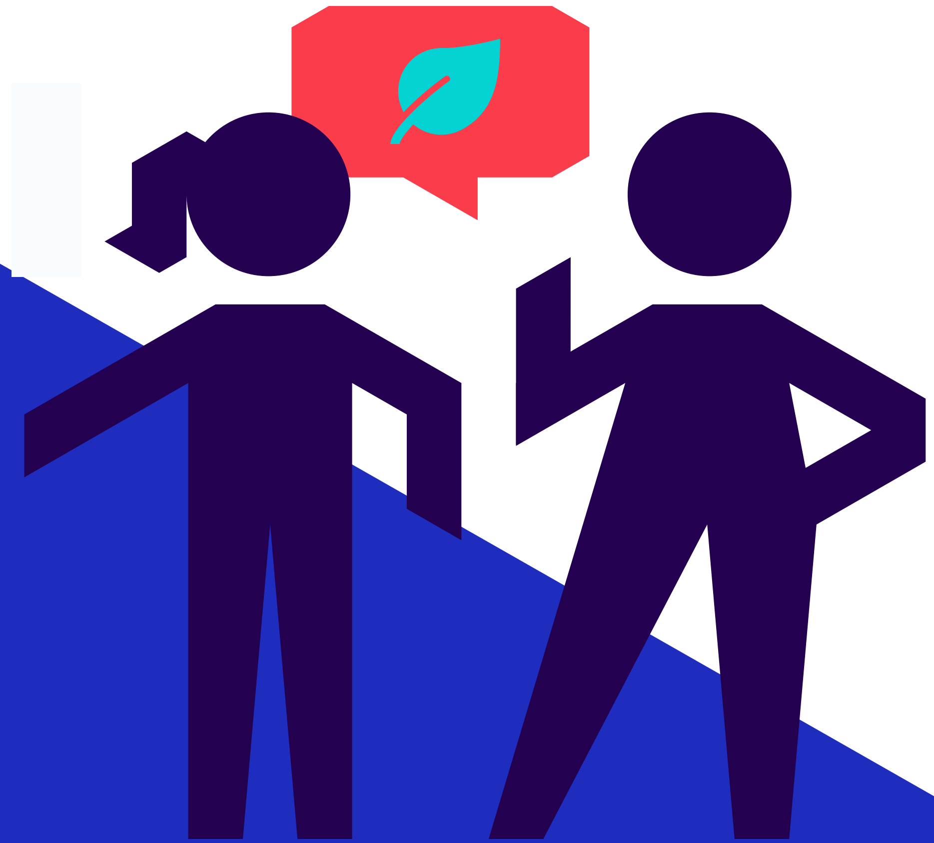
International
Labour
Organization

Module 2:
What is ESG?



Learning objectives

- Understand the components of ESG, in other words the ‘E’, the ‘S’ and the ‘G’.
- Understand what makes ESG unique.
- Gain a basic understanding of the ESG process at enterprise level.

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ESG standards

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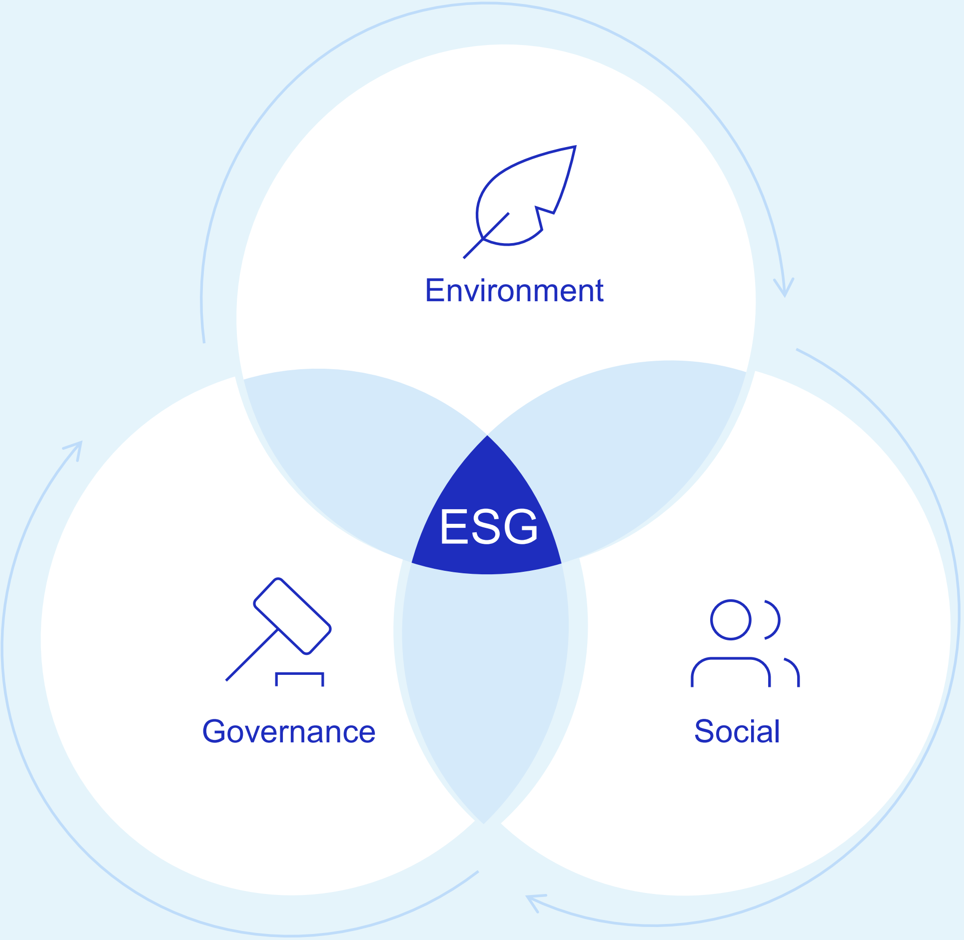
BUSINESS PERFORMANCE CRITERIA

Widely used by:

- Investors
- Financial institutions
- Governments



ESG components

Environmental criteria → Conservation of the natural world

Social criteria → People and relationships

Governance criteria → Running of the company

Other sustainability and ethical business initiatives

Similar initiatives

- Sustainable Development Goals (SDGs)
- Responsible Business Conduct (RBC)
- Corporate Social Responsibility (CSR)
- Business and Human Rights (BHR)
- Socially Responsible Investment (SRI)

SUSTAINABLE DEVELOPMENT GOALS

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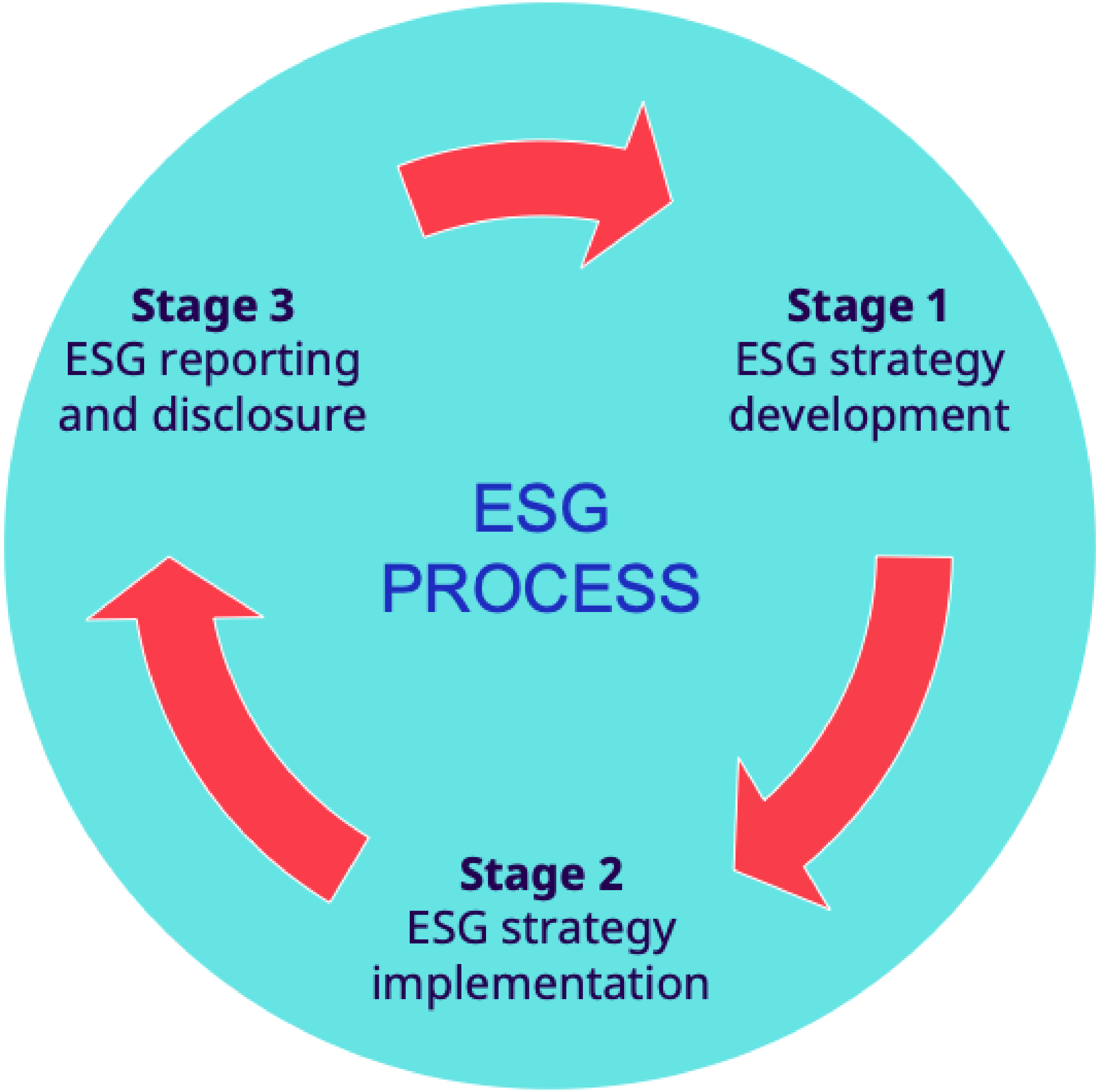
What makes ESG different?

- Enterprise and investment assessment framework
- Driven by stakeholders
- Systematic evaluation and monitoring of sustainability performance
- Focus on risks and opportunities

ESG IS UNIQUE

The 3 basic stages of the ESG process



Metrics

Environmental + Social + Governance

Environmental

Energy consumption (MWh)

Greenhouse Gas (GHG) emissions (tCO_2e)

Water consumption (m^3)

Amount of waste produced (kgs)

Social

Workforce size and composition (Total number of employees, with disaggregation by key demographics such as gender).

Employee training and development (Average training hours per employee)

Health and safety performance (Annual number of workplace accidents)

Governance

Board composition and diversity (Percentage of female board members).

Risk management (Annual number of risk assessments conducted)

Data protection (Number of incidents where unauthorized access to company data took place).

Recognized reporting standards (voluntary)

GRI

IFRS™

ISO

Relevant voluntary and mandatory reporting standards

Insert information on any voluntary or mandatory reporting standards relevant to the national, sector and/or enterprise context of the participants.