focus on affordability and practical compliance support. For larger firms, messages could highlight advanced features such as strategy development.

Action 3. Launch and market the new service

The new service could be launched at a dedicated event (such as a breakfast for CEOs) by a high-level speaker such as an EBMO board member. ESG experts or members who were part of the pilot group could share insights and testimonials. The EBMO could also host webinars, workshops, or information sessions to introduce the service, explain its value, and showcase how it works. Early-bird discounts or free trials for early adopters can help to increase the appeal of the service to members. Promotional materials can be marketed using the EBMO's existing communications channels (newsletters, WhatsApp groups, social media channels, websites, committees, forums, and more).

Step 5. Track performance

Tracking, and reporting on, the performance of the new service means that it can be improved and that data can be gathered for further marketing. A few useful measures that can be gathered are below.

- **Basic metrics** such as the number and characteristics of members who used the service, as well as financial information such as revenue generated, costs incurred, and so on.
- **Member feedback** on satisfaction levels, effectiveness of the service, and the impact at enterprise level.
- **Member demands.** This includes gathering information on any additional services members would like to see as their needs evolve and considering emerging ESG trends.

Additional information

A template enterprise case brief on ESG has been developed by the ILO LEADER programme. EBMOs can adapt and amend the brief to suit their specific context.

Common discount strategies

- **Early-bird discounts**
  Reduced rates for members who sign up to the ESG advisory services within a specific timeframe.
- **Bundled service discounts**
  Reduced price for members who purchase ESG advisory services together with other EBMO offerings (e.g. legal advice).
- **Long-term commitment discounts**
  Lower fees for multi-year subscriptions to ESG advisory services.
- **Small business discounts**
  Lower pricing for smaller organizations.
- **Referral discounts**
  Reduced fee for members who refer other organizations to the ESG advisory service.
- **Pilot participation discounts**
  Reduced rates for members participating in the ESG advisory services pilot.
- **Tiered membership discounts**
  Lower prices linked to membership subscription levels.

3

Stage 1 – How to advise on ESG strategy development

Step 1: Collect all relevant company information

Step 2: Hold an inception workshop

Step 3: Gather input from relevant stakeholders

Step 4: Determine double materiality

Step 5: Benchmark ESG performance

Step 6: Understand ESG risks and opportunities

Step 7: Write the ESG strategy

Step 8: Hold a validation workshop

This chapter covers the **first stage in a company's ESG advisory service journey** and is structured around basic, practical steps. **Tools and templates are designed to be used during interactions with the company** seeking the EBMO's advice. The chapter is based on an advisory service model where the EBMO provides one-on-one advice to the company, guiding it every step of the way.

Not every company will require all actions set out under every step, and smaller enterprises may require a lighter touch approach than larger enterprises with a more complex set up. The chapter is targeted at advising SMEs. Additional advice for helping larger companies develop an ESG strategy has also been included.

All steps and actions in the chapter can be delivered flexibly. **The EBMO is best placed to choose those steps, actions, and their order, that best suit its market, capacity, and the company it is working with**. EBMOs know what will have the greatest impact and the guidance has been written with a view to being adapted by EBMOs for their own purposes.

For example, an EBMO may decide to carry out just some of the steps or actions, or deliver these in different ways, including delivery by external parties. ESG self-assessment, for instance, could be a one-off, online, automated service rather than be part of in-person one-on-one advice. The EBMO could also decide to have the inception workshop as a first step instead of having it as a second step. Or perhaps, in the EBMO's specific context, it makes more sense to offer one-on-one ESG risk identification and management as a separate service carried out by an external consultant instead of it being part of ESG strategy development.

This chapter assumes that the company has a basic understanding of ESG. If this is not the case, the EBMO may wish to carry out an introductory training workshop or awareness raising session for the company first.

Step 1. Collect all relevant company information

Once a company has purchased ESG advisory services from the EBMO to develop an ESG strategy, the EBMO needs to gather information on the company's ESG performance and the context in which it operates. Once this information has been gathered, the EBMO can prepare for the inception meeting (step 2).

Action 1. Gather existing information on the company

This involves gathering information from colleagues within the EBMO, the EBMO's Customer Relationship Management (CRM) database, public databases, and other reliable sources about the company's size, sector, location, existing company ESG initiatives, involvement with the EBMO's ESG-related initiatives, the company's ESG maturity level, and more.

If the company has completed an EBMO survey on ESG (see the previous chapter for a template survey) the results can be used to inform the EBMO's approach. If the company has not completed such a survey, then now can be a good time to ask them to complete one. Depending on the size and complexity of the company, the survey could also have questions on the company's ESG policies, practices and initiatives.

Action 2. Carry out an enterprise ESG assessment

Fully assessing ESG performance takes time and effort. To provide a snapshot of ESG performance to help kickstart the company's ESG journey, the ILO LEADER Programme has designed a basic assessment tool for enterprises. The ESG Pulse Check (annex 2) helps enterprises to gain a basic understanding of their ESG strengths and weaknesses.

The ESG assessment tool is composed of 20 short questions. The tool can be administered by an EBMO staff member, or it can be used directly by the enterprise to self-assess ESG performance. The information required to answer the questions can be provided by a relevant staff member, such as a sustainability officer or a senior manager. It may take several staff members to complete the assessment as the questions cover all aspects of ESG.

In addition to providing a snapshot of a company's ESG performance, the ESG Pulse Check results can also be used to create an ESG baseline for the company from which progress can be measured. This means completing the ESG Pulse Check at regular intervals and comparing results.

Additional information

The ILO LEADER Programme training course ESG Leadership Essentials: *A Training Course for Enterprises* (available in the ILO LEADER Programme's online resource hub) also features the ESG Pulse Check and includes an exercise to familiarize enterprises with this tool.

An ESG Rapid Assessment and Reporting Tool is also available to EBMOs as an online survey. This can be used by EBMOs to collect ESG data from their members, leading to an aggregate ESG performance result. This can be used for ESG benchmarking as well as for advocacy purposes. For access to the survey, please contact actemp@ilo.org. Benchmarking will be looked at in more depth later on in this chapter.

Action 3. Request any existing company ESG policies, reports and data

This mainly applies to larger enterprises and those that have some degree of ESG maturity. In such a scenario, EBMOs can request and go through any existing sustainability reports, certifications, or compliance documents, company policies and data. This can also be requested in the below inception meeting (step 2).

Examples of company policies that fall under ESG

A company is likely to already have in place policies, practices and/or procedures, as well as possess data and/or reports, that fall under the ESG umbrella. Below are examples of ESG policies to illustrate this. Smaller companies may have this type of information in their Code of Conduct instead. Policies, practices and/or procedures relevant to the social component of ESG can also sometimes be found in the staff handbook or under Governance policies (this is the case for DEI policies, for example). Relevant practices may exist without having been (fully) documented.

Environmental

- Environmental management policy
- Waste management policy
- Energy efficiency policy
- Water conservation policy
- Emissions reduction policy
- Biodiversity and land use policy
- Climate change adaptation and mitigation policy
- Animal welfare policy

Social

- Human rights policy
- Policy on forced labour
- Policy on child labour
- Policy on human trafficking
- Health and safety policy
- Diversity, equity, and inclusion (DEI) policy
- Anti-discrimination policy
- Anti-violence and harassment policies
- Employee training and development policy
- Accessibility policy
- Community service policy

Governance

- Anti-corruption and bribery policy
- Conflict of interest policy
- Whistleblower policy
- Risk management policy
- Due diligence policy
- Compliance policy
- Data protection policy
- Procurement and contracting policy

Step 2. Hold an inception workshop

The information gathered during the inception workshop will provide input for future steps and actions. The aims of the inception workshop are for the EBMO to obtain the information it needs to:

- Set out the company's ESG vision and goals.
- Assess the company's ESG performance.
- Collect stakeholder input.
- Determine the company's ESG materiality.
- Assess the company's ESG risks and opportunities.
- Produce a stakeholder engagement strategy.
- Write a draft ESG company strategy.

The length of the workshop depends on the characteristics of the company and its complexity. It could take anything from a few hours to a day or two.

The checklist below features questions that can be used to structure the inception workshop. It also has example answers to help facilitators guide participants to the right information.

Checklist 5: Inception meeting questions

Enterprise objectives

- *What are the main reasons your enterprise is interested in developing an ESG strategy?*

  E.g. attracting customers, meeting supplier requirements, reducing costs, improving reputation, improving operations, addressing community concerns, accessing new markets, retaining access to existing markets, accessing sustainable finance, managing risks.

- *Which ESG areas – environmental, social or governance – are most relevant to your enterprise and why?*

  E.g. energy use (E), carbon footprint (E), relationship with local communities (S), labour relations (S), human rights (S), executive pay (G), etc.

- *Do you see any opportunities for your enterprise as a result of the increasing importance of ESG in the corporate world?*
- *Are there any (upcoming) legal and/or ESG reporting requirements that the company needs to comply with?*

  E.g. at the time of writing, many listed SMEs are preparing for the reporting requirements introduced by the EU Corporate Sustainability Reporting Directive (CSRD). Under this directive, all large and listed companies – including SMEs and non-EU enterprises with significant operations in the EU – must comply with the European Sustainability Reporting Standards (ESRS). The CSRD broadens the scope of reporting to encompass the entire value chain and is being implemented in phases, with full application across all relevant entities by 2028.

Let's get started
Introduction
Stage 1
Stage 2
Stage 3
How to fund sustainability efforts
Annexes

Risk assessment	▶ *Are there any ESG risks the company is facing right now?* ▶ *Are there any ESG risks the company thinks it may face in the future?* E.g. high energy costs, staff recruitment and retention, legal liabilities, operational disruptions, financial instability, consumer discontent, extreme weather, natural disasters, local community crises, cyber-attacks, and more. Risks can be categorized as environmental, social or governance. ▶ *Which ESG risks are common in the company's industry?* ▶ *If these ESG risks really did happen, what would be the impact on the company?* ▶ *How resilient is the company in the face of current/future ESG risks?* "ESG risk resilience" refers to the company's ability to withstand and adapt to ESG risks or, in other words, how well the company can handle challenges that might arise due to ESG issues. Companies with high ESG risk resilience have strategies and practices in place that mitigate potential harm and seize opportunities for improvement. Step 6 has more information on ESG risks and templates for exercises it might be useful to do with larger and more complex enterprises.
Current ESG position	▶ *Present the results from the ESG Pulse Check and ask for feedback.* ▶ *What steps, if any, has the company already taken to improve ESG practices?* E.g. reducing energy use, reducing waste production, improving employee engagement, improving board diversity. ▶ *Are any of these initiatives being tracked? And if so, what metrics are being used? Is any technology being used to gather and/or monitor these metrics?* Metrics could include employee satisfaction, energy bills, or customer feedback. For larger companies, check whether any baseline assessments, such as a carbon footprint analysis or a workforce diversity review, have been carried out. Also, check whether the company is aware of or using any relevant ESG frameworks or standards such as the Global Reporting Initiative (GRI) Standards or any relevant national/regional/sectoral standards (more on reporting standards in chapter 5 on reporting and disclosure)

Stakeholder analysis	▶ *Who are the people or groups most important to the company?* ▶ *Which people or groups are most (directly or indirectly) influenced or affected by the company's decisions and activities, either positively or negatively?* Stakeholders include staff, local communities, investors, shareholders, and more. For companies with many stakeholders, it may be useful to carry out stakeholder mapping and prioritization exercises during the inception meeting (see step 3). ▶ *How do they feel about the company's ESG performance? Has any feedback been gathered? If so, how?* ▶ *How does the company communicate with these key stakeholders about its ESG efforts?*
Resources	▶ *What resources does the company have to make improvements in ESG practices?* E.g. time, staff expertise, budget for external support, technology. ▶ *Are there any areas where the company would benefit from external help? Is there budget for this?* E.g. training, tracking tools, developing an action plan, reporting frameworks.
Priority setting	▶ *If you could choose five changes to improve the company's ESG performance, what would they be? Why?* ▶ *Which changes would make the most impact? Why?* ▶ *Which changes would be easiest to achieve? Why?* ▶ *What short and long-term outcomes would you like to see from these efforts?* E.g. cost savings, better customer trust, improved risk management. ▶ *What challenges do you think your enterprise might face in making these changes?* E.g. lack of resources, any impending deadlines, staff resistance.
Timeline and implementation	▶ *What is your timeline for developing and rolling out your company's ESG strategy?* ▶ *Are there any small changes you could start with straight away?* ▶ *How often does the company want to track progress?* ▶ *How often does the company want to review the strategy?* ▶ *How involved is the company's leadership team going to be in developing and implementing the strategy?*

Let's get started
Introduction
Stage 1
Stage 2
Stage 3
How to fund sustainability efforts
Annexes

Step 3. Gather input from relevant stakeholders

Stakeholder engagement is the process of involving those people, groups or organizations that have an interest or stake in the company's operations, decisions, and overall impact. Put very simply, **it is impossible for the company's management team to have a full overview of ESG risks and opportunities without consulting relevant stakeholders**. It is crucial to gain feedback from priority stakeholders on the company's ESG performance, policies and approach to ensure these are optimal. The ESG strategy should align with stakeholder expectations and lead to positive stakeholder engagement.

Action 1. Map and prioritize stakeholders

This helps the company to identify those stakeholders it needs to engage with in order to understand their interests, address concerns, and build stronger relationships, which are essential for long-term success. For organizations with many different types of stakeholders, it can be useful to carry out a stakeholder mapping exercise and a stakeholder prioritization exercise. Once the priority stakeholders have been identified, they need to be contacted and asked for their views on the company's ESG approach, initiatives and impact.

Priority stakeholders are often people, groups and organizations that most impact the company's ESG performance and/or are most impacted by it.

Template 4: Stakeholder mapping exercise

Identify all stakeholders relevant to the company and split these up into the categories below. This can be done, for example, on a flipchart using a diagram with circles, as shown in the example below.

- **Internal stakeholders**

  People within the company such as employees, worker representatives, managers, health and safety leads, and board members.

- **Connected stakeholders**

  Those with an economic or contractual relationship with the company such as suppliers, partners, and advisors.

- **External stakeholders**

  Groups with diverse objectives such as the general public, government and the media, who can be influenced or otherwise impacted by the company's operations.

Template 5: Stakeholder prioritization exercise

Develop a stakeholder prioritization matrix to assess and prioritize stakeholders based on the importance of the company's ESG impacts to the decision-making activities of these stakeholders. This can be done, for example, on a flipchart, using a matrix such as the one shown in the example below. The result of the exercise is a list of priority stakeholders on which the company will focus its ESG stakeholder engagement.

Stakeholder prioritization matrix

Stakeholder's ability to influence the company ↑		
	High influence **Low** interest **Examples: lenders, social media.**	**High** influence **High** interest **Examples: employees, investors, regulators.**
	Low influence **Low** interest **Examples: media, suppliers, researchers.**	**Low** influence **High** interest **Examples: customers, media, civil society.**

Stakeholder's level of interest in the company →

Action 2. Gather and analyse stakeholder input

Collecting input from priority stakeholders will help the company to:

- **Make informed decisions**

  Incorporating the views of those directly affected by the company's ESG initiatives means that the company's sustainability approach will have the right vision while also being grounded in practicality.

- **Improve risk management**

  Proactively identifying and addressing ESG-related risks can prevent larger crises and financial repercussions and ensure regulatory compliance.

- **Improve its reputation**

  A company's reputation is heavily influenced by the quality of its stakeholder relationships. Positive relationships lead to a better company image. Moreover, being transparent about ESG initiatives and performance will help the company to build trust among stakeholders, demonstrate a real commitment to ESG principles, and avoid accusations of greenwashing.

- **Ensure compliance**

  Open and honest communication with relevant stakeholders helps to ensure compliance with increasingly strict regulatory requirements.

Stakeholder feedback can be gathered in various ways, from one-on-one conversations, surveys, and focus groups to interactive workshops, open days, community events, and discussion panels. Below are examples of questions that EBMOs can ask stakeholders.

Template 6: Example questions for priority stakeholders

The example questions aim to ensure that stakeholders feel heard while providing actionable information for the company's ESG strategy. It may be useful to introduce and explain the concept of ESG first.

Overall expectations

- What are your expectations of *(insert company name)* in terms of environmental, social, and governance practices?
- Are there any specific ESG initiatives that you think *(insert company name)* should pursue? Why?

Material issues

- Which specific ESG issues are most important to you?
- In your view, which specific ESG issues have the greatest impact on *(insert company name)*?

Performance

- How would you rate *(insert company name)*'s current ESG performance?
- Are there areas where you think the company should improve?

Impact on stakeholders

- How do *(insert company name)*'s operations, products, or services impact you/your community positively or negatively?

Communications

- What is the best way for *(insert company name)* to communicate its ESG progress to you?
- How frequently would you like updates?

Once the information has been gathered, it needs to be analysed to identify ESG issues that are critical to stakeholders, as well as ESG risks and opportunities from all perspectives. This is the next step.

The EBMO is now also in a position to propose a **stakeholder engagement plan** that sets out when the company will communicate with, and seek input from, each priority stakeholder group. The stakeholder engagement plan will be included in the company's ESG strategy.

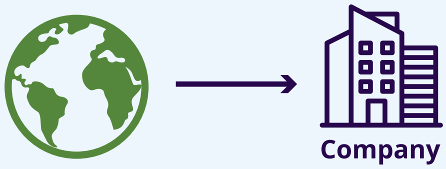
Step 4. Determine double materiality

There is likely to be a long list of ESG issues and topics that are relevant to a company. Determining materiality is about assessing these and deciding which are going to be priorities for action. Knowing the company's ESG materiality is key to developing an impactful company strategy on ESG.

Single vs double materiality

When discussing materiality with companies, it is important to distinguish between single and double materiality. ESG reporting standards require companies to report on **double materiality**. This is also increasingly the case for SMEs. For ease of reference, many people use the term 'materiality' but what they really mean is double materiality. It is also sometimes called 'stakeholder materiality' as it is about how the company affects its (priority) stakeholders.

Single materiality – How do external ESG issues impact the company?

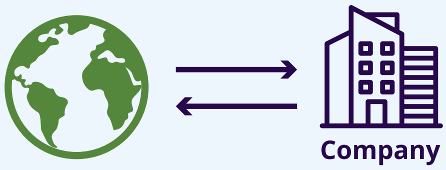


Single materiality effectively measures **financial materiality**. For example, when it comes to climate change, a company will ask:

- How does climate change affect the company's earnings, operations, physical assets, and other elements that contribute to enterprise value?

The primary audience for this type of information is **investors.**

Double materiality – How do external ESG issues impact the company but also, how does the company impact these issues?



Double materiality recognizes that the external environment influences the company but also that the company influences the external environment. Double materiality measures **financial, environmental and social materiality**. For example, when it comes to climate change, a company will ask not one but two questions:

- How does climate change impact the company's earnings, physical assets, operations and more?
- How does the company impact climate change? This could be through GHG emissions, resource extraction (e.g. deforestation, mining), supply chain operations, and more.

The primary audiences for this type of information consist of **consumers, employees, civil society, investors and regulators.**

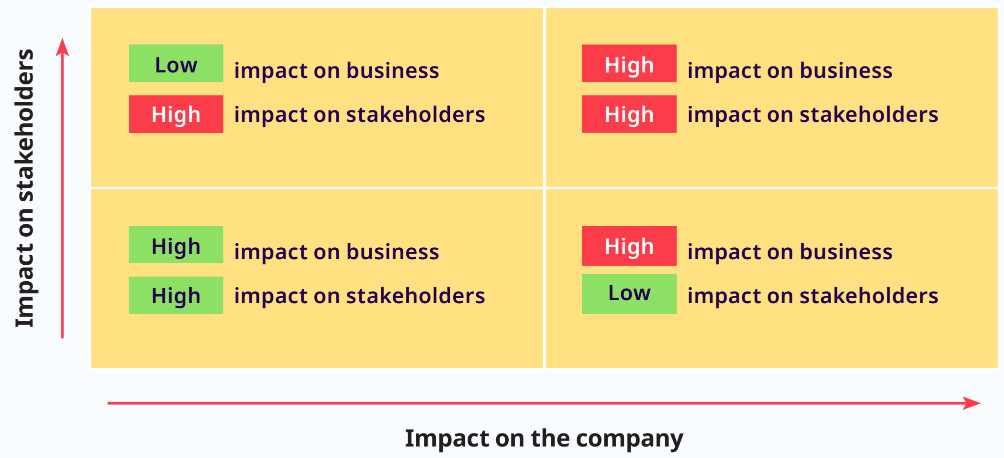
Assessing materiality

The information necessary to determine materiality has already been gathered during previous steps. The inception workshop with the company and the stakeholder information gathering exercise should have led to a **longlist** of ESG issues that are important to the company. Recognized ESG frameworks, such as the Global Reporting Initiative (GRI), ISO standards, and the IFRS standards can also feed into the longlist. (For more information on reporting frameworks, please see chapter 5 on ESG reporting and disclosure).

To create a **shortlist** of material issues, it can be useful to populate a materiality matrix (see below), which plots ESG issues relevant to the company based on their importance to stakeholders and their potential impact on the company (earnings, physical assets, operations and more). A completed matrix will help to identify priority ESG issues, which can then be categorised as either environmental, social or governance issues.

Template 7: Materiality matrix

Materiality matrix



For larger, more complex companies, it may be worthwhile having a separate, additional meeting with the company to define materiality. This could potentially be followed by a more in-depth discussion on risks and opportunities linked to material ESG issues and how these can be managed (see step 6 below).

Step 5. Benchmark ESG performance

The EBMO should now have all the relevant information available on the company's ESG performance and which ESG elements are material to its success and ESG vision. It is time to evaluate the company's ESG performance against suitable comparators such as:

- ESG data the EBMO collects itself. Some EBMOs survey their members on ESG performance and use the information gathered to benchmark the ESG performance of specific companies. Arguably EBMOs are best placed to find the most appropriate comparator companies from among their membership when it comes benchmarking, while of course respecting confidentiality.
- Industry/sector benchmarks.
- Recognized ESG frameworks, such as the Global Reporting Initiative (GRI), ISO standards, and the IFRS standards. (For more information on reporting frameworks, please see chapter 5).
- Any relevant certification standards, such as MSC (Marine Stewardship Council) or FSC (Forest Steward Council). (Please find more information on certification in chapter 5).
- Companies with similar profiles (size, industry, sector, location) that have made their ESG performance publicly available.
- Relevant legal standards.

The EBMO can now assess the strength of the company's ESG performance and identify any gaps that need to be plugged, particularly when it comes to material ESG issues. The EBMO can outline any ESG trends relevant to the company, for example at industry or sector level. If ESG performance is strong, benchmarking can provide the company with data to attract sustainable funding (chapter 6 outlines options for sustainable funding) and even consumers.

Let's get started
Introduction
Stage 1
Stage 2
Stage 3
How to fund sustainability efforts
Annexes

EBMOs that collect and aggregate ESG member data for benchmarking can use it to support (1) their advocacy work and (2) negotiations with financial institutions on sustainable finance.

Additional information

EBMOs that wish to collect ESG data from their members for benchmarking can use the ILO LEADER Programme's ESG Rapid Assessment and Reporting Tool. For more information, please see Step 1 in this chapter.

ESG rating agencies

ESG rating agencies evaluate companies based on their ESG performance, examining aspects such as carbon footprints, labour practices, and corporate ethics. These agencies collect data from companies based on their public disclosures and surveys sent directly to companies. The data is then analysed and converted into ratings or scores, which provide valuable insights to stakeholders such as investors. The ratings can also provide useful information for benchmarking.

Examples of commonly used ESG ratings agencies that provide (some) free ESG ratings at global level are:

- MSCI
- Morningstar Sustainalytics
- CDP Climate, Water and Forest Scores

In addition to global ESG rating agencies, many countries have ESG ratings agencies working at a national level. The EBMO may wish to consider a partnership with such an agency to benchmark the company's ESG performance. This step could also simply be outsourced to such an agency.

Step 6. Understand ESG risks and opportunities

Once material ESG issues are identified, the EBMO and the company can more explicitly assess the risks and opportunities associated with each material ESG issue. These risks and opportunities can lead to either negative or positive financial impacts. For larger and more complex companies, it is worthwhile sharing the draft analysis of ESG risks and opportunities and asking for feedback. The risks and opportunities that the company decides to prioritize can be addressed as part of its **ESG action plan** (see step 7).

Action 1: List ESG risks

ESG risks have an impact on the financial success and management of the company. The information already gathered during previous steps will help the EBMO to make a complete list of the company's ESG risks.

Examples of global risks

The World Economic Forum (WEF) publishes an annual global risks report. A "global risk" is defined as the possibility of an event or condition that, if it occurs, would negatively impact a significant proportion of global GDP, population or natural resources. Over the last two decades, environmental risks have steadily risen to become the greatest long-term concern. Societal risk such as inequality also rank high among today's leading concerns.

Below are the most important short- and longer term global risks identified by the WEF's 2025 Global Risks Report in order of severity.

Global risks over the short term (2 years)

1. Misinformation and disinformation
2. Extreme weather events
3. State-based armed conflict (proxy/civil wars, coups, terrorism, etc.)
4. Societal polarization
5. Cyber espionage and warfare
6. Pollution
7. Inequality
8. Involuntary migration or displacement
9. Geoeconomic confrontation (sanctions, tariffs, etc.)
10. Erosion of human rights and/or civic freedoms

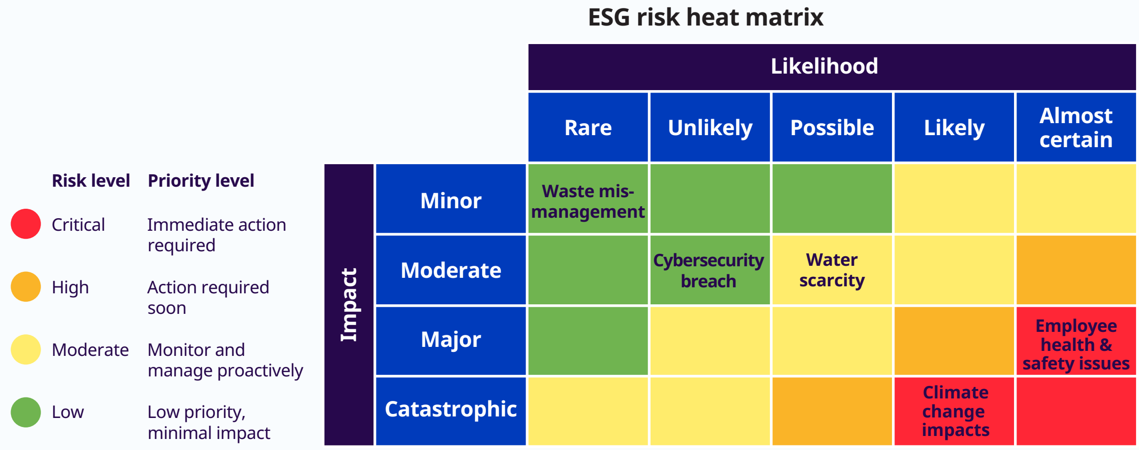
Global risks over the long term (10 years)

1. Extreme weather events (e.g. floods and heatwaves which cause loss of human life, financial loss, ecosystem damage, and more).
2. Biodiversity loss and ecosystem collapse
3. Critical change to earth systems (long-term, potentially irreversible changes to critical planetary systems. For example, sea level rise from collapsing ice sheets, disruption of ocean and/or atmospheric currents, carbon release from thawing permafrost, etc.)
4. Natural resource shortages
5. Misinformation and disinformation
6. Adverse outcomes of AI technologies
7. Inequality
8. Societal polarization
9. Cyber espionage and warfare
10. Pollution

Action 2. Assess ESG risks

A risk heat matrix can help to prioritize the list of risks. It is an internal management tool that evaluates and ranks risks based on two key factors: their probability of occurring and the potential consequences if they do. The ESG risk heat matrix is useful when deciding on approaches to ESG risk mitigation.

Template 8: ESG risk heat matrix



Action 3. Mitigate ESG risks

Once there is a clear view of the risks and their severity, strategies can be put in place to mitigate those risks that warrant attention. Risk mitigation is the process of identifying, assessing, and minimizing or controlling risks to reduce negative impacts on an organization's operations, assets and stakeholders.

There are four main ways to deal with risks, with the impact and likelihood of the risk determining the best way forward.

- **Accept**
  The company willingly and knowingly takes the risk in order to pursue an opportunity. For example, a manufacturer that uses high volumes of water in a region of moderate water scarcity may decide to keep this risk as relocating to a region with ample water supply is too costly, and the water scarcity is manageable.
- **Avoid**
  The company decides not to start or continue the activity that leads to the risk. For example, in a situation where a company discovers that a supplier uses child labour, the company decides to conduct due diligence. It determines that the risk of child labour is too high and therefore seeks alternative suppliers.

- **Transfer**
  The company shares the risk with another party, for example through a contractual agreement or insurance. For example, a company may contract a certified waste management provider to handle its toxic waste. This ensures compliance with environmental regulations and shifts legal and operational responsibility for waste disposal to a third party.
- **Reduce**
  The company reduces the extent of exposure to the risk and/or the likelihood of its occurrence. For example, ensuring safe working conditions and practices at a factory diminishes the risk of harm to workers.

For larger, more complex companies, developing ESG risk management strategies may warrant a separate meeting.

Examples of industry specific risks

Different industries face different ESG risks based on their operations, regulatory requirements and potential impact. Understanding these risks can help companies to develop effective risk management strategies. Examples of industry-specific risks are below.

- **Energy sector**
  This sector is one of the most significant contributors to environmental problems and climate change controversies. Issues include high GHG emissions, environmental degradation, displacement of local communities, and health issues from energy projects.
- **Manufacturing sector**
  Manufacturing involves the production of goods, often with significant environmental and social impacts such as high consumption of water, energy and raw materials, worker safety and health, as well as air, water and soil pollution, among other risks.
- **Retail Sector**
  Retail has broad and direct impacts on consumers and communities, making social and environmental issues particularly salient.
- **Financial sector**
  Banks and other financial service providers face ESG risks due to their operating practices and their extensive influence on other sectors. Challenges include climate risk exposure from investments in carbon intensive industries and reputational damage from being associated with unethical companies.
- **Healthcare sector**
  Healthcare faces ESG risks related to ethical concerns in patient care and supply chain operations (e.g. rubber glove supply chains during COVID were found to use forced labour). Risks include breaches of patient data protection and worker safety risks such as exposure to infectious diseases.

Additional information

The ILO LEADER Programme's training course *ESG Leadership Essentials: A Training Course for Enterprises* features a risk mitigation tool called a bow tie analysis. It can be a useful tool for companies wishing to develop more detailed risk mitigation strategies. The training course can be accessed by visiting the ILO LEADER Programme's online resource hub.

Let's get started
Introduction
Stage 1
Stage 2
Stage 3
How to fund sustainability efforts
Annexes

Action 4. Document risks and mitigation strategies

It can be useful to provide an overview of company ESG risks and mitigation in a table, such as the one in the template below.

Template 9: ESG risks – severity and impact

ESG focus area	Risk description	Likelihood	Impact	Priority	Potential consequences	Affected stakeholders	Estimated financial impact	Mitigation strategy
E	Non-compliance with emissions regulations	Low	High	High	Fines, reputational damage	Investors, regulators, consumers	USD 10,000/year	REDUCE Conduct emissions audits, install monitoring systems
S	Violence and harassment at work	Medium	High	Medium	Reduced staff recruitment, retention, productivity, reputational damage	Staff	USD 20,000/year	REDUCE Awareness raising, training, coaching, HR reporting systems
G	Lack of transparency in financial reporting	High	High	Low	Fines, damage to investor trust	Investors, regulators, business partners	USD 25,000/year	TRANSFER Hire external auditors

Additional information

There are many different approaches to identifying, prioritizing, preventing and mitigating ESG risks. Larger, more complex businesses may be interested in more structured **risk management frameworks** like ISO 31000:2018 and COSO ERM.

A useful free resource for businesses of all sectors and sizes is COSO and World Business Council on Social Development (WBCSD) (2018) Applying enterprise risk management to environmental, social and governance-related risks.

Business for Nature has set out the dependencies and impacts on nature for numerous sectors, as well as associated risks and actions.

Action 5: Explore ESG opportunities

The rise of ESG issues brings not just risks but also opportunities. Business opportunities can be listed and prioritized, with their expected benefits and required sources clearly understood. A table such as the one in the template below can be helpful. Risks and opportunities can go hand in hand, representing different sides of the same coin.

Template 10: ESG opportunities – benefits and required resources

ESG focus area	Opportunity description	Expected benefits	Resources required	Priority
E	Install solar panels	Reduce energy costs by 25% per cent, sustainability recognition	Budget to pay for purchasing, installation and maintenance of panels	High
S	Launch a community project – company staff volunteer at local school	Improved reputation, community support, quick permit processing, political influence, employee engagement, employee recruitment and retention	Staff time, communications materials	Medium
G	Review ESG performance of suppliers	Reduce ESG risks, enhance brand value	Budget for external auditors	Low

ESG risks and opportunities can be closely linked because addressing ESG risks often creates opportunities. For example, by addressing environmental risks such as high energy use or waste generation, companies can at the same time lower costs and improve operational efficiency.

"One of the biggest business risks on the horizon is a changing climate. In Queensland, we've just had a cyclone. We currently have floods. We also have bushfires and droughts. That impacts our primary production, which is also our food bowl. But it also impacts our entire supply chain. We cannot move goods if supply chains are cut, so it affects trade too. And of course, this all impacts our workforce. But there are opportunities, not just risks, for businesses preparing for these changes. Rethinking your business model to deal with some of those climate risks might actually give you a leg up on your competitor."

Cara Westerman
General Manager, Business Sustainability
Business Chamber Queensland, Australia

Step 7. Write the ESG strategy

The draft ESG strategy should contain the following sections. EBMOs can use the template below as a starting point and adapt it to the specific circumstances of the company. For example, some companies may prefer the overview of the company's ESG performance to be in a separate report, particularly if the company is large and complex and the performance overview is likely to be lengthy and potentially controversial.

- **A brief description of the company**
  This should include a description of the company's operations and stakeholders.
- **A statement on why the company is embracing ESG**
  This should include the company's ESG vision, or, in other words, an overview of what the company is aiming for when it comes to ESG. It should also clearly state that the company is strongly committed to achieving its ESG vision.
- **An overview of the company's ESG performance**
  This should include benchmarking information, a gap analysis, and information on any existing ESG initiatives the company already has in place. The information in the ESG performance section can be used as a baseline to compare future measures against.
- **An ESG action plan**
  The action plan sets out the company's ESG goals. These goals should be broken down into clear, specific, measurable targets with deadlines. The resources allocated to the plan should be specified.
- **Monitoring and metrics**
  The strategy should set out the basic metrics the company will use to monitor the achievement of the targets. The next chapter on ESG strategy implementation has recommendations for a wider, basic set of metrics SMEs may wish to monitor. If the company plans to carry out ESG reporting and disclosure according to a recognized standard (see chapter 5), then the strategy should ideally list all metrics that will be tracked and at what frequency, as well as when reporting will take place.
- **A stakeholder engagement plan**
  This sets out how (newsletters, meetings, website, social media, etc.) and when (how regularly) the company is going to communicate with its priority stakeholders on ESG performance, progress, and initiatives. The plan should also set out how and when the company will gather input from stakeholders on its ESG performance and initiatives.
- **Monitoring and review**
  The strategy should mention when it will be reviewed and adapted with a view to continuous improvement.
- **Ownership**
  The ESG strategy should set out which enterprise roles and/or functions are responsible for implementing and reviewing the strategy. These can include the CEO, the board of directors, the ESG team, and more (the next chapter on implementation looks into roles and ESG implementation in more detail).

> Companies may gain from aligning their strategy with ESG reporting standards such as the GRI or ISO standards.
>
> (see Chapter 5).

Additional information

The SME ESG Hub developed by the UN Global Compact Network for Malaysia and Brunei has many useful ESG resources and tools. This includes tools and resources for setting, assessing, and reporting sustainability targets linked to ESG indicators on climate action, human rights, energy management, water, DEI, waste and anti-corruption policies.

Template 11: ESG company strategy

This template outlines the sections of a basic ESG strategy. The template includes examples of the type of information that can be shared in each section. The examples cover one aspect of each of the elements of ESG for a fictional company. In practice, an ESG strategy will feature many more ESG aspects and contain much more information.

1. Enterprise overview

Enterprise Name: *AgriForce*

Industry: *Agriculture and food processing*

Operations: *Grow potatoes and process these into frozen chips*

Workforce size: *350 employees*

Stakeholders: *Staff, customers (national supermarkets), our local community, and Trees and Bees (our local nature conservation charity)*

2. ESG statement

At AgriForce, we are committed to creating a sustainable future by integrating environmental stewardship, social responsibility, and ethical governance into every aspect of our operations. We recognize the importance of biodiversity in maintaining healthy ecosystems, and we are dedicated to preserving and enhancing biodiversity on our farmland. Our people are at the heart of our success, and we strive to foster a diverse, inclusive workplace where everyone feels valued. Through transparent decision-making and active community engagement, we aim to build trust with our stakeholders and drive long-term value for both our enterprise and society.

3. Current ESG performance

AgriForce commissioned (insert EBMO name) to carry out an ESG performance review at company-wide level. The review found that Agriforce is in the early stages of embedding ESG principles into its operations, benchmarking its performance against industry standards and peers.

In the environmental domain, the company has a recycling programme in place and uses renewable energy. However, it currently uses conventional farming methods with a heavy reliance on pesticides. A recent internal review revealed that pesticide usage is 15 per cent above the industry benchmark set by the Sustainable Agriculture Initiative (SAI) Platform, which impacts soil health and biodiversity.

On the social front, while 52 per cent of Agriforce's workforce are women, indicating overall gender balance, just 11 per cent of decision-making positions are held by women. This is below the average of 25 per cent for similar SMEs in the food processing sector, as reported by the government last year. The company has no formalized recruitment, retention and promotion strategies to address this gap.

When it comes to governance, Agriforce operates with informal practices and lacks a structured code of ethics, falling short of the ethical governance standards recommended by the International Corporate Governance Network (ICGN). However, the company is actively working to implement a comprehensive code of ethics, aiming to improve transparency and decision-making.

Let's get started
Introduction
Stage 1
Stage 2
Stage 3
How to fund sustainability efforts
Annexes

4. Action plan

This section outlines the strategic steps and initiatives that will guide our efforts in enhancing sustainability performance, ensuring compliance with ESG regulations, and meeting stakeholder expectations. By following this action plan, we aim to integrate ESG principles into our core operations, drive continuous improvement, and achieve long-term business success.

Goals

Our company's goals are designed to achieve the highest ESG materiality, ensuring that we address the most significant environmental, social, and governance issues that impact our enterprise and stakeholders.

Environmental - Align with SAI's biodiversity-friendly farming practices within three years by reducing pesticide use.

Social – Increase representation of women in decision-making positions to 25 per cent over three years, and to 40 per cent over six years, becoming an industry leader in gender equality. The talent pipeline will be improved through training of existing female staff in management skills and actively encouraging women (internal and external) to apply for decision-making positions.

Governance – Align with ICGN standards by the end of the year by implementing a new, comprehensive code of ethics throughout the company.

Reporting and disclosure – We will investigate which existing recognized reporting standards are most beneficial to achieving our ESG goals, with a view to aligning the company's ESG reporting and disclosure with the most appropriate standard within the next two years.

Targets for 2025

The table below sets out the annual targets that will ensure that we achieve our goals.

ESG focus area	***Target***	***Timeline***	***Resources needed***
E	*Reduce use of pesticides by 5%*	*12 months*	*100% FTE (full time staff equivalent) to lead the work* *USD 500 for software package that monitors pesticide use*
S	*Increase representation of women in decision-making positions by 10%*	*12 months*	*30% FTE to lead the initiative* *USD 700 for external DEI consultant*
G	*Awareness raising and training on new code of ethics for all staff*	*6 months*	*35% FTE Compliance Officer 25% FTE HR Officer* *USD 2,000 for an external audit*
Reporting and disclosure	*Investigate and report on existing recognized ESG standards*	*8 months*	*USD 1,000 for (insert EBMO name).*

5. Monitoring and metrics

The table below sets out how and when we will monitor progress against each target for the next year.

ESG focus area	*Target*	*Metrics*	*Frequency*
E	*Reduce use of pesticides by 5%*	*Pesticide use intensity (kg/ha)* *% reduction in pesticide use* *IPM adoption rate (%)*	*Monthly*
S	*Increase representation of women in decision-making positions by 10%*	*% change in number of women recruited and promoted to decision-making positions* *Number of female staff trained* *% change in number of women who applied for decision-making positions*	*Annually*
G	*Complete awareness raising and training on new code of ethics for all staff*	*Number and % of staff who have read the code* *Number and % of staff who have been trained on the new code*	*Every 6 months*
Reporting and disclosure	*Report on ESG standards options*	*Publication of report on company website*	*Annually*

6. Stakeholder engagement plan

Updates on the company's ESG progress, actions and strategy will be documented in the company's annual ESG report, which will be published on our website at the start of each calendar year. In addition, information will be regularly communicated to relevant stakeholders, in particular staff, customers, our local community, and Trees and Bees, our local nature conservation charity. Agriforce will also seek input from these stakeholders on a regular basis on its ESG progress, actions and strategy. Our stakeholder engagement plan below has more detailed information.

Stakeholder group	*Engagement method*	*Aims*	*Frequency*
All	*Survey*	*Gain input on the company's ESG performance, progress, impact, risks and opportunities*	*Annual*
Staff	*Intranet updates* *All staff meetings*	*Keep staff informed of ESG progress, as well as company initiatives, and share information on how staff can contribute*	*Monthly*
Customers	*Business meetings*	*Share information on the company's ESG strategy and progress and seek input from Customers on their ESG needs.*	*As and when*
Local community	*Village meetings*	*Share and seek information on the company's ESG initiatives, progress, and the (potential) impact on the local community. If the impact is negative, seek input on how this can be managed.*	*Every 6 months*
Trees and Bees	*AgriForce farmland visits*	*To demonstrate biodiversity improvement to Trees and Bees and seek their input.*	*Every 6 months*

Let's get started
Introduction
Stage 1
Stage 2
Stage 3
How to fund sustainability efforts
Annexes

7. Monitoring and review

Date of next ESG strategy review: *February 2026*

Responsible Team: *CEO, HR Director, Head of Compliance, Head of Processing, Head of Farming, Employee Representative, and the Board of Directors.*

With a view to continuous improvement, Agriforce will adapt its ESG strategy every two years based on performance reviews, stakeholder feedback, and an evolving business landscape.

Step 8. Hold a validation workshop

Once the draft ESG strategy has been written, it can be shared with the company and discussed during a validation workshop. Holding a validation workshop ensures the effectiveness and relevance of the ESG strategy developed by the EBMO. It provides an opportunity for key internal stakeholders, such as the CEO, HR Director, Head of Compliance, and other responsible team members, to review the strategy, validate its objectives, and align on its implementation. It allows for open discussion on the strategy's potential impact, the best way to achieve goals and targets, and resource allocation. This helps to create a sense of ownership and accountability among workshop participants.

> The validation workshop is an opportunity to offer continued support to the company in the shape of additional services.

The length of the workshop depends on the characteristics of the company, its complexity and the length and level of detail of the draft ESG strategy.

Checklist 6: Questions for the ESG strategy validation workshop

Below are a set of non-exhaustive questions that can be used to structure the validation workshop.

- Does the draft ESG strategy align with the company's vision and stakeholder expectations?
- Are there any areas of the strategy that seem unclear, incomplete, or unrealistic?
- Are the ESG goals identified in the strategy the ones with the most material impacts?
- Does the strategy meet regulatory requirements?
- Are the targets achievable? Do the targets represent meaningful improvements? Are the timelines realistic?
- Are the metrics proposed to track impact of the strategy adequate? Do/should these metrics align with recognized standards?
- Are the resources (financial, human, and technological) allocated in the strategy sufficient for successful implementation?
- Does the company have the required resources (budget, staff time, expertise, technology) to deliver the strategy?
- Are there any risks or challenges that could hinder implementation of the strategy? How can these be mitigated?
- What additional support is the company likely to need to deliver its ESG strategy?

Once feedback has been gathered, the EBMO has all the information it needs to finalize the company's ESG strategy and then share the final written report.

Real-life case study: The Queensland Business Chamber

In 2014 Business Chamber Queensland, set up its first sustainability services to help enterprises reduce their energy, water, and waste management costs. Since then, it has added carbon management services and will add climate risk mitigation and adaptation services in 2025. In May 2025, the Business Chamber of Queensland had more than 1,600 active participants in its ESG programmes, which have benefited thousands of enterprises over the years.

A comprehensive package of ESG services

Business Chamber Queensland's sustainability programmes cover all areas of ESG. With 99 per cent of enterprises in the state of Queensland being SMEs, all programmes are tailored to smaller companies.

- **Sustainability health check**

  During this two-hour introductory session, a Business Chamber Queensland staff member assesses the company's progress across a range of ESG areas. This includes identifying the sustainability initiatives the enterprise already has in place as well as potential improvements. The enterprise receives advice on how to take sustainability to the next level, how current sustainability trends are likely to affect it, and what support is available from Business Chamber Queensland.

- **ecoBiz sustainability programme**

  This is a predominantly online capacity-building programme that helps SMEs to audit their resource use, manage carbon emissions and save on costs, all while reducing waste, water and energy consumption. ecoBiz includes a two-hour on-site session with a sustainability coach, who then draws up a practical sustainability action plan for the company. ecoBiz was the Chamber's first sustainability programme and will be expanded in 2025 to include climate risk and adaptation and circular economy modules.

- **Workforce Evolve**

  The programme helps businesses to address labour and skills shortages through more diverse recruitment and hiring practices, focusing in particular on groups such as those from culturally and linguistically diverse (CALD) backgrounds, people with disabilities, and women re-entering the workforce. It includes online training, access to tools and resources, one-on-one coaching, referral access to expert diversity partners, and a verification badge.

- **Sustainability and ESG consulting**

  This service is for businesses that have a specific sustainability challenge or are looking to go beyond Business Chamber Queensland sustainability programmes' offerings. It can include provision of training, carbon advice, stakeholder mapping, advice on sustainable finance, and more. For businesses that do not have the resources for a dedicated sustainability officer, there is the option of a Business Chamber Queensland Sustainability & ESG Consultant working directly with the business on a regular basis (usually monthly) to deliver ESG services and build sustainability capability.

Both ecoBiz and Workforce Evolve provide SMEs with a tailored sustainability journey based on their ESG maturity level. For example, when a business starts the ecoBiz carbon module, the first step is an assessment of their level of awareness and understanding of carbon emissions reporting. If the business is at a low level, it will not be able to access some of the more advanced learning and tools such as the carbon calculator. These will be unlocked once the business is at a level of maturity that means it can fully understand and use the advanced learnings and tools. This approach prevents businesses from feeling overwhelmed and leaving the programme early on, as well as motivating them by rewarding progress.

A diversified funding model

Business Chamber Queensland has made its ESG programmes financially sustainable with funding from different sources. The ecoBiz and Workforce Evolve programmes are delivered in partnership with, and are funded by, the Queensland Government. These programmes are predominantly developed for SMEs with fewer than 200 full-time staff in Queensland, regardless of whether they are a member of the Chamber.

Additional consulting services are charged on an hourly basis. Members have access at a discounted rate of 250 Australian Dollars (AUD) (around USD 158). Non-members can also access the consultancy services but at a higher rate, negotiated on a case-by-case basis. A sustainability health check costs AUD 500 for members (around USD 315) and AUD 600 for non-members (around USD 408).

Where in-depth technical expertise is required, Business Chamber Queensland can refer the company to expert partner organizations. For example, if a company's practices are aligned with the TCFD standards, the Chamber may refer it to a partner that can help the business to obtain Climate Active certification, the Australian certification scheme for climate action. Business Chamber Queensland then collects an expert referral fee from its partner.

The right message, at the right time, in the right place

Business Chamber Queensland focuses its sustainability marketing and communications on cost reduction, which resonates with Queensland businesses facing rising expenses. While sustainability-related terminology evolves—from CSR and ESG to the circular economy—the central business case remains the same.

The Chamber also tailors its marketing and communications to new developments, such as the upcoming 2032 Olympic and Paralympic Games in Australia, where sustainability in tourism is a key focus. SMEs need to be ready to make the most of this opportunity, especially those under pressure from larger supply chain partners and public procurement standards.

The provision of ESG advisory services is a congested marketplace in Queensland. Business Chamber Queensland sets itself apart from others by emphasizing its credibility and trustworthiness as a supplier to smaller businesses. It builds on its status as a not-for-profit organization as well as on the positive results of its programmes to date (see below). For example, one message promoting the ecoBiz programmes states: "We will help reduce your energy bills by 22%".

Finally, Business Chamber Queensland, in addition to using regular communications channels, also uses advocacy to make sure its messages reach the intended audience. For example, the Queensland Government procurement guidance for the 2032 Olympic and Paralympic Games explicitly recommends the ecoBiz programme to potential suppliers. The sustainability programmes are also written into local government economic development strategies.

Demonstrating impact leads to growth

Business Chamber Queensland actively monitors the ESG performance of the SMEs it works with to determine programme impact. This has resulted in convincing figures that have helped the Chamber to attract new businesses and funding, with advocacy efforts, and to become a finalist in the Banksia 2025 National Sustainability Award. For instance, during the 2023-24 financial year, ecoBiz participants across Queensland avoided (compared to their baselines):

- 12,077 $tCO_2{}^e$ of carbon emissions, or 3,000 passenger vehicles driving on roads for a year.
- 2,577GJ of energy, or 3,160 households' annual electricity usage.
- 48,151kL of water, equivalent to 20 Olympic-sized pools of water.
- 1,035t of waste, or 14,000 wheelie bins.
- AUD 3,151,060 in costs in total (around USD 1,990,000).

4

Stage 2 – How to advise on ESG strategy implementation

- Step 1: Define and assign roles and responsibilities
- Step 2: Assess company policies and plug gaps
- Step 3: Communicate the ESG strategy
- Step 4: Train staff on ESG
- Step 5: Track progress
- Step 6: Hold an ESG strategy review workshop

Stage 1 focused on how to develop a company ESG Strategy. This chapter provides guidance on how to implement the ESG strategy (stage 2) in the shape of practical steps and actions. **Tools and templates are designed to be used in interactions with the company** being advised by the EBMO.

While having the right ESG strategy in place is essential, it cannot be delivered without the right **corporate governance framework** (the set of rules, practices and processes that define how a company is governed). The company needs to assess its corporate governance framework and determine how it can be restructured to allow for effective delivery. This chapter assumes that the company is implementing its first ESG strategy and therefore needs to adapt its existing governance framework.

While the steps and actions follow a chronological order, they are not meant to be prescriptive. EBMOs should choose those steps and actions that most suit their, and the company's, specific context, and deliver these in the order they feel is most appropriate. They can also choose to have some steps or actions delivered by external partners, for example when it comes to setting up ESG monitoring frameworks.

Step 1. Define and assign roles and responsibilities

Responsibility for ESG strategy delivery needs to be clearly assigned to the right person(s), in addition to assigning **responsibility for oversight** to the board or senior management. To make this happen, ESG responsibilities should be included in **job role descriptions** and **performance management targets**.

The EBMO can start by gathering all available information on the company's existing roles and functions and determine whether and how the current structure and available expertise can lead to full implementation of the strategy. The company may need to restructure, recruit, or upskill existing staff to enable implementation. A few possible options on which the EBMO can advise are below.

Let's get started
Introduction
Stage 1
Stage 2
Stage 3
How to fund sustainability efforts
Annexes

The Sustainability Officer

The company may wish to appoint or recruit an ESG specialist such as a Sustainability Officer. The template job description below provides information on the profile required for such a position, as well as a basic description of the position itself.

Template 12: Job description for a Sustainability Officer

Job Description	The Sustainability Officer is responsible for developing, implementing, and monitoring sustainability initiatives within the company. This role involves working closely with colleagues across teams and departments to ensure the company meets its sustainability goals.
Key responsibilities	▶ Develop and deliver a comprehensive sustainability strategy. ▶ Provide advice and guidance on sustainability issues. ▶ Monitor the company's progress towards its sustainability goals and provide regular progress reports. ▶ Lead the development and implementation of sustainability initiatives and programs. ▶ Identify and assess sustainability-related risks and opportunities for the enterprise ▶ Liaise with internal and external stakeholders to deliver sustainability objectives. ▶ Organize and facilitate training on sustainability and the company's ESG strategy and initiatives. ▶ Prepare and present reports and recommendations. ▶ Stay up to date with industry trends, best practices, and regulatory changes related to sustainability
Requirements	▶ A degree in a relevant field, such as environmental science, industrial relations, sustainability, or business administration. ▶ Proven track record of driving sustainability initiatives and delivering measurable results. ▶ Knowledge of relevant sustainability frameworks (GRI, ISO, SDGs), standards, and reporting requirements. ▶ Experience of setting up and running company-wide sustainability monitoring frameworks, including setting and measuring KPIs (key performance indicators), using technology (ESG analytics tools) where possible. ▶ Knowledge of ESG-relevant legislation and sustainability principles. ▶ Excellent communication, problem-solving, and organizational skills. ▶ Ability to work independently and as part of a team. ▶ Proven project management experience.

Skills	▶ Excellent communication and interpersonal skills. ▶ Strong organizational and project management skills. ▶ Ability to analyse large amounts of data and distil key messages. ▶ Ability to develop and maintain effective partnerships.

A smaller company might not be able to hire an ESG specialist, so responsibility for ESG strategy implementation may lie with senior management or the business owner. This person should then ideally have similar responsibilities and skills as those in the profile above. Upskilling may be required, as well as potentially external support, possibly provided by the EBMO.

Some EBMOs provide ESG support to member companies in the shape of a consultant, usually an EBMO staff member, who spends time with the company on a regular basis (see for example the Queensland Business Chamber case study at the end of this chapter).

Examples of job roles suitable for a ESG team

- **Executive sponsor**
  A senior leader or C-suite executive to provide strategic direction, ensure alignment with company goals, secure resources, and advocate for ESG at board level.
- **Sustainability manager**
  This is a dedicated ESG or sustainability professional who oversees the development, implementation, and tracking of ESG initiatives, and also coordinates the team.
- **Environmental specialist**
  This person is an expert in environmental management, which could cover energy efficiency, waste management, emissions, and compliance. The role focuses on reducing the company's environmental footprint, managing climate-related risks, and implementing sustainability initiatives.
- **HR representative**
  This could be a HR leader or DEI specialist who makes sure that social factors like employee engagement, workplace diversity, equity, and community engagement are addressed.
- **Finance representative**
  This could be the CFO, a financial controller, or a sustainability accounting specialist. This staff member aligns the ESG goals with financial planning, manages budgets for initiatives, and ensures transparent reporting on ESG-related expenditures.
- **Legal and compliance officer**
  This person could be a corporate lawyer or compliance officer who makes sure that the company's ESG strategy and practices meet regulations, best practices, relevant company policies, and any reporting and disclosure requirements.
- **Operations representative**
  This could be an operations manager or supply chain specialist who implements ESG practices in production, procurement, logistics, and waste management.
- **External advisors**
  Consultants or specialists in ESG (such as the EBMO) who provide expertise in ESG frameworks, industry benchmarks, regulatory trends, etc.

The ESG team

Larger, more complex companies can put together a cross-functional team of employees to implement and deliver the ESG strategy. Suitable employees for these positions are passionate about sustainability, good at communicating, and in positions where they can bring about change. Below are examples of employees who could join such a team.

Specific responsibilities of the ESG team are to:

- **Gather and analyse data information**
  The ESG team should have the company's ESG monitoring data at its fingertips and draw out the implications for the enterprise. The team should also collect information that covers changes in ESG trends, risks, opportunities, regulations and other relevant changes in the business environment.
- **Coordinate across departments/teams**
  The ESG team should not work independently as the whole company needs to be on board with the ESG strategy to ensure maximum impact. ESG activities do not normally fall neatly within the responsibilities of specific departments or teams. The ESG team can contribute to the smooth running of ESG activities by coordinating across the company. Each staff member on the cross-functional ESG team can function as ESG focal point for her/his home team/department. All staff should be aware of the company's ESG strategy and understand their role in bringing it to life.
- **Report to the board**
  The ESG team reports regularly on company ESG activities, progress, risks, opportunities and trends.
- **Engage with stakeholders**
  This means communicating to stakeholders about the company's ESG strategy and progress, as well as seeking their input. It also involves replying to ESG-related questions by investors, customers, answering surveys sent by ESG rating agencies, and so on.

Senior managers and the board

The ESG strategy needs **commitment and leadership from top-level management** to make it real. Without it, the strategy risks just remaining a document. It is crucial for the company to assign clear ESG responsibility at the board and/or senior management level to ensure commitment and oversight.

Top-level management should:

- **Set the tone**
  Make a clear commitment to ESG at the top, signalling its importance throughout the company.
- **Strategic direction**
  Integrate the ESG vision and goals into the overall business strategy and ensure alignment with long-term enterprise goals.
- **Resource allocation**
  Approve budgets and dedicate the necessary resources to carry out ESG initiatives effectively.
- **Oversight and accountability**
  Monitor progress against ESG targets, holding managers/management teams accountable, and ensuring compliance with relevant regulations.
- **Risk management**
  Identify, assess, and mitigate critical ESG-related risks that could impact the company's reputation or financial performance.

- **Stakeholder engagement**
  Make sure that the company engages with priority stakeholders to address concerns and gather input on ESG priorities.
- **Organization culture**
  Promote an organizational culture that rewards ESG, including ethical behaviour, transparency, and responsible business practices.

Examples of how different functions can contribute to ESG strategy implementation

Finance

- Carry out cost-benefit analyses to identify the most cost-effective sustainability options.
- Identify and apply for sustainability related financial incentives such as tax credits and subsidies.
- Ensure accurate financial reporting and prevent fraud.

Human Resources (HR)

- Develop and roll out ESG training for all staff and specific staff groups.
- Incorporate ESG aspects in performance management.
- Review recruitment and training to ensure the company has the ESG talent it needs.

Risk management

- Include the ESG risks identified in the previous chapter in the company's risk assessment and management processes.
- Carry out ESG risk focused stress tests and scenario analyses to ensure the company can deal with any disruptions. Develop risk mitigation strategies.
- Include ESG in the due diligence processes for investments, mergers, and other transactions to identify potential ESG risks.

Sales

- Incorporate the company's ESG credentials into sales and marketing activities.
- Check that sustainability-related sales pitches cannot lead to accusations of greenwashing.
- Identify potentially new markets for the company's products which now have ESG credentials.

Information Technology (IT)

- Make sure technology used is energy efficient.
- Participate in technology recycling programmes.
- Identify, acquire and implement technology for managing and/or tracking ESG performance, such as a carbon calculators or energy management systems.

Marketing and communications

- Produce sustainable marketing and communications materials.
- Share internal updates on the company's ESG initiatives, progress, and commitment.
- Include information on the company's ESG credentials in communications for investors, customers, shareholders, and other external stakeholders.

Other roles and functions

To ensure the ESG strategy becomes part of the company's everyday operations, the company needs to assign clear ESG responsibilities to **all** relevant individuals and/or teams, not just those who are explicitly accountable for strategy delivery. These responsibilities can be included in role descriptions and performance management criteria. Relevant staff need to be set realistic targets and timelines. Examples of ESG-responsibilities for different roles and functions are below.

Additional information

The above description of ESG sustainability actions by function is based on that provided by the World Business Council for Sustainable Development (WBCSD). For additional sustainability actions by function, as well as online training, toolkits, case studies, and more on ESG please visit the WBCSD Academy.

Step 2. Assess company policies and plug gaps

The company needs to review its existing policies to ensure these are aligned with the ESG strategy and identify and plug any gaps. This means that the policies should reflect the material ESG issues as identified by the enterprise. The policy assessment can be done either by the ESG team, the EBMO, or through a joint effort.

If the ESG strategy is the **roadmap** – where the company is headed and how it plans to get there – then the company's policies are the **rulebook** – how ESG principles are embedded in the company's ways of working. For example, if the ESG strategy states that the company will 'prioritize ethical sourcing practices in all regions by 2025', then the procurement policy could:

- Set out supplier selection criteria that prioritize ethical and sustainable sourcing.
- Require suppliers to comply with national labour and environmental requirements.
- Commit to developing a risk assessment framework to evaluate sourcing risks by region and industry.

Existing policies may need amending and new policies may need to be created. For example, if an ESG strategy has a goal to improve diversity yet the company has no DEI policy, then it is useful to develop one. A list of examples of ESG-relevant policies can be found in chapter 3, step 1.

Company ESG policy

While not necessary, it can sometimes be useful for larger, more complex enterprises to write a company policy focusing specifically on ESG. An ESG policy can act as a kind of umbrella policy, mentioning all other relevant company policies.

Template 13: Basic structure of a company ESG policy

A strong ESG policy usually includes several key sections to ensure clarity, accountability, and actionable commitments.

1. ESG statement

A brief introduction outlining the company's commitment to ESG principles. This section sets the tone for the policy and communicates its overall purpose. The ESG statement can be similar to that in the ESG strategy (see chapter 3).

2. Environmental commitments

This section defines how the company will minimize its environmental impact. This could include rules, policies and targets relevant to:

- Sustainable resource management (energy, water, and waste reduction).
- GHG emissions reduction and climate action plans.
- Biodiversity conservation.
- Responsible sourcing practices.

3. Social commitments

This section details the company's approach to labour practices and community involvement. This could include rules, policies and targets relevant to working conditions, DEI or community engagement and social impact initiatives.

4. Governance commitments

Section four outlines governance structures, transparency, and ethical enterprise practices, including any relevant rules, policies and targets. This section could, for example, mention the enterprise's code of ethics, anti-corruption policies, as well as regulatory compliance and risk management approaches.

5. Stakeholder engagement

This sets out how the company will engage priority stakeholders and ensure their involvement in ESG-related decisions and tracking progress.

6. Reporting and accountability

This section explains how the company will track, measure, and publicly disclose ESG performance. This can include mention of:

- ESG data collection, reporting frameworks, and compliance standards.
- Review processes for continuous improvement.
- External verification
- How ESG performance will be communicated to priority stakeholders.

7. Implementation and monitoring

Here the company sets out how the policy will be implemented, including responsibilities of employees and suppliers, monitoring methods, and periodic reviews.

Step 3. Communicate the ESG strategy

Once the ESG strategy has been finalized, it needs to be communicated. Much of this communication is likely to be internal as staff need to understand how they can contribute to delivering it. Moreover, ESG strategies are often internal company documents, with many companies focusing external communications efforts on the publicly available ESG report or other ESG performance information (see chapter 5).

However, where a company is starting out on its ESG journey and has not yet reported, external communication of the ESG strategy (and/or ESG policy, if it exists) can be beneficial. The ESG strategy needs to be communicated to all priority stakeholders, such as employees, customers, investors, and community members. Communications should be in line with the **stakeholder engagement plan** set out in the ESG strategy.

Below are basic suggested actions for communicating the ESG strategy. EBMOs can use these to advise the company on how best to communicate its ESG strategy or carry out all actions for the company.

Action 1. Develop a communications plan

A communications plan outlines what ESG information will be communicated, to whom, how and when. It can be used for both internal and external priority stakeholders. A communications plan may be especially pertinent for larger, more complex organizations with multiple stakeholder groups. The communications plan can include plans for publishing and promoting the company's ESG report (see chapter 4). The template below can be amended by the EBMO.

Action 2. Write key messages

The EBMO can support the company by distilling the key messages of the strategy. Key messages should be aligned with the company's ESG goals and be tailored to different target audiences, in this case the company's priority ESG stakeholders.

Staff are likely to be a major target audience. When drafting key messages for employees, it can be useful to use simple and clear language and avoid technical ESG terms. Messages ideally link each ESG goal to how it impacts both the company and employees personally. This could include explaining how the company's ESG efforts reflect staff values and what they mean for day-to-day actions.

Action 3. Develop communications products

The EBMO can develop communications products for the company. These can include written articles, presentations, social media cards and messages, press releases, and more.

Action 4. Identify communication channels

The communications products can then be shared using the company's communications channels. The right communication channel needs to be used for each stakeholder group to achieve maximum impact. For instance, the intranet, team meetings, and town hall events might be suitable to reach staff.

Action 5. Endorse the ESG strategy

The ESG strategy should be endorsed by senior management, for example at an all-staff meeting. This demonstrates the company's commitment to sustainability and will motivate staff to play their role in delivery. Endorsement is one of the most important first steps when it comes to communicating the ESG strategy.

Action 6. Continue stakeholder engagement

The ESG strategy has been finalized but stakeholder engagement should continue. For example, the EBMO could organize roundtables or forums with the local community where the company can present its ESG strategy and receive feedback.

Action 7. Leverage the EBMO's networks

The EBMO can use its own networks to support the company in communicating its ESG strategy to external stakeholders such as peers, investors and regulators. The EBMO can share key messages and materials using its own communications channels, such as newsletters for members, social media, and more. The EBMO can also connect the company with relevant stakeholders such as industry leaders, policy makers, and international experts.

Template 14: A basic ESG communications plan

The basic communications plan below is for AgriForce, a fictional company already encountered in the last chapter.

No.	Stake-holder group	Activity	Aim(s)	Product(s)	Channel(s)	Date	Person(s) respon-sible	Budget	Additional details
1	*Staff*	*All-staff meeting*	*Introduce staff to company's new ESG strategy*	*Presentation slides*	*Online and in-person*	*March 2025*	*Don James (HR) (Insert name EBMO)*	*(Insert name EBMO) part of advisory service*	*(Insert name EBMO) to prepare slides. Don James (HR) to give presentation.*
2	*Staff*	*CEO article on the case for ESG*	*To demonstrate high-level company commitment to sustainability*	*Opinion piece*	*Intranet*	*April 2025*	*Maria Gonzalez (CEO) Lidia Mavo (Comms) (insert name EBMO)*	*(Insert name EBMO) part of advisory service*	*The article can be repurposed for the local paper. Lidia Mavo will contact journalists to assess interest.*
3	*Customers*	*Business meetings*	*To share the ESG strategy, communicate progress, and better understand customers' sustainability needs*	*Marketing materials*	*Print*	*April 2025*	*Maria Gonzalez (CEO) Tim Chen (Sales and Marketing)*	*USD 120 for printing (Insert name EBMO) part of advisory service*	*Tim Chen (Sales and Marketing) to write brochure, with support from (Insert name EBMO)*
4	*Local community*	*Regular bi-annual meeting*	*Share and seek information on the company's ESG initiatives, progress, and the (potential) impact on the local community.*	*Presentation slides*	*In-person*	*May 2025*	*Maria Gonzalez (CEO) Lidia Mavo (Comms) Moses Hakri (Head of Farming)*	*Not applicable*	*Lidia Mavo (Comms) will repurpose the presentation slides used for the all-staff meeting in March.*
5	*Trees and Bees*	*Farmland visit*	*Show Trees and Bees the farm, share the ESG strategy and seek input.*	*Presentation slides. Copy of the ESG strategy.*	*In-person*	*June 2025*	*Moses Hakri (Head of Farming) John Chang (Legal and compliance manager)*	*Not applicable*	*Moses Hakri (Head of Farming) will amend the presentation slides used for the all-staff meeting in March.*
6	*Peers*	*CEO breakfast hosted by (insert name EBMO)*	*Present AgriForce as a sustainability leader*	*Presentation slides. Marketing materials for customers.*	*In-person*	*June 2025*	*Maria Gonzalez (CEO)*	*Not applicable*	*Lidia Mavo (Comms) will amend the presentation slides used for the all-staff meeting in March. Maria Gonzalez (CEO) will present the strategy and share marketing materials.*
7	*All*	*Annual ESG survey*	*Gain input from all stakeholders on ESG progress, risks and opportunities.*	*Survey*	*Online and in-person*	*September – December 2025*	*(insert name EBMO) John Chang (Legal and compliance manager)*	*USD 1,000*	*The survey will be developed and administered by (insert name EBMO). John Chang (Legal and compliance manager) is responsible for oversight.*

Additional information

The SME ESG Hub developed by the UN Global Compact Network for Malaysia and Brunei has many useful ESG resources and tools for smaller companies. This includes a more detailed ESG communications plan template.

Step 4. Train staff on ESG

All staff should attend an introductory training on ESG to ensure the strategy becomes fully operational and the workforce is aligned on the strategy. This training could be delivered by the EBMO. The training should cover, at a minimum:

- A basic introduction to ESG covering trends and key concepts.
- Outline why ESG is important to the company.
- Key aspects of the company's ESG strategy and how staff can contribute.

It can be useful to provide more in-depth training and/or information to senior staff and staff in posts that are key to delivering the ESG strategy (see below for more). For example, Sustainability Managers and Facilities Managers would benefit from additional training on waste reduction and recycling.

Additional information

The previously mentioned ILO LEADER Programme's training course *ESG Leadership Essentials: A Training Course for Enterprises* can be adapted by EBMOs for the company and then rolled out. The training course can be accessed by visiting the ILO LEADER Programme's online resource hub.

Step 5. Track progress

Monitoring progress not only highlights the company's ESG successes but also identifies areas for improvement and to further drive impact. The following basic actions help companies to track progress.

Action 1. Set up a monitoring framework

The ESG monitoring framework is a document that sets out **what, how and when** the company is going to measure its sustainability progress, and who is responsible and accountable. A basic monitoring framework has already been included in the ESG strategy template in the last chapter. This can now be built on and expanded.

The company's ESG strategy has already set out some of the metrics, or Key Performance Indicators (KPIs), that will be used to track progress on material ESG issues. However, it may be useful to add additional metrics to provide a more complete picture of the company's sustainability performance. For companies implementing their first ESG strategy, it may be better to start with a small number of metrics and then build on this and expand in future years as appropriate.

KPIs should be aligned with the company's ESG targets. The company may be monitoring some of these metrics already for other purposes. Commonly used metrics include:

- **Environmental**
  Carbon footprint, energy consumption, waste reduction.
- **Social**
  Employee turnover rate, diversity ratios, community engagement hours.
- **Governance**
  Compliance rates, number of ethics training sessions conducted.

Companies with sufficient resources can align their monitoring framework with existing reporting standards, such as the GRI, ISO or ISSB standards (these are discussed in more detail in the next chapter), but a simplified format can also work for SMEs. A basic set of key metrics relevant to SMEs is set out in the box below.

Basic set of ESG metrics for SMEs

The ESG metrics below are based on those set out in various ESG reporting frameworks.

Economic metrics

These aim to capture key aspects of the company's value creation and its economic impact.

- **Turnover/revenue:** This provides a basic indicator of the company's scale.
- **Profitability:** A measure of operating profit or similar profit metrics.
- **Investment in sustainability:** Where feasible, SMEs should indicate levels of investment in areas that support sustainability (for example, relevant research and development or environmental improvement projects)

Environmental metrics

The environmental set of metrics below provides a snapshot of the company's environmental footprint.

- **Energy consumption:** Total energy consumption (MWh) with a breakdown into renewable and non-renewable sources if possible.
- **Greenhouse Gas (GHG) emissions:** Reporting of direct (from company owned or controlled sources) and energy-related indirect GHG emissions (resulting from the company's energy consumption). Both can be measured in $tCO_2{}^e$.
- **Water usage:** Total water consumption (m^3) over the reporting period.
- **Waste generation and management:** Amount of waste produced (e.g. in tonnes) and, where available, the share that is recycled or otherwise reused.

Social metrics

The metrics below focus on basic workforce-related indicators and health and safety aspects. The goal is to capture whether the company is providing decent and safe working conditions, as well as supporting employee development.

- **Workforce size and composition:** The total number of employees, with disaggregation by key demographics (for example, gender) where possible.
- **Employee training and development:** Indicators such as average training hours per employee or a description of how much has been invested in training.
- **Health and safety performance:** Basic indicators such as the number or rate of workplace accidents or lost-time injuries (injuries sustained on the job that result in the loss of productive work time).

Governance metrics

Metrics do not necessarily need to be numbers. While much of the VSME's basic module focuses on quantitative metrics, the governance metrics are qualitative (or narrative). These so-called narrative disclosures are descriptions that help link the numbers of the above metrics to the company's overall sustainability story.

- **Sustainability governance and strategy:** A description of how sustainability issues are integrated into the company's strategy and governance structures.
- **Materiality and stakeholder engagement:** An explanation of the process for determining what issues are material for the business, including how stakeholders are engaged in that process.

Additional information

As part of its CSRD efforts, the European Union has developed a voluntary reporting ESG framework for micro, small, and medium-sized enterprises that are not listed. The VSME standard aims to avoid adding burdens for smaller enterprises while also meeting expectations of business partners, in particular larger companies. The document featuring the standard has information on basic metrics, but also information on how to collect data and process it, as well as links to useful online tools. The VSME standard was published in December 2024. Throughout 2025, accompanying reporting templates will be developed and released.

The Singapore Exchange (SGX) recommends a basic set of 27 core ESG metrics as a starting point for sustainability reporting. For short, practical guidance, as well as information on how these core metrics align with recognized reporting standards, see SGX (2023) Starting With a Common Set of Core ESG Metrics.

Action 2. Identify and implement monitoring tools

When it comes to **storing and analysing** ESG tracking data, many companies simply use a **basic, centralized, shared spreadsheet**. The EBMO can provide a spreadsheet with the columns and rows according to the metrics the company will track, similar to the tables in the ESG strategy template in chapter 3. Software packages also exist. These can be purchased for a fee.

When it comes to **measuring**, some KPIs can be quite straightforward to measure, such as the total number of community engagement hours by company staff over a defined period. This type of information can simply be counted by the person responsible, entered into the shared spreadsheet, and analysed. Other KPIs can be more difficult to get a grip on, such as carbon footprints. Monitoring tools such as carbon footprint calculators can help here (see for example the Carbon Trust SME Carbon Footprint Calculator).

Action 3. Report to the board and/or senior managers

Reports should be made by the person(s) responsible for ESG activities and performance (e.g. the sustainability officer, the ESG team leader, senior manager(s) or the business owner) to relevant senior managers and/or the board. It can be useful to schedule periodic check-ins, say every quarter, to ensure accountability and adjust priorities as needed.

At check-in meetings, the company should, among other things:

- Review ESG performance against its goals using the metrics set out in the monitoring framework.
- Use tracking data to identify successes, challenges, and areas for improvement.
- Discuss changes in ESG risks and opportunities, as well as relevant changes in the business environment, and determine appropriate actions.
- Discuss progress in ESG strategy implementation and determine appropriate actions (if any).

EBMOs may be able to support members, especially smaller enterprises, with periodic reporting.

Let's get started
Introduction
Stage 1
Stage 2
Stage 3
How to fund sustainability efforts
Annexes

Step 6. Hold an ESG strategy review workshop

For the purpose of continuous improvement, the company should ideally review the strategy and its implementation, including all monitoring information and feedback from stakeholders, on a yearly basis. The ESG strategy should be adapted to changing regulations, stakeholder expectations, or market conditions. New targets can be set, and initiatives can be stopped, improved, expanded or introduced based on progress and lessons learned. The EBMO can assist the company by compiling and analysing relevant information, facilitating the workshop and drafting the new ESG strategy.

Checklist 7: Questions for the ESG strategy review workshop

Below are a set of non-exhaustive questions that can be adapted and used by the EBMO to structure the ESG review workshop. The EBMO can present data where available and then open the floor for contributions from the company's senior managers and other relevant staff. It can be useful to again carry out some of the exercises that were done to inform the original ESG strategy, such as the stakeholder analysis, and materiality and risk assessments.

ESG performance

- What has been the company's ESG performance in the past year?
- How does the company's ESG performance in the last year compare to relevant benchmarks?

ESG strategy implementation

- How well has the company implemented its ESG strategy? What worked well and what did not? Why?
- How well is the ESG strategy linked to the overall business strategy and other relevant strategies, policies, procedures and practices?
- Were the resources (financial, human, and technological) allocated in the strategy sufficient for successful implementation?

Goals and targets

- Does the ESG strategy still align with the company's goals?
- If not, what has changed? How can the new context be reflected in the revised ESG strategy?
- If yes, does the company wish to be more ambitious when it comes to its ESG goals and performance?
- Are the ESG goals identified in the strategy still those with the most material impacts? (If not, carry out a materiality assessment).
- Were all the ESG strategy targets met?
  - If not, why not?
  - If yes, why? Should any new targets be more ambitious?
  - Should the targets be changed? How?
- Does the strategy continue to meet regulatory requirements?

Stakeholders

- How have different stakeholders reacted to (1) the ESG strategy, (2) the company's ESG performance, and (3) its stakeholder engagement?
- Does the ESG strategy still align with stakeholder expectations?
  - If not, what has changed? How can the new context be reflected in the revised ESG strategy?
  - If yes, does the company wish to be more ambitious when it comes to its ESG goals and performance?

Tracking progress

- How useful were the metrics that track impact of the strategy?
- Were there any challenges in collecting, analysing and reporting on the data?
- Should the metrics be changed? If so, how?

ESG risks and opportunities

- How has the ESG strategy helped the company to manage ESG risks?
- Are there any new ESG risks or opportunities that have arisen since the last ESG strategy was finalized? (If so, consider carrying out a risk assessment, see chapter 3). Should these new risks and opportunities be incorporated in the revised ESG strategy?
- What external support (if any) is the company likely to need to continue on its ESG journey?

After the workshop, the ESG strategy can be revised and updated. The EBMO can use the ESG strategy template in the last chapter to structure the company's revised ESG strategy. The EBMO can also update and reiterate its advisory services offer to the company.

5

Stage 3 – How to advise on ESG reporting and disclosure

Step 1: Advise on alignment with recognized reporting standards

Step 2: Write the report

Step 3: Seek external verification

Step 4: Communicate progress

ESG disclosure is the **public reporting of a company on its environmental, social, and corporate governance performance**. It's when the company shares its sustainability performance with all its stakeholders, usually (but not always) in the shape of a written report. The report communicates the company's material ESG issues, its impact on the environment and people's lives, and activities that help reduce, eliminate or improve that impact.

There are many benefits of producing and publicly sharing information on the company's ESG performance.

- It demonstrates the company's **commitment** to sustainability and ethical business practices, strengthening its public image.
- It increases **employee engagement and motivation**, and therefore productivity, by showing how their work contributes to the company's objectives.
- It improves **access to sustainable funding**. For example, a publicly available ESG report can help to attract investors looking for companies with sustainable and socially responsible practices that identify and manage potential environmental and social risks (more on sustainable funding in the next chapter).

This chapter will look at how SMEs can report their ESG strategy and performance, including the use of recognized reporting standards such as GRI, ISO, and the ISSB. Many stock exchanges also publish guidance on how companies can report on ESG. This makes it possible to compare the information in sustainability reports from different companies across different sectors, locations, and more.

This chapter is organized by steps and actions. As before, the steps, actions, and their order are not prescriptive and are intended as guidance only. The EBMO is best placed to decide which steps and actions should be part of an ESG advisory service, when is the best time to deliver these, and in what format (training, external consultants, helpdesk support, and so on).

Step 1. Advise on alignment with recognized reporting standards

ESG reporting standards can help to structure how a company measures and reports its ESG performance. Adopting an existing reporting standard can streamline the ESG reporting process, improve data accuracy, and enhance credibility with stakeholders. However, it can also be burdensome and costly.

This guide has already touched on recognized reporting standards relevant to smaller enterprises in the last chapter, such as the EU's VSME reporting standard and the 27 basic ESG metrics suggested by the Singapore Stock Exchange. We will now look at standardized reporting frameworks commonly used by larger enterprises.

This section **provides the EBMO with the basic information it needs to advise the company on whether alignment with reporting standards commonly used by larger enterprises could be beneficial, and if so, which standard to align with.** The EBMO will need to further investigate reporting standards relevant to the national, sector, industry and company context in order to tailor its advice. The EBMO may wish to carry out a **cost-benefit analysis** for the most useful standards to help decision-making.

Many different ESG reporting standards have been developed over the past 30 years or so. The ESG standards landscape is highly fragmented and complex. While understanding and adopting recognized ESG standards can seem daunting, there is a trend towards companies using the same reporting standards, and different reporting standards aligning with, or at least referencing, each other.

There is a major role for the EBMO to help companies to understand and then potentially choose the right reporting standard(s). It may not necessarily be useful for the EBMO to be able to provide in-depth technical expertise on specific reporting standards, but ideally it should be able to point its members in the right direction. If a company chooses to adopt a reporting framework, the EBMO could then potentially refer it to expert partner organizations such as an ESG consultancy or certification body.

> Where enterprises align with recognized ESG reporting standards. They will also need to align their ESG metrics.

The business case for alignment

Aligning with recognized reporting standards can bring significant business benefits.

- **Increased credibility and stakeholder confidence**

  Aligning with recognized standards demonstrates commitment to sustainability, transparency and accountability. This increases trust with stakeholders such as customers, investors, suppliers and regulators. Where standards also include certification or verification by an independent third party, credibility and stakeholder confidence can be further enhanced.

- **Better communication of sustainability impact**

  Standards provide a common language across the globe for sustainability. This makes it easier for the company to clearly, quickly, and convincingly showcase its sustainability credentials.

- **Competitive advantage**

  Many large enterprises require their suppliers to comply with sustainability standards. Those that align their reporting frameworks with recognized standards are more likely to be selected as preferred suppliers.

- **Improved operational efficiency and cost savings**

  Sustainability reporting frameworks that focus on operational efficiency, like the ISO standards, can help to, for example, reduce energy consumption, waste, and other costs.

- **Future proofing**

  Governments and regulators are introducing stricter sustainability and transparency requirements. Using recognized standards which are continuously updated and incorporate evolving ESG trends means that the company will be ready when legal compliance requirements change. It also means that the company remains relevant as markets increasingly prioritize sustainable practices.

- **Better benchmarking**

  Reporting against recognized standards allows enterprises to compare their performance against peers or industry benchmarks and identify any gaps and opportunities for improvement.

- **Access to sustainable funding**

  Many financial institutions and governments offer incentives, loans, or grants to enterprises demonstrating alignment with accepted universal sustainability standards. Companies that use accepted standards are also more likely to attract ESG investors. (Please see chapter 6 for more on accessing sustainable funding).

Recognized reporting standards

Sustainability reporting standards aim to provide companies with a framework for ESG disclosure. Reporting standards provide detailed requirements for what information should be reported, how it should be measured, and the format of the disclosure.

Some reporting standards cover all ESG areas, some cover specific **ESG areas**, others are tailored to **sectors**, and still others apply to **world regions or countries**. Some reporting standards are legally binding, and others are not.

The standards in the list below are examples of commonly used and recognized sustainability reporting standards but there are many more. Topic and sector standards tend to align with those covering all ESG areas.

Common mandatory reporting standards

- **Stock exchange requirements**

  ESG standards are not mandatory for stock exchanges in all countries, but many exchanges are starting to encourage or require listed companies to disclose their ESG practices. For example:

  - Large companies on three major stock exchanges in China (the Shanghai, Shenzhen, and Beijing Stock Exchanges) are now required to report on ESG in their operations and supply chains, with the first reports expected in 2026.[9]
  - The Brazilian Securities and Exchange Commission's Resolution CVM 59, adopted in 2021, which stipulates that publicly traded companies must disclose ESG-related information through their annual Reference Form. This includes reporting on methodology, auditing, the company's materiality matrix and key ESG performance indicators.[10]
  - Tanzania's Dar es Salaam Stock Exchange (DSE) requires all listed companies to carry out sustainability disclosures as part of their reporting obligations.[11]

9 White and Case, ESG in APAC: 3 Trends to Watch in 2024, 7 March 2024.

10 Mattos Filho, Brazil's Securities and Exchange Commission to Require Detailed ESG Reporting, 23 December 2021

11 Association of Tanzania Employers, Tanzania's ESG 'State of Play', 2024.

- **European Sustainability Reporting Standards (ESRS)**

  Even though the ESRS are European, enterprises inside and outside the EU are affected by these reporting standards. As per the European Commission's 2023 Corporate Sustainability Reporting Directive (CSRD), all large and listed companies, including non-EU companies with substantial activity in the EU, need to report in accordance with the ESRS. The 2024 Corporate Sustainability Due Diligence Directive (CSDDD) requires companies to conduct human rights and environmental due diligence to address adverse impacts of their actions, including in their supply chains worldwide. Companies affected by the CSDDD also need to comply with the ESRS as part of their reporting obligations. There is a high degree of interoperability between the ESRS and the GRI.

Common voluntary reporting standards

Alignment with these standards is voluntary unless mandated by government.

Reporting standards covering all ESG areas

- **Global Reporting Initiative (GRI)**

  The GRI provides general and sector standards for overall sustainability reporting and is one of the most widely used reporting frameworks. The GRI has topic standards for ESG areas such as waste, occupational health and safety, and tax, and also offers sector-specific standards. The GRI has an emphasis on disclosure and provides guidelines for what to report, focusing on economic, environmental and social impacts. Unlike ISO and IFRS standards, GRI standards prioritize accountability to a wide range of stakeholders, not just investors.

- **IFRS Sustainability Disclosure Standards**

  IFRS standards are designed for financial markets, emphasizing consistent and transparent sustainability-related financial disclosures to support investor decision-making. They focus on ESG risks and opportunities that are financially material to companies. These standards are issued by the International Sustainability Standards Board (ISSB) and are also referred to as the "ISSB standards".

- **International Organization for Standardization (ISO)**

  ISO's approach to standards is more operational. Global ISO standards like ISO 14001 (Environmental Management systems) and ISO 26000 (Social Responsibility) are technical in nature and focus on management systems, processes, and performance improvement. ISO also has sector-specific standards. Independent certification bodies can determine whether an enterprise complies with ISO standards and, if so, certify the company. Certification is not available for all standards.

Reporting standards for specific ESG areas

- **CDP**

  These standards support environmental disclosure. The CDP is aligned with several other ESG standards, including the GRI, and provides sector-specific guidance.

- **Greenhouse Gas Protocol Corporate Accounting and Reporting Standard**

  This sets out requirements and provides guidance (including templates) for organizations making a GHG emissions inventory.

- **Task Force on Nature-Related Financial Disclosures (TNFD)**

  The TNFD provides a reporting framework, sector-specific data, metrics, and tools, for biodiversity-related ESG risks.

Examples of sectoral reporting standards

- **Sustainability Accounting Standards Board (SASB) standards**

  The SASB standards provide sector-specific frameworks that enable companies to disclose financially material ESG information to investors. The standards currently cover 77 industries.

- **Marine Stewardship Council (MSC) standards**

  These sustainability standards are aimed at seafood producers and fisheries and align with relevant SDGs. Companies that meet the standards are awarded with MSC certification.

- **Forest Stewardship Council (FSC)**

  FSC sets standards for sustainable forest management. It also certifies forests, as well as the products produced from wood harvested from these forests.

Standards without reporting frameworks

Not all ESG-relevant standards include reporting frameworks, but they can still provide useful guidelines, principles, or criteria for enterprises to follow to ensure sustainable practices.

- **UN Sustainable Development Goals**

  Many SMEs have successfully integrated the SDGs into their ESG strategy. While the SDGs do not provide a reporting framework, they can offer a blueprint for aligning ESG strategy with global priorities. By integrating the SDGs into their ESG approach, enterprises can demonstrate their commitment to sustainability, both to their stakeholders and to the broader community. For example, prioritizing goals like "Affordable and Clean Energy" (SDG 7) and "Decent Work and Economic Growth" (SDG 8) directly supports a company's environmental initiatives and labour policies, respectively. Unlike reporting standards such as ISO or GRI, which can be resource-intensive and require specialized knowledge for implementation, the SDGs provide a broad, adaptable framework that SMEs can align with based on their specific capacities and priorities. This can make the SDGs particularly appealing to smaller enterprises with limited financial and human resources.

- **International Labour Standards**

  These standards are widely reflected in commonly used standards such as the GRI and ISO. While companies can align their policies and practices, the standards are the domain of governments, who can ratify and then incorporate these in national law. The International Labour Standards do not provide reporting frameworks.

- **International Corporate Governance Network (ICGN)**

  These global standards for effective corporate governance do not have their own dedicated reporting framework. However, the ICGN does provide guidance, and supports the use of, established reporting frameworks like the GRI.

Choosing a reporting standard

With so many reporting standards around, it can be difficult to find the one that is most appropriate to the company's specific context. The following general guidelines can inform a cost-benefit analysis for reporting standards that are contenders.

- **What are stakeholders' expectations?**

  The company may need to align with a particular standard because of regulatory requirements, or because of supply chain pressures.

- **How much does it cost?**

  Aligning the company with a standard, implementing a monitoring system, and reporting on it, implies a cost. Additional certification such as MSC or FSC further adds to costs. Where company resources cannot stretch to cover this, an enterprise can still meaningfully contribute to sustainability by aligning its ESG strategy and its reporting to the SDGs, which do not require certification or extensive resources.

- **Does the company have the right expertise?**

  The ISO and GRI standards require technical expertise to implement. If the company does not have this, it could outsource the process to an external provider (such as the EBMO), upskill existing staff, or recruit. Whatever option is chosen, it will require resources and a strong internal commitment in the long term.

- **What are the company's ESG strategy objectives?**

  ISO standards have an operational focus and can be very useful to advance internal sustainability objectives. GRI can be more helpful when it comes to communicating sustainability impact to stakeholders. The SDGs provide a high-level, flexible framework to guide companies in their ESG efforts and demonstrate alignment with global development objectives.

- **Is certification required?**

  If customers or regulators demand certification, then the ISO standards may be more useful. The SDGs and the GRI often work well for voluntary initiatives.

- **How important is it to demonstrate progress against a recognized reporting standard?**

  Companies may find it easier to set clear objectives, and measure and communicate ESG progress when using an established framework such as ISO and GRI. However, as will be considered in more depth in step 4 below, enterprises do not need to align with a recognized reporting standard to demonstrate progress. Where an ESG report is not required, there are other ways to do so.

- **Should reporting standards be sector-specific?**

  In this case, the ISO standards may be the most useful. The reporting standard should be relevant to the company's industry and specific ESG risks.

- **What are the benefits of adopting the standard?**

  Benefits include access to capital, markets, improved reputation, and operations efficiencies.

Reporting according to multiple standards

While some reporting standards share similar elements, they generally do not align perfectly. This means that reporting in accordance with one standard does not automatically enable a company to align with another. The company can see how its sustainability-related information fits to different standards and then design its reporting framework to show compliance with multiple standards, if desirable.

The organizations behind different standards are working on improving alignment. For example, the SDGs are reflected in both the ISO and the GRI standards. There is also some alignment between the GRI and ISSB standards. The ILO's labour standards are incorporated into various ESG reporting frameworks and standards. Since labour rights, decent work conditions, and human rights are core aspects of social (S) and governance (G) factors in ESG, many reporting frameworks and standards align with ILO conventions and guidelines.

Additional information

There is ample guidance available on how different reporting standards align. Some examples are below.

- Companies can integrate the SDGs and the GRI into their reporting at the same time. The GRI, working with the UN, has developed guidance on how to integrate the SDGs into corporate reporting: GRI (2022) Linking the SDGs and the GRI Standards. This also sets out which GRI disclosures report on the SDGs.
- The ISO standards have also been mapped across the SDGs. This means that companies can use ISO standards to report on their contributions to the SDGs. ISO and the UN have produced online guidance that helps to ensure this alignment.
- The SDG Compass advises companies on how to align their strategies with the SDGs.
- The ITC ILO (2019) Handbook for EBMOs Employers and Business Member Organizations and Sustainable Development Goals has guidance for EBMOs on how to help their enterprise members embrace the SDGs.
- The IFRS Foundation (2024) Navigating the ISSB's Sustainability Disclosure Standards: Practical Insights has information on the interoperability between the ESRS and the ISSB.
- This web page by EFRAG has various guidance documents on ESRS interoperability with the IFRS, the GRI and the TNFD.

Step 2. Write the report

An **ESG report**, also known as a **non-financial or sustainability report**, contains information on the company's ESG activities and their impact. It is normally published on a yearly basis. It can be written by the company itself, but this could also be written by the EBMO as part of the advisory service. The template below can be adapted by the EBMO to suit the needs of the company.

Template 15: ESG report structure

The sections below can be used to structure a basic ESG report. The template structure builds on previous chapters. For example, it mentions the ESG strategy, metrics, and benchmarking.

A company's first ESG reports often describe the company's ESG strategy and how this is being implemented. Once metrics are fully embedded and more data is available, the report can feature more quantitative information.

1. Statement of commitment

- This short statement publicly sets out the company's commitment to sustainability. It can be signed by a senior executive such as the CEO or by the board.

2. Executive summary

- Overview of key findings, achievements, and future goals and activities.

3. Company overview

- Enterprise background, mission, values, and market context.

4. ESG strategy

- Company ESG vision and goals, possibly referencing a recognized standard such as the SDGs and/or a recognized reporting standard such as the GRI.
- Changes the company is making to achieve its sustainability goals.
- How the ESG strategy connects with the overall business strategy.
- Material ESG issues.
- Overview of stakeholder engagement.

5. ESG performance

- Changes in the key ESG metrics in each of the three ESG areas (environmental, social, governance), reported according to recognized reporting standards if relevant. ESG data ideally shows year-on-year trends over the longer term.
- Description of the company's ESG initiatives during the reporting period.
- How ESG performance compares to relevant benchmarks.
- Consider adding the ROI of the ESG strategy and its corresponding initiatives (see box further down).
- Successes and challenges in meeting company ESG targets.

6. Looking forward

- Future ESG-related risks and opportunities for innovation and growth.
- Future ESG goals.
- Future targets in the shape of changes in metrics (e.g. 'we aim for a 30 per cent reduction in GHG over the next financial year').
- Future company ESG initiatives.
- Consider including an action plan.

Annex: methodology

- Data sources.
- Reporting standards followed.
- Any relevant certifications or verifications.

Additional information

There are many good examples of ESG reports to be found online. The useful examples[12] below cover smaller companies working in different sectors across the globe.

- Attitude Group 2022-23 sustainability report. The Attitude Group manages nine hotels in Mauritius and employs 1,700 people. The sustainability report is aligned with the SDGs.
- CalSTRS 2023-2024 sustainability report. The California State Teacher's Retirement System (CalSTRS) is a pension fund for teachers based in California, the United States, and has 1,400 employees. The sustainability report integrates the GRI.
- EliteAsia 2024 Environment, social, governance report. EliteAsia provides professional translation services and is headquartered in Singapore, with regional offices in Hong Kong and Malaysia. It employs 45 full-time staff, with a supply chain of 654 linguists. The report references the SDGs and the GRI.
- Ricola 2023 sustainability report. Ricola is a Swiss company that manufactures sweets. It employs around 500 people and exports to 45 countries. The sustainability report is in line with the GRI.

[12] The sustainability reports referenced in this document are provided as examples for informational purposes only. They do not constitute an endorsement or recommendation by the ILO. The content and data within these reports are the responsibility of the respective organizations and may not reflect the views or policies of the ILO.

Let's get started
Introduction
Stage 1
Stage 2
Stage 3
How to fund sustainability efforts
Annexes

Report styles and lengths vary from enterprise to enterprise. Whatever the style and format, the following tips help to produce and impactful report.

- **Know the company's ESG data**

  The person or team writing the report should have the right data to hand, meaning the data as set out in the monitoring framework (see last chapter) spanning the reporting period, and going back to baseline measures.

- **Be consistent**

  The material issues identified by the company should be covered in the report and match the metrics. It is better not to change material issues too often as this makes for inconsistent reporting. Also, numbers mentioned in the report need to match those in other reports, e.g. the annual report.

- **Be honest**

  Acknowledge what worked and what did not, as well as positive and negative impacts. This will build trust with stakeholders and prevent accusations of greenwashing.

- **Keep it short**

  Keeping the report short and to the point will mean that more stakeholders will read it.

Additional information

The above tips for reporting writing are based on the 2024 ESG Guide for SMEs by sustainability consultancy Flagship. This is a short, practical guide for SMEs on how to address ESG challenges and requirements through business strategy and reporting.

ROI at a glance

The Return on Investment (ROI) of ESG compares improvements in relevant ESG metrics to the investment in ESG. This comparison results in a percentage that describes the extent to which embracing ESG benefits the business and its priority stakeholders.

The process starts by taken measures of ESG metrics (such as energy costs, volume of waste, employee retention, and so on) as well as business performance metrics (such as profits, innovation, sales, investor confidence, product quality, brand reputation and employee absenteeism) at the start of ESG strategy implementation. These measures form a baseline. The baseline measures can be compared to later measures for the same metrics. Comparisons can span a year or other reporting period.

The ROI is calculated as follows:

$$(\text{net benefits}/\text{costs}) \times 100 = X\%$$

For example, if a company operates in USD and the result of the calculation is 55%, this is interpreted to mean that for every USD 1 invested in ESG, there is USD 1.55 in benefit.

Let's get started
Introduction
Stage 1
Stage 2
Stage 3
How to fund sustainability efforts
Annexes

Consider integrated reporting

EBMOs may wish to build on the above template for a basic ESG report by also integrating financial performance data. **Integrated Reporting (IR)** combines financial and non-financial ESG information into one report. This involves combining traditional financial metrics, such as revenue, profits, and shareholder returns, with ESG metrics.

IR offers stakeholders a holistic view of the organization's performance, showing how sustainability and profitability are interconnected, and in many cases, mutually beneficial. It also helps stakeholders understand the full impact of the company's operations, including social and environmental outcomes, alongside financial results. This type of information is particularly useful for stakeholders such as investors and regulators.

Step 3. Seek external verification

External verification by an independent third party adds credibility to ESG reports. It is increasingly common and while external verification comes at a cost, it does have many benefits.

- **Credibility and reputation**

  External verification by recognized bodies ensures that a company's ESG data is accurate, reliable, and transparent. This builds trust with investors, consumers, regulators and other stakeholders that the company is genuinely addressing sustainability issues and making meaningful progress. This in turn positively impacts the company's reputation.

- **Risk management**

  External verification can help to identify mistakes, inconsistencies, and areas for improvement in ESG reporting. This reduces risks including reputational harm, such as accusations of greenwashing (please see the box below for further information,) and regulatory penalties due to errors or omissions. It also means that the company's leadership team can be confident that it has solid data to hand for decision making.

- **Standardization**

  In the case of certifications, these are often aligned with recognized reporting standards such as the GRI. This creates a consistent framework for companies to measure and report their ESG performance. It also helps benchmarking across industries.

- **Regulatory and investor requirements**

  As ESG disclosures become increasingly regulated, externally verified ESG reports can help companies to meet compliance and supplier requirements and attract sustainability-focused investors.

There are different ways of obtaining external verification, including certification, third-party assurance and verification. These terms are sometimes used interchangeably but actually refer to different, albeit similar, processes.

Certification

Certification is a formal process where an organization or product is evaluated against a specific standard or set of criteria. Some reporting standards, such as ISO, MSC and FSC, include certification. If the company meets the requirements, it is awarded a certificate. Certification is often conducted by accredited bodies and is usually valid for a defined period.

Third-party assurance

Third-party assurance providers assess the information provided by the company against recognized reporting standards to provide confidence to stakeholders. Assessment is done by independent, qualified professionals. For example, organizations providing the required third-party assurance for CSRD reporting include statutory auditors and independent assurance service providers, such as PwC or KPMG.

Verification

Verification is slightly more basic and involves an independent organization checking the accuracy and reliability of specific data or information. It focuses on ensuring that the reported information is correct. Verification is often used for data such as greenhouse gas emissions or financial disclosures. Verification can be particularly valuable in situations where formal certification or third-party assurance is not possible.

The EBMO as a verifier

As part of their ESG advisory services offer, some EBMOs are developing a verification service. In other words, the EBMO acts as an organization that vouches that the information in the company's ESG report is authentic and correct. As a verifier, the EBMO provides quality control and assurance.

EBMOs can make excellent verifiers for companies disclosing their ESG performance. EBMOs have a deep understanding of industry-specific challenges and standards. They are also often trusted by governments and other company stakeholders. This enhances the credibility and reliability of the ESG information being disclosed, which in turn builds stakeholder confidence and fosters transparency.

Becoming an accredited verifier can require a potentially significant investment depending on the EBMO's own ESG maturity. The EBMO must have significant expertise in ESG metrics and reporting, auditing, and sustainability practices. The EBMO may need to meet global standards for auditing and assurance. This can be done by obtaining accreditation from recognized bodies such as ISO (see for example ISO 14065 General principles and requirements for bodies validating and verifying environmental information). Depending on the country, the EBMO may also need a license .

"Palm oil is our third most exported product. As an EBMO, we have structured our sustainability strategy around three key pillars: a commitment to zero deforestation, compliance with international standards, and the implementation of a satellite monitoring system to verify environmental performance. This independent monitoring has shown that our members produce deforestation-free palm oil and that more than 90 per cent of plantations are located on low-carbon land. This transparent and verifiable technical basis has strengthened the sector's position in supply chains, enabling us to respond to increasing environmental and social requirements."

Marjorie Bosque
Executive Director
GREPALMA, Guatemala's palm oil producers' association

Let's get started
Introduction
Stage 1
Stage 2
Stage 3
How to fund sustainability efforts
Annexes

Step 4. Communicate progress

Sharing milestones, success stories and challenges with stakeholders helps to build trust, demonstrate commitment, and create a sense of shared achievements. The main information on sustainability performance is often communicated in the shape of an ESG report.

While the sustainability report is intended as a public document, an enterprise can do a lot more than simply upload the report on its website to celebrate its achievements. Some companies produce and share other communications products with their key sustainability messages. Others may forego a sustainability report all together and communicate progress on their website or social media channels, during meetings with stakeholders and so on. The EBMO can advise the company on the best way of communicating and celebrating ESG progress.

Beware of greenwashing and greenhushing

Greenwashing refers to the practice of misleading consumers, investors, or other stakeholders by exaggerating or falsely presenting a company's sustainability efforts. It usually involves situations where a business claims to be environmentally friendly when the company's actual practices do not align with these claims. Accusations of greenwashing can severely damage a company's reputation, erode stakeholder trust, and hinder its long-term success. Companies must always accurately and honestly portray their sustainability performance in all communications.

Greenhushing is a less commonly used term. It refers to businesses who do not communicate their sustainability performance to their priority stakeholders. Greenhushing is more likely in the case of smaller businesses.

Below are suggestions for basic actions a company could carry out to share its ESG performance, whether that includes publishing a formal report or not. This section overlaps with the information in the section on how to communicate the ESG strategy (Chapter 4) but goes into more detail on external communications. ESG reports tend to be published externally while ESG strategies tend to be internal documents.

To structure and track communications activities, it would be useful to write a **communications plan** for sharing information on the company's ESG performance (see the communications plan template in chapter 4, step 3).

Action 1. Plan the public launch of ESG progress information

- **Build anticipation**

  This can be done with a pre-announcement, for example, a teaser message on social media or through email campaigns.

- **Organize a launch event**

  This could be an online or in-person launch event to walk priority stakeholders through the ESG performance highlights and answer questions.

- **Follow-up engagement**

  Maintain momentum by sharing updates, additional content (e.g. interviews with relevant staff members), and inviting feedback through surveys or Q&A sessions.

Action 2. Write key messages tailored to stakeholders

- **Clients**

  Emphasize how sustainability initiatives enhance product/service quality, drive innovation, and contribute to a better world. Highlight environmental benefits, social impact and ethical practices.

- **Investors**

  Focus messages on risk management, long-term value creation, and transparent metrics. Share how sustainability practices improve financial performance.

- **Employees**

  Showcase the company's commitment to ESG and create a sense of pride and ownership. Emphasize employee wellbeing, training, and opportunities to participate in sustainability initiatives.

- **Local community**

  Stress local impact, such as job creation, environmental stewardship, and community engagement. Illustrate how the company's initiatives benefit the area where people live and work.

Action 3. Develop communication products

- **Make the most of graphic design**

  Make sure the report and/or any communications materials are well designed. For example, the company could include infographics and charts that let the reader quickly grasp the material. The above real-life examples of sustainability reports have all used design to improve communication and impact.

- **Produce a short overview**

  This is a visually appealing, easy-to-digest summary highlighting key points for stakeholders who need a quick overview. If the company is publishing a sustainability report, the overview could be in the shape of an executive summary.

- **Consider videos and webinars**

  Short videos or live-streamed sessions can help to share the company's sustainability story through appealing visuals and narrative.

- **Develop case studies/success stories**

  These are real-life examples of company ESG initiatives and projects that have made a measurable impact, tailored for specific audiences. These can be in written format, but also in the shape of short videos that include, for instance, excerpts of interviews with priority stakeholders.

- **Share social media cards and messages**

  Develop visually appealing cards and impactful messages that link to the website page featuring the ESG report or information (see below).

- **Produce a press kit**

  This can include press releases, videos, photos, company and product overviews, case studies, links to the online ESG report or information, details of who to contact for interviews, and so on. The press kit can be held online.

Action 4. Select communications channels

- **Website**

  Host the full report or key ESG progress information, any data visualizations, and supplementary content on a sub-section or page of the website. Ensure the content is mobile-friendly.

- **Email newsletters**

  Target specific audiences (priority stakeholders) with messages, updates and links to more detailed information.

- **Social media**

  Use platforms such as LinkedIn (for investors and professional networks), Facebook (for community and client updates), and Instagram (for visual storytelling).

- **Media**

  Reach out with the press kit to the local, national, trade, and/or sustainability media such as newspapers, radio, tv, and more.

- **Local community**

  Participate and/or organize community events.

- **Internal communications**

  Use intranet, internal newsletters, town hall meetings, and workshops to keep employees informed and involved.

- **EBMO channels**

  The EBMO could also promote the company's sustainability report or information using its own channels, including by highlighting key messages in news updates for members, inviting the company CEO to speak at relevant events, etc.

Real-life case study: the Paraguayan Industrial Union

The Unión Industrial Paraguaya (Paraguayan Industrial Union, or UIP) has actively promoted sustainable business practices to its members since 2021. As a changing climate continues to increase business risks in the shape of floods, droughts, storms, and subsequent epidemics, the EBMO picked up the pace. It set up a dedicated Environmental Management Unit in 2024 which is expected to become self-financing but has benefited from seed funding of €1.5 million (approximately USD 1.6 million) through a European Union grant.

The UIP's sustainability efforts have contributed to an 18 per cent increase in membership, from approximately 1,300 members in 2019 to over 1,550 in 2025. Its sustainability programmes have focused on boosting and certifying the environmental performance of smaller businesses, with the EBMO leading by example on both these fronts.

Boost environmental performance of smaller businesses

The ongoing *MiPYME COMPITE* (MySME COMPETES) programme improved the competitiveness and environmental management of 365 MSMEs between 2019 and 2023 across sectors from horticulture to leather manufacturing and beyond. MSMEs received training, access to technology, and networked with peers and experts. Projects in the programme are as follows.

- **Producción Más Limpia** (Cleaner Production)

  The water use, energy consumption, and waste management of 87 MSMEs were analysed. Tailored action plans allowed companies to introduce improved ways of working. Participating companies achieved an average of 11.38 per cent efficiency in resource use.

- **Programa de Oportunidades Circulares** (Circular Opportunities Programme)

  The project, funded by the Inter-American Development Bank as well as the EU, gave grants of up to around USD 32,000 to five MSMEs to improve their sustainability practices with a focus on driving the circular economy. The MSMEs used the grants to, among other things, develop a new vegan leather product line from mango waste, transition from diesel to electric engines, start producing and selling cookies from barley and corn waste, and set up and run a shoe repair and rental services.

- **Emprende Verde** (Green Start-Ups)

  This programme for innovative green start-ups offers essential support during the pre-incubation and incubation phases. Start-ups refine their business models, secure funding, and grow while meeting national and international legal sustainability requirements. In May 2025 eight start-ups had been selected, with four expected to go through to the final round and join the programme. The UIP provides both technical support and office space.

- **Medición y gestión de la Huella de Carbono** (Measuring and Managing Carbon Footprints)

  Experts work with companies to assess their carbon footprint and develop a concrete action plan to reduce it. By early 2025, 45 MSMEs had reduced their carbon footprints by a combined total of 800 tCO_2e – the emissions of an average car driving around the world 49 times – and an additional 30 MSMEs were being assessed.

- **Facilitación del Crédito Verde (Green Credit Facilitation)**

  By May 2025 a total of 56 MSMEs had been trained in how to access sustainable finance. UIP staff were also working with business members and the national Development Finance Agency to develop business projects, mostly focusing on carbon footprint reduction, that are eligible for sustainable funding.

Let's get started
Introduction
Stage 1
Stage 2
Stage 3
How to fund sustainability efforts
Annexes

Certify environmental performance

Developed by the UIP, the *Sello Verde* (Green Certification) was being validated at the time of writing (May 2025) by the Paraguayan Ministry of the Environment and Sustainable Development and the Ministry of Industry and Commerce. The Sello Verde will be a national certification for business of all sizes and sectors that uses the GHG Protocol methodology for calculating carbon footprints. To obtain the *Sello Verde*, companies must calculate their carbon footprint, implement a mitigation plan, and set targets for emission reduction and compensation. The *Sello Verde* is expected to be launched in August 2025. The UIP is also developing the *Sello Azul* (Blue Certification) for businesses that actively measure and reduce their water footprint.

Lead by example

To demonstrate its own ESG credentials, the UIP obtained ISO 9001 (Quality Management Systems) certification in 2025. The EBMO is also working towards obtaining ISO 14001 (Environmental Management Systems), which it expects to achieve in 2025/2026. The ISO certification has increased the UIP's own sustainability credibility among members.

6

How to fund sustainability efforts

Adopting sustainable practices can come at a cost, especially at the start of the ESG journey when the company is transitioning to (more) sustainable practices. Where companies do not have their own funds available, they can raise funds from other sources. The good news is that sustainable enterprises often have more options when it comes to accessing funding compared to other enterprises.

This chapter aims to provide EBMOs with the basic knowledge needed to advise the company on accessing funding to cover the costs of its sustainability efforts. The information can be supplemented by the EBMO's own expertise and knowledge of local, national, industry-level and other funding options.

Enterprises can generally choose one or more of the following options to fund their sustainability initiatives.

- **Option 1. Apply for grants and subsidies**
- **Option 2. Take out low-interest loans**
- **Option 3. Issue shares to sustainable investors**
- **Option 4. Issue sustainable bonds**

In practice, funding for most SMEs is likely to come from the company's own resources, bank loans, or government grants. Larger enterprises may find it easier to also access funding through issuing shares and bonds.

Sustainability funding is a technical field and the EBMO may wish to partner with an expert, such as a financial institution or consultancy, to guide the company.

In addition to providing advice EBMOs can advocate for more and better funding options for sustainable SMEs.

Option 1. Apply for grants and subsidies

Governments worldwide offer incentives to encourage SMEs to adopt sustainable practices. The EBMO will know which grants and subsidies are most relevant to the company they are advising.

Grants

This guide already touched on grants for EBMOs setting up ESG advisory services in chapter 2. However, grants may also be an option for SMEs looking to finance sustainability initiatives.

Grants are usually given by the public sector and aim to support initiatives that provide a benefit to the public. Grants can help overcome initial investment hurdles and are a particularly popular way to help enterprises improve their energy efficiency. For example, the United Kingdom's Government Workplace Charging Scheme offers grants of up to 14,000 Great British Pounds (around USD 17,600) to install electric vehicle charge points at places of work.[13]

[13] UK Government Workplace Charging Scheme

Let's get started
Introduction
Stage 1
Stage 2
Stage 3
How to fund sustainability efforts
Annexes

Grants and subsidies

Advantages

- *No repayment*
  Grants and subsidies do not require repayment.
- *Flexibility*
  Grants usually have few restrictions in terms of how they are used. Subsidies provide ongoing support across different expenses.
- *Improved profile*
  Grants and subsidies can boost a company's reputation and improve stakeholder confidence by signalling business commitment to sustainability.

Disadvantages

- *Competition*
  There may be strong competition from other companies for the grant, and limited grant availability.
- *Time commitment*
  The application and compliance processes can be lengthy and complex.

Subsidies

While grants are a one-off financial gift, subsidies are a form of ongoing support. Subsidies can include discounted services, direct payments, and tax breaks that help reduce bills for sustainable SMEs. Even where incentives do not specifically target SMEs, they may be eligible. Below are some examples of government subsidies for sustainable enterprises.

- **Solar panel tax breaks in India**
  Enterprises in India investing in solar panels benefit from a tax scheme called "accelerated depreciation".[14] The value of assets like solar panels decreases, or depreciates, over time, which entails a cost. Accelerated depreciation front-loads this cost, allowing enterprises to deduct more of the cost of solar panels from their tax bills earlier on. While the standard depreciation rate is 15 per cent tax relief, the accelerated depreciation rate for solar projects is 40 per cent. What this means in practice is that companies investing in solar power have a payback period of just four to five years for their investment.
- **Technical assistance, training and advice in Ireland**
  Many governments provide technical support to help SMEs assess their sustainability needs and implement effective solutions. These services often include energy audits and efficiency programmes, feasibility studies, and expert consultations. For instance, Ireland's SME Energy Programme offers free energy audits to SMEs, grants to introduce energy-saving measures, as well as training and advice on best practices for energy management.[15]

14 Dezan Shira and Associates, Understanding Accelerated Depreciation of Solar Panels in India, 6 February 2024.

15 National Enterprise Hub, Free Training Courses to Improve Energy Efficiency, (accessed on 11 April 2025).

Option 2. Take out low-interest loans

Enterprises can take out loans to finance their sustainability initiatives. Loans are a type of debt-financing with standardized monthly payments (usually repayment of the loan plus interest). Enterprises that measure and improve their sustainability performance are often able to access loans on better terms. Below are three examples of sustainable loans.

Sustainability-linked loans (SLLs)

SLLs typically involve a pre-agreed repayment period, with the loan's interest rate varying depending on the borrower's performance relative to sustainability targets. If the borrower meets the targets, the interest rate may decrease, but if the targets are missed, the rate can increase.

The Singapore branch of the CIMB bank launched a new SLL for SMEs in 2024 focusing on reducing carbon emissions.[16] Once sustainability performance targets have been agreed with CIMB, the SME calculates its baseline carbon emissions using a digital platform provided by the bank that automatically converts operational data like fuel, refrigerant, and electricity consumption to GHG emissions. Once achievement of the targets has been verified by a third party, SMEs receive a 0.2 per cent rebate on their loan for the first year of enrolment and 0.40 per cent from the second year.

Public sector loans

Government loans usually come with preferential interest rates and flexible repayment terms and can provide opportunities for SMEs looking to transition to more sustainable ways of working. For instance, the Inter-American Development Bank (IDB) and the Brazilian Development Bank (BNDES) have created the USD 900 million BID-BNDES Access to Credit Program for micro, small, and medium-sized enterprises and small entrepreneurs in the Brazilian Amazon.[17] The credit programme has set targets for the share of resources to be earmarked for women (30 per cent), for climate investments in low-carbon agriculture (20 per cent) and for borrowers in municipalities with a Human Development Index (HDI) below the national average (70 per cent). The programme requires all borrowers to provide evidence that operations do not cause deforestation.

Public sector loan guarantees

Public sector loan guarantees are a type of subsidy where the government repays a loan partially or in full if the business defaults, which lowers the financial risks associated with the loan. Many governments provide loan guarantees for sustainability initiatives. These improve SMEs' access to finance and also potentially lower the interest charged by financial institutions on the loan. One example is the Sustainability Guarantee launched by the European Investment Fund in 2024, which supports the green transition of SMEs. The EIF encourages financial institutions to lend to SMEs undertaking green projects by providing partial guarantees.[18]

16 SME Magazine, CIMB Singapore Launches SME Sustainability-Linked Loan Programme to Simplify and Support Sustainable Financing, 26 August 2024.

17 Inter-American Development Bank, IDB and BNDES Prepare $900 Million to Expand Financing for Small Businesses in the Brazilian Amazon, 19 December 2024.

18 European Investment Bank, Sustainability Guarantee: Use Case Document, 2024.

Loans

Advantages

- *Quick access*
  Loans can provide immediate funds.
- *Can be cost-competitive*
  Loans can offer flexible borrowing at reasonable rates. Interest payments on loans can be tax deductible.

Disadvantages

- *Monthly payments do not suit all enterprises*
  Standardized monthly payments can be challenging if enterprises have inconsistent revenue throughout the year, for example in the tourist industry.
- *Defaulting on monthly payment incurs costs*
  If monthly payments cannot be made for any reason, the lender might impose penalties or seize assets.

Option 3. Issue shares to sustainable investors

Companies can issue shares to raise capital. This means selling ownership stakes (shares, also called stocks) in the company to investors. Company shares can be bought and sold by investors on stock exchanges. This requires the company to be **listed** on the stock exchange. Shares can also be sold privately outside a stock exchange.

Shares

Advantages

- *No repayment*
  There is no obligation to repay the capital provided.
- *Increased profile among investors*
  Selling shares, especially on a public stock exchange, can help to raise the profile of the company among investors. This can lead to additional investment.

Disadvantages

- *Ownership dilution*
  A percentage of equity is given to investors. This means that the investors own part of the company.
- *Reduced control*
  Investors with a significant amount of equity may exercise some control over the company's strategy and operations.
- *Reduced profits*
  Investors may take a cut of the company's profit.
- *Cost and complexity*
  Legal, underwriting and administrative costs can be high and processes can be complex.

Issuing shares to fund sustainability initiatives is likely to be more appealing to larger enterprises due to its complexity. However, it can also be an option for SMEs. For example, Toast Ale is a UK-based sustainable micro-enterprise employing 11 staff. Using a circular economy approach, Toast Ale uses surplus bread to brew beer. In 2022 Toast Ale raised GBP 2 million (around USD 2.5 million) from selling shares to investors.[19]

Option 4. Issue sustainable bonds

Companies looking to raise capital for their sustainability initiatives can choose to issue corporate bonds. A corporate bond is essentially a loan where investors lend the company money at a fixed interest rate. As with company shares, corporate bonds can be bought and sold by investors on stock exchanges but can also be sold privately.

As is the case for shares, issuing bonds is more common among larger enterprises because of the complexities involved. However, issuing bonds can also work for smaller enterprises. For example, German company Encavis AG, which operates wind and solar energy parks and employs around 300 workers[20], successfully issued a green bond in 2018 which raised EUR 50 million (around USD 55 million).[21] In 2023 the company issued another green bond to increase its energy generation capacity which was expected to raise EUR 50 million. However, the bond was so popular with ESG investors, who were willing to commit over four times the initially targeted amount, that it raised a total of EUR 210 (around USD 230 million).

Bonds

Advantages

- *Tax benefits*

  Companies that issue bonds may, for example, be able to deduct interest payments from their taxable income.

- *Avoids capital dilution*

  Issuing corporate bonds, compared to issuing shares, avoids capital dilution, in other words bonds do not result in a decrease in equity ownership for existing shareholders.

- *Pay back loan amount at end of term*

  Compared to loans, bond financing only requires the interest to be paid before maturity of the loan. This can help to preserve the company's cash flow.

Disadvantages

- *Complexity*

  Issuing sustainable bonds can be complex and may be more appropriate for larger and more established SMEs. So called mini bonds can be issued by start-ups or smaller SMEs.

- *Cost and complexity*

  As with issuing shares, the process of issuing bonds incurs costs and processes can be complex.

[19] The Drinks Business, Toast Ale Raises GBP 2 Million with its 'Equity for Good' Model, 14 December 2022.

[20] Encavis, www.encavis.com/en, (accessed on 8 April 2025).

[21] Martina Markosyan, "Encavis Issues EUR-210m Green Bond", Renewable Now, 1 March 2023.

The main types of sustainable bonds a company can issue are below.

- **Green bonds**

  Green bonds dominate the market. They are issued to finance environmentally friendly projects, such as renewable energy, energy efficiency, and pollution reduction initiatives.

- **Blue bonds**

  Blue bonds are relatively new and designed to finance marine and ocean-based environmental projects.

- **Social bonds**

  Social bonds focus on projects that address social issues such as healthcare, education, affordable housing, and job creation.

- **Sustainability bonds**

  Sustainability bonds are both green and social bonds and the proceeds finance projects that have both environmental and social benefits. These bonds can fund a wide range of initiatives, such as sustainable agriculture, green transportation systems, and the construction of affordable green housing.

- **Sustainability-linked bonds (SLBs)**

  SLBs do not require the funds to be directed to specific projects. Instead, these bonds are performance-based: the issuer commits to meeting predefined sustainability targets, often related to reducing their carbon footprint. Sustainability-linked bonds offer issuing companies greater flexibility than green or social bonds, as the funds can be used for general corporate purposes, provided they are aligned with sustainability objectives.

- **Transition bonds**

  Transition bonds raise funds for a company's transition to more sustainable practices and lower carbon emissions. They are normally designed for industries that are high carbon emitters, such as oil and gas, iron and steel, chemicals, aviation, and shipping.

Types of investors

Businesses that embrace ESG appeal not just to traditional investors looking to buy profitable shares and bonds but also to investors looking to make a difference. The types of sustainable investors attracted to companies with ESG initiatives include:

- **Impact investors**
  Investments made in businesses to generate measurable, positive social and/or environmental change while achieving financial returns. For example, impact investment might fund renewable energy, sustainable agriculture or microfinance. Impact investment firms are growing globally.

- **Socially responsible investors**
  Socially responsible investments (SRIs) are guided by moral and ethical principles. The key principle behind socially responsible investing is to "do no harm". Investors may, for example, exclude companies involved alcohol production, gambling, or weapons manufacturing.

- **ESG investors**
  ESG investment evaluates companies based on their ESG practices alongside financial metrics. ESG investing primarily focuses on avoiding investments in companies with poor ESG scores.

Public sector bonds

Where SMEs cannot benefit from issuing their own bonds, they can still benefit where the public sector issues sustainable bonds and use the capital raised to help SMEs address the cost of their sustainability initiatives. There is a role for EBMOs to shape this type of sustainable finance and help their members to access it.

"Green finance has great potential for our members. Currently, banks have green funds available that are underutilised, and the main challenge is that our companies and bank employees lack the technical knowledge to assess projects focussing on environmental sustainability. We are now working with the Financial Development Agency to disseminate available green credits, specifically those targeted at improving energy efficiency."

Nathalie Bordas
Gerencia de Proyectos (Programme Director)
Unión Industrial Paraguaya

Additional information

The UN Global Compact's three hour long e-course for SMEs Small Business, Big Impact - A Six-Step Journey to Drive Sustainability and Business Growth includes a module on 'how to finance your sustainability strategy'.

Finance and Investment for Greening SMEs by the OECD identifies innovative financial instruments and approaches that reduce SMEs' environmental footprints.

Annexes

Let's get started
Introduction
Stage 1
Stage 2
Stage 3
How to fund sustainability efforts
Annexes

Annex 1: Glossary

This glossary contains some of the key ESG-related terms used in this guide and more broadly. It does not establish any universal definitions nor capture the full depth and complexity of each term.

B Corporation

A B Corporation (or B Corp) is a company certified by the nonprofit organization B Lab for meeting high sustainability standards.

Biodiversity

This terms stems from 'biological diversity' and refers to the variety of life found on earth such as animals, plants, fungi, and even microorganisms like bacteria, and more.

Blue bonds

Debt instruments used to finance marine conservation and sustainable use of ocean resources.

Carbon Disclosure Project (CDP)

The CDP standards supports companies and cities in disclosing their environmental impact.

Carbon offsetting

A method for compensating for the carbon dioxide (CO_2, a GHG) emissions of a business by funding equivalent CO_2 savings elsewhere.

CEO Water Mandate

This provides a common framework (and associated tools) for reporting how a company reports the current state of its water management to stakeholders.

Climate Disclosure Standards Board (CDSB)

A framework for reporting environmental information with the same rigor as financial information.

Corporate Carbon Footprint (CCF)

Total amount of GHG emissions from a company's direct or indirect activities.

Corporate Social Responsibility (CSR)

A company's voluntary initiatives to manage its societal and environmental impact. CSR has an internal focus and an emphasis on organizational culture. It does not provide a measurable sustainability assessment, as is the case for ESG. Arguably ESG is replacing CSR despite the two being distinct approaches.

Double materiality

This combines financial materiality and stakeholder materiality, providing a holistic view of a business's impact and financial relevance. (See below for 'materiality').

Environmental, Social, and Governance (ESG) standards

A framework for evaluating a company's sustainability performance in terms of environmental stewardship, social responsibility, and corporate governance practices. ESG reports are used by investors, companies, and stakeholders.

ESG indices

Market indices that track the performance of companies excelling in ESG criteria.

ESG investments

Investment strategies focused on companies meeting strong ESG criteria.

ESG rating agencies

Organizations that evaluate companies based on their ESG performance, examining aspects such as carbon footprints, labour practices, and corporate ethics. These assessments are then converted into ratings or scores, which provide valuable insights to stakeholders such as investors.

EU Taxonomy

A classification system that defines which economic activities are environmentally sustainable and which are not to guide investors and companies. The EU Taxonomy Navigator has practical information, including a Q&A and guidance on reporting obligations.

Financial materiality

How ESG factors impact a company's financial performance.

Financial reporting

The process of disclosing a company's financial performance and position through formal statements.

Forest Stewardship Council (FSC)

FSC is a non-profit organization that sets standards for sustainable forest management. It runs a certification scheme for forests and forest products.

Global Reporting Initiative (GRI)

An international organization providing commonly used standards for corporate sustainability reporting.

Green bonds

Debt instruments used to finance projects with environmental benefits.

Greenhouse Gas (GHG)

Gases in the earth's atmosphere that trap heat and cause global warming. These gases include carbon dioxide (CO_2) and methane (CH4).

Greenhouse Gas Protocol Corporate Accounting and Reporting Standard

This standard provides requirements and guidance (including templates) for organizations making a GHG emissions inventory.

Green loans

Loans aimed at funding environmentally sustainable projects.

Greenwashing

When a company makes false or misleading statements about the positive environmental impact of a product or practice, which usually leads to reputational damage.

IFRS Accounting Standards

Commonly used standards issued by the IFRS' International Accounting Standards Board (IASB) for consistent financial reporting across the globe.

IFRS Foundation

A not-for-profit organization that has developed commonly used accounting and sustainability standards (see the International Financial Reporting Standards and the International Sustainability Standards Board below for more information).

Let's get started
Introduction
Stage 1
Stage 2
Stage 3
How to fund sustainability efforts
Annexes

IFRS Sustainability Disclosure Standards (ISSB standards)

Commonly used global sustainability disclosure standards issued by the International Sustainability Standards Board (ISSB).

Impact investments

Investments that aim to generate positive social or environmental impact alongside financial returns.

Integrated Reporting (IR)

This type of reporting combines financial reporting and sustainability reporting into one document.

International Corporate Governance Network (ICGN)

An organization that sets commonly used global standards for effective corporate governance.

International Organization for Standardization (ISO)

An independent organization that develops and publishes commonly used international standards, including those related to sustainability.

Marine Stewardship Council (MSC)

A non-profit organization that has developed sustainability standards and runs a certification scheme for seafood producers and fisheries.

Materiality

A long list of ESG topics and issues is likely to be relevant to any company. Determining a company's materiality is about assessing these topics and issues and deciding which are going to be priorities for action. The selected topics and issues are 'material'.

Materiality assessment

The process of identifying and prioritizing ESG issues most relevant to a business and its stakeholders.

Net zero

A situation where a company adds no additional GHG to the earth's atmosphere. The amount of GHG emitted by the company is equal to the amount of GHG the company has removed. Net zero is a common goal of corporate ESG strategies.

Principles for Responsible Investment (PRI)

The six principles offer a menu of possible actions for incorporating ESG issues into investment practice. The principles were developed by an international group of institutional investors convened by the United Nations Secretary-General. In signing the Principles, investors publicly commit to adopt and implement these.

Responsible Business Conduct (RBC)

RBC is a broad framework that helps businesses avoid and address the negative consequences of their operations and contribute to sustainable development. RBC aligns with international guidelines and instruments such as the ILO's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration), the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights. RBC is mainly used by governments, regulatory bodies, international organizations and companies.

Roundtable on Sustainable Palm Oil (RSPO)

A not-for-profit organization that certifies sustainable palm oil production.

Sustainability Accounting Standards Board (SASB)

An organization that develops industry-specific standards for sustainability disclosures. This is now part of the ISSB (see above).

Sustainable Development Goals (SDGs)

Global goals set by the UN to address pressing environmental, social, and economic challenges. The SDG Compass advises companies on how to align their strategies with the SDGs.

Social bonds

Debt instruments used to finance projects with positive social outcomes.

Socially Responsible Investment (SRI)

An investment strategy that incorporates ethical and social criteria alongside financial considerations.

Stakeholder materiality

This type of materiality focuses on how a company's activities affect external environmental and social factors.

Sustainability bonds

Debt instruments that fund projects combining environmental and social benefits.

Sustainability reporting

The disclosure of environmental, social, and governance performance and impacts.

Sustainability-Linked Bonds (SLBs)

Bonds with financial terms tied to the issuer's sustainability performance.

Sustainability-Linked Loans (SLLs)

Loans with terms linked to the borrower's achievement of specific sustainability targets.

Sustainable Agriculture Initiative (SAI) Platform

Membership based not-for-profit organization that sets principles and practices for sustainable agriculture.

Task Force on Climate-Related Financial Disclosures (TCFD)

A framework for companies to disclose climate-related financial risks and opportunities. The TCFD is now being monitored by the IFRS (see above).

Task Force on Nature-Related Financial Disclosures (TNFD)

This organization helps businesses to report and act on nature-related issues through sector-specific data, metrics, and tools. The reporting framework is aligned with global standards such as the GRI.

Transition bonds

Debt instruments financing activities that help companies transition to lower-carbon operations.

Additional information

The ILO LEADER Programme has produced a short brief for EBMOs and enterprises called *Navigating the Alphabet Soup* which sheds light on the complex terminology surrounding ESG by clarifying key concepts and distinguishing ESG from related terms like CSR, RBC, SRI, and SDGs. The brief can be accessed by visiting the ILO LEADER Programme's online resource hub.

Annex 2: The ESG Pulse Check

The template tool below allows enterprises of all sizes and sectors, and other organizations, to assess their ESG performance and identify any gaps and opportunities for improvement. The assessment should be done on a regular basis, with the first assessment results considered as a baseline.

The assessment tool is not exhaustive. It is intended to provide a quick snapshot of ESG performance. To make the tool most effective, it should be adapted to the company's specific context.

The assessment is in the shape of a questionnaire. For every ESG component ('E', 'S', or 'G') the company says to what extent it agrees or disagrees with statements about its ways of working. Every statement is accompanied by a short list of factors to consider when deciding how to respond.

Before starting the assessment, it is useful to:

- Nominate an employee or employees to lead on it, such as the Sustainability Officer/Manager, the business owner, or the senior management team. If there is no appropriate internal person, the assessment could be outsourced to an external expert organisation such as an EBMO or ESG consultancy.
- Agree on a timeframe for completing the assessment.
- Ensure management buy-in and leadership of the process.
- Start thinking about how the assessment results can be turned into an action plan which sets out who is going to do what by when and how, and how actions are to be funded.

In addition, an ESG Rapid Assessment and Reporting Tool is available the form of an online survey, which can be used by EBMOs to collect ESG data from their members, leading to an aggregate ESG performance result. For access to the survey please contact actemp@ilo.org.

ESG assessment template

Initial assessment date: ______________________________

Today's date: ______________________________

Last assessment date (if applicable): ______________________________

Next planned assessment review date: ______________________________

Environmental standards

1. The business takes measures to prevent and reduce energy consumption and emissions of greenhouse gases.

☐ Strongly agree
☐ Agree
☐ Neutral
☐ Disagree
☐ Strongly disagree
☐ Not applicable

Factors to consider when responding:

- Does the business monitor and track energy consumption and conduct on-site energy audits?
- Does the business measure greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)?
- Has the business set targets to reduce greenhouse gas emissions and energy use?

2. The business takes measures to reduce water consumption and treat wastewater responsibly.

☐ Strongly agree
☐ Agree
☐ Neutral
☐ Disagree
☐ Strongly disagree
☐ Not applicable

Factors to consider when responding:

- Does the business have a system in place to monitor water withdrawals and consumption?
- Does the business have procedures in place to reduce water use or reuse/recycle water?
- Has the business set targets to reduce water consumption?

3. The business ensures safe handling and storage of chemicals, other dangerous substances, and plastics.

☐ Strongly agree
☐ Agree
☐ Neutral
☐ Disagree
☐ Strongly disagree
☐ Not applicable

Factors to consider when responding:

- Does the business have procedures in place to manage and dispose of hazardous waste, wastewater, solid waste, and airborne emissions?
- Has the business set targets to reduce waste?
- Does the company minimize packaging, in particular any plastic packaging?

4. The business has identified hazardous operations and the potential consequences on human health and the environment if an accident occurs.

☐ Strongly agree
☐ Agree
☐ Neutral
☐ Disagree
☐ Strongly disagree
☐ Not applicable

Factors to consider when responding:

- Does the business have detailed procedures, plans, equipment and training programmes to prevent accidents and emergencies?
- Does the business have detailed procedures, plans and equipment to effectively respond to accidents and emergencies if they occur?
- Does the business train workers to respond to accidents and emergencies?

5. The business is working to reduce its overall transportation footprint.

☐ Strongly agree
☐ Agree
☐ Neutral
☐ Disagree
☐ Strongly disagree
☐ Not applicable

Factors to consider when responding:

- Does the business minimize any unnecessary travel (e.g. by prioritizing low impact transportation modes, encouraging the use of online platforms, carpooling for staff, etc.)?
- Does the business consolidate shipments and optimize routes to maximise energy efficiency?
- Has the business switched to electric vehicles?

6. The business encourages the development and use of environmentally friendly technologies.

☐ Strongly agree
☐ Agree
☐ Neutral
☐ Disagree
☐ Strongly disagree
☐ Not applicable

Factors to consider when responding:

- Are business premises built with resource-efficient materials (e.g. recycled wood, recycled steel, bamboo) and/or technologies (e.g. solar panels, heat pumps, LED lights)?
- Is the business paperless? Is all contracting, billing, and other document management done digitally?

7. The business has effective management systems in place and accompanying training of staff to assess and manage environmental risks associated with its operations.

- ☐ Strongly agree
- ☐ Agree
- ☐ Neutral
- ☐ Disagree
- ☐ Strongly disagree
- ☐ Not applicable

Factors to consider when responding:

- Is the business compliant with all national and environmental laws and regulations, and does it have all required license(s) or permit(s)?
- Has the business established environmental targets and objectives to improve environmental performance?
- Does the business try to avoid environmental damage by regular maintenance of production processes and environmental protection systems (such as air pollution control and wastewater treatment systems)?
- Does the business conduct systematic risk assessments of materials used, products and processes to ensure no environmental damage?
- Do all relevant staff receive regular training on environmental issues and company expectations?

8. The business engages in regular stakeholder dialogue within the community on critical environmental issues.

- ☐ Strongly agree
- ☐ Agree
- ☐ Neutral
- ☐ Disagree
- ☐ Strongly disagree
- ☐ Not applicable

Factors to consider when responding:

- Does the company operate in a sector that could be perceived as negatively impacting the local habitat and the sustainability of the region?
- Does the company provide information to all relevant stakeholders about uncertainties and/or potential risks to workers, consumers, the public and the environment of the company's products and processes?
- Does the company prevent and reduce impacts on the surrounding environment from noise, odour, light and vibrations?

Social standards

9. The business complies with all national labour laws.

- ☐ Strongly agree
- ☐ Agree
- ☐ Neutral
- ☐ Disagree
- ☐ Strongly disagree
- ☐ Not applicable

Factors to consider when responding:

- Does the business have effective means for dialogue to help manage, avoid or harmonize conflicting interests between workers and management?
- Are workers are entitled to paid sick leave in accordance with the applicable national law?
- Are workers paid holiday leave, sick leave, and parental leave in accordance with national minimum standards?
- Are female workers are entitled to maternity leave in accordance with national law, industry norms or collective agreements?
- Does the business ensure that the workweek is limited to 48 hours (or national equivalent), that overtime is limited as necessary, and that workers are given reasonable breaks and rest periods?
- Does the business pay wages at regular intervals while not making deductions from wages for disciplinary or other purposes not authorised by national law?

10. The business takes all the necessary measures to ensure that it does not participate in any form of child, forced or bonded labour or trafficking of any kind.

- ☐ Strongly agree
- ☐ Agree
- ☐ Neutral
- ☐ Disagree
- ☐ Strongly disagree
- ☐ Not applicable

Factors to consider when responding:

- Does the business comply with minimum age standards?
- Does the business allow all workers to leave company premises during breaks and at the end of their shifts, and all workers in company housing to freely enter and exit their accommodation at any time?
- Does the business (or its recruitment agencies) ensure that it does not retain identity cards, passports, travel documents or other personal items without which workers cannot leave employment?
- Does the business give loans or salary advancements to workers that are based on fair terms that are clearly explained to the worker, not granted to cover basic living expenses, limited in size, and/or do not require the worker to remain with the company until full repayment is made?
- Does the business ensure that all workers receive employment contracts prior to starting work for the company, and that contracts are understood by each worker?

11. The business neither discourages nor restricts independent trade unions.

- ☐ Strongly agree
- ☐ Agree
- ☐ Neutral
- ☐ Disagree
- ☐ Strongly disagree
- ☐ Not applicable

Factors to consider when responding:

- ▶ Are workers part of or free to join an independent and free union?
- ▶ Can workers gather independently to discuss work-related problems?
- ▶ Does company management meet regularly with worker representatives to discuss work-related problems and any concerns/complaints workers may wish to raise?

12. The business has effective health and safety procedures in place, which comply with industry, national and international standards.

- ☐ Strongly agree
- ☐ Agree
- ☐ Neutral
- ☐ Disagree
- ☐ Strongly disagree
- ☐ Not applicable

Factors to consider when responding:

- ▶ Are workers provided with safe, suitable and hygienic work facilities?
- ▶ Does the business ensure that workers are provided with the protective equipment and training necessary to perform their tasks safely and are responsibilities for health and safety tasks clearly defined?
- ▶ Does the business ensure that all workers have the necessary training to safely perform their job functions and keep workers fully informed, in a language and format understandable to them, of the health and safety procedures?
- ▶ Are health and safety accidents reported and investigated including involving the relevant worker(s), and are actions taken to prevent recurrences?
- ▶ Does the business have specific plans in place in case of a hazard threat such as natural disasters (wildfires, hurricanes, floods, earthquakes, and so on).

13. The business hires workers based on merit and ensures that there are no direct obstacles in hiring legal migrants, disabled or young workers, or others perceived as minorities.

- ☐ Strongly agree
- ☐ Agree
- ☐ Neutral
- ☐ Disagree
- ☐ Strongly disagree
- ☐ Not applicable

Factors to consider when responding:

- When the company recruits new workers, does it impose criteria of sex, age, ethnicity, religion or other personal characteristics that are unrelated to the job?
- When the company advertises a position does the job advertisement include language such as "women and men and persons from all ethnicities are encouraged to apply"?
- Are business decisions on hiring, wages, promotion, training, discipline, retirement and termination based only on objective criteria, and not linked to any discriminatory practices, whether intentional or not?
- Do employment advertisements avoid referencing discriminatory criteria, such as race, gender or age (unless listed as part of a legal equal opportunities promotion)?
- Does the business take reasonable steps to enable qualified persons with disabilities or health conditions to gain employment opportunities with the company, for example by providing wheelchair access, flexible working hours, longer breaks, and so on?

14. The business ensures pay equality between male and female workers for work of equal value.

- ☐ Strongly agree
- ☐ Agree
- ☐ Neutral
- ☐ Disagree
- ☐ Strongly disagree
- ☐ Not applicable

Factors to consider when responding:

- Do all workers have access to salary increments, benefits, facilities and services without any distinction on the grounds of gender, race, ethnicity and so on?
- Does the company promote female employment in traditionally male dominated roles (plumbing for example)?
- Does the company support female staff in some or all of the following ways: flexible work arrangements, child and dependent care support, and the promotion of women to senior positions.

15. The business has created a safe and inclusive working environment.

- ☐ Strongly agree
- ☐ Agree
- ☐ Neutral
- ☐ Disagree
- ☐ Strongly disagree
- ☐ Not applicable

Factors to consider when responding:

- Does the business ensure zero-tolerance towards all forms of harassment and violence at work, and has it created a safe and inclusive working environment for all staff regardless of gender, race, ethnicity etc.?
- Has the business clearly defined workplace bullying/harassment/violence in precise, concrete language and has it outlined in precise terms the consequences of making threats or committing acts to other workers?

- Has the business established procedures, accessible and known to all workers, that allow workers to safely report incidents of workplace discrimination, harassment and/or violence?
- Is the business perceived to be aligned with any political, religious or ethnic group? Does it ensure that no potentially divisive flags or emblems are displayed in the workplace?

16. The business employs men and women from the local community, is deeply invested in its local community and is seen as a positive contributing force.

☐ Strongly agree
☐ Agree
☐ Neutral
☐ Disagree
☐ Strongly disagree
☐ Not applicable

Factors to consider when responding:

- Does the company provide employment in an area with high rates of formal employment?
- Are local livelihoods in the community supported by workers?
- Does the company support local firms, such as suppliers and local businesses?
- Does the company provide products and services that enable the local community to improve health and well-being outcomes?
- Does the business directly produce or provide services at an affordable cost that greatly assist people in accessing and utilising basic services such as water, energy or waste management?
- Does the business have or contribute to any philanthropic efforts within the local community?

Governance standards

17. The business has management systems in place to effectively manage all its compliance obligations.

☐ Strongly agree
☐ Agree
☐ Neutral
☐ Disagree
☐ Strongly disagree
☐ Not applicable

Factors to consider when responding:

- Does the business have sufficient staff and resources to effectively run its compliance management systems?
- Do senior managers or the board have oversight to ensure compliance?
- Does the business ensure it complies with all relevant supplier codes of practice?

Let's get started
Introduction
Stage 1
Stage 2
Stage 3
How to fund sustainability efforts
Annexes

18. The business has clear values and principles underpinned by a commitment to ethical behaviour that guides all its operations.

- ☐ Strongly agree
- ☐ Agree
- ☐ Neutral
- ☐ Disagree
- ☐ Strongly disagree
- ☐ Not applicable

Factors to consider when responding:

- Has the business documented what these values/principles mean in terms of its operations?
- Are the values/principles widely publicized to all stakeholders?
- Are bribery and corrupt payments strictly prohibited?
- Do all workers understand that they must respect the letter and the spirit of anti-corruption and anti-money laundering laws?
- Are employees confident that, if they lose business because they comply with company policies or with the law, they will be supported by their supervisors and will not suffer adverse consequences?
- When designing new operations, services or activities, is an assessment of risk, opportunity and impact is carried out and taken into account?

19. The company's business partners, including suppliers, do not cause negative environmental or social impact.

- ☐ Strongly agree
- ☐ Agree
- ☐ Neutral
- ☐ Disagree
- ☐ Strongly disagree
- ☐ Not applicable

Factors to consider when responding:

- Do business suppliers/key partners have previous negative documented impacts on environmental, social or governance (ethics and compliance) issues (such as court cases)?
- Are/were the business practices of suppliers/key partners on environmental, social or governance (ethics and compliance) issues perceived to be negative by relevant stakeholders (e.g. media stories)?
- Are suppliers/business partners engaged in any predatory behaviour that could be perceived as impacting negatively on the community?
- Do customers use the company's products or services in a way that could be perceived as negatively impacting on local jobs and livelihoods or the environment?

Other

20. The business operates in a sector identified in the Government's National Development Plan (NDP) as a priority sector to achieve broad national development objectives, such as raising education standards or improving health outcome.

- ☐ Yes
- ☐ No

Factors to consider when responding:

- Governments often set national development goals to drive economic growth, sustainability, and social progress, and companies can align their ESG initiatives to contribute to these broader objectives. In many countries the construction, health, education, agriculture, or other sectors that have a strong social and/or environmental impact are priority sectors. In some countries the government has identified in its NDP manufacturing and/or tourism as a target sector(s) for expansion as both are employment rich sectors.
- Examples of "a direct contribution" to the NDP include companies operating in the health sector and producing or distributing key health products, or companies in the education sector producing education material or providing education and training. Examples of "an indirect contribution" to the NDP include companies operating in the construction sector and manufacturing cement bags.

International Labour Organization
Route des Morillons 4
CH-1211 Geneva 22
Switzerland

+41 22 799 7239
actemp@ilo.org