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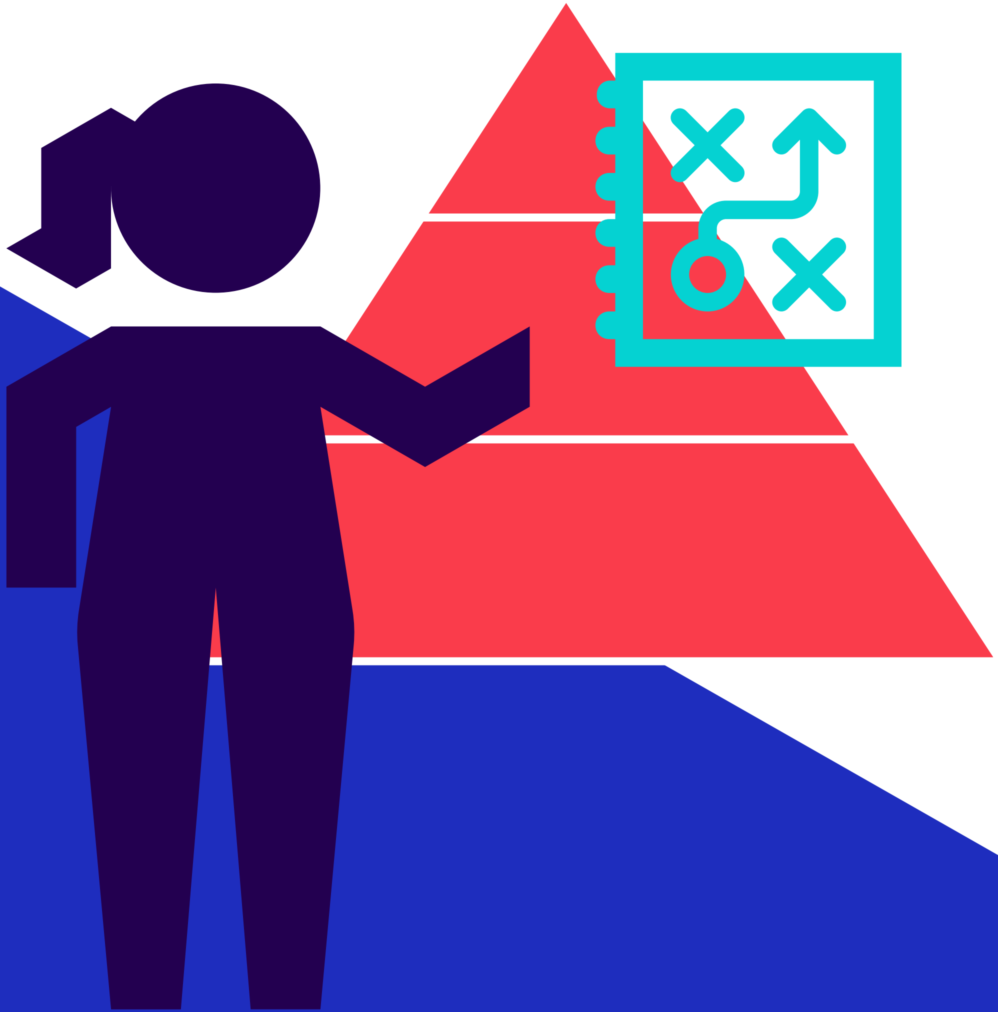
Module 4: How to develop an ESG strategy



Learning objectives

- Assess ESG performance, risks and opportunities
- Engage stakeholders
- Determine materiality
- Prioritize and mitigate ESG risks
- Write an ESG strategy

1. Assess ESG performance, risks and opportunities

ESG Pulse Check

- Provides an initial snapshot of ESG performance
- Is based on a short set of questions
- Should be completed by qualified staff
- Should be carried out on a regular basis

PERFECT DATA IS NOT A PREREQUISITE FOR MEANINGFUL CHANGE

Benchmark ESG performance

Useful data sources

- Your EBMO (add EBMO name)
- Key competitors
- Recognized reporting standards
- ESG rating agencies
- Certification standards
- Regulatory requirements

Relevant regulatory requirements

Mention any regulatory requirements relevant to the participants.

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2. Engage ESG stakeholders

Why?

- Make informed decisions
- Improve risk management
- Improve reputation
- Ensure compliance

PRIORITY STAKEHOLDERS MOST IMPACT ESG PERFORMANCE AND/OR ARE MOST IMPACTED BY IT

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Stakeholder engagement process

- Identification
- Prioritization
- Consultation

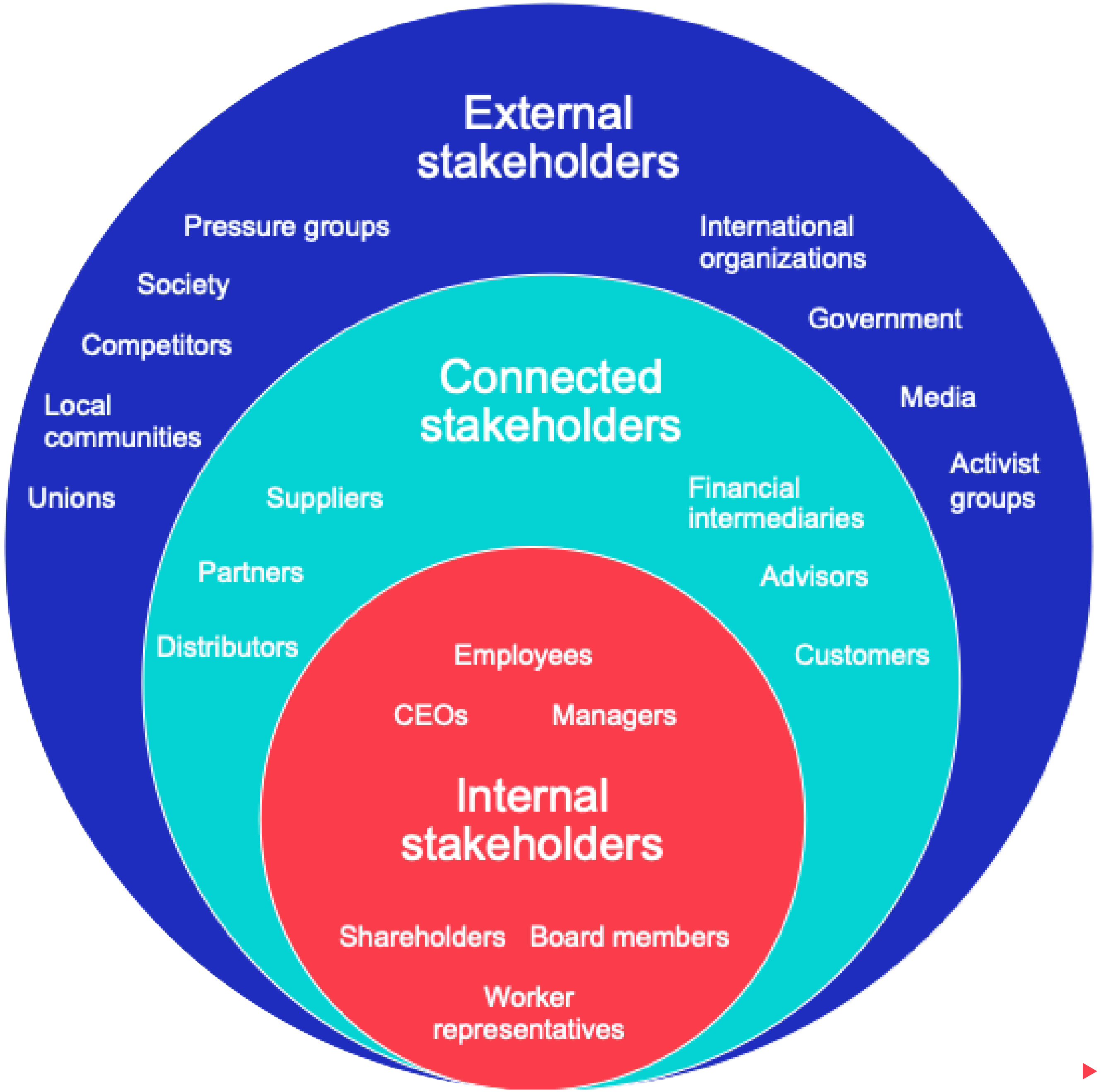
A STAKEHOLDER ENGAGEMENT PLAN SETS OUT HOW, WHEN AND WHO CONSULTS WITH PRIORITY STAKEHOLDERS

Advancing social justice, promoting decent work

Mapping stakeholders

Stakeholder types

- Internal
- Connected
- External



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Prioritizing stakeholders

Consulting priority stakeholders

- Overall expectations
- Material issues
- ESG performance
- Impact on stakeholders
- Communications

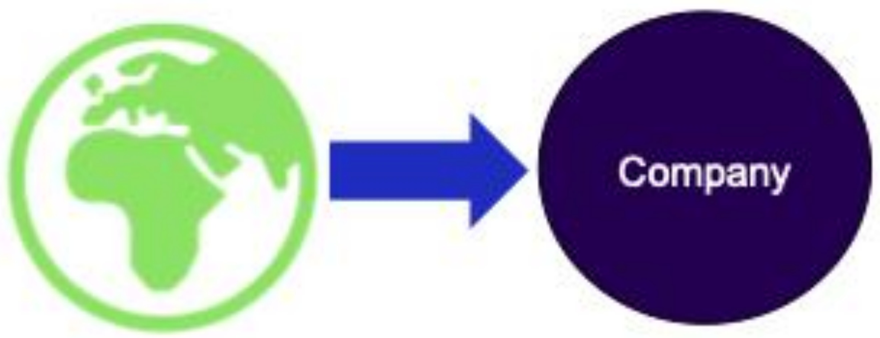
Real-life example of stakeholder engagement

Consider including a short case study on a relevant enterprise that has successfully identified, prioritized and engaged its ESG stakeholders.

3. Determine materiality

Materiality

SINGLE MATERIALITY

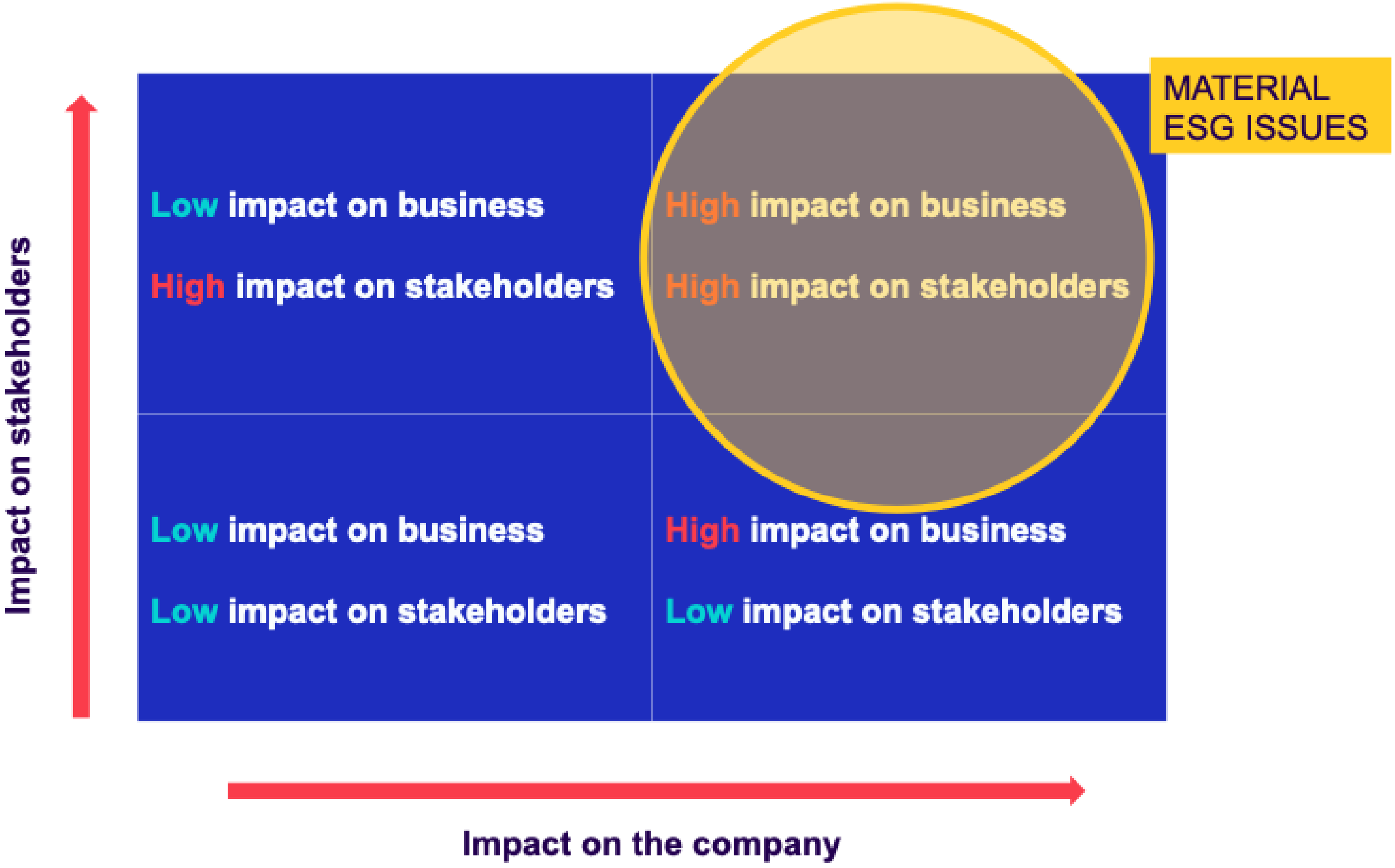


Investors

DOUBLE MATERIALITY

Investors, consumers, employees, civil society, regulators

Assessing materiality



4. Prioritize and mitigate ESG risks

Prioritize risks

Impact		Likelihood				
		Rare	Unlikely	Possible	Likely	Almost Certain
Impact	Minor	Waste mis-management				
	Moderate		Cybersecurity breach	Water scarcity		
	Major					Employee health & safety issues
	Catastrophic				Climate Change impacts	

PRIORITY RISKS

Risk level	Priority level
Critical	Immediate action required
High	Action required soon
Moderate	Monitor and manage proactively
Low	Low priority, minimal impact

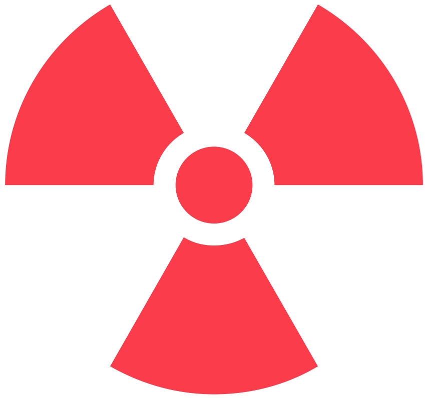
Mitigate risks

Approach

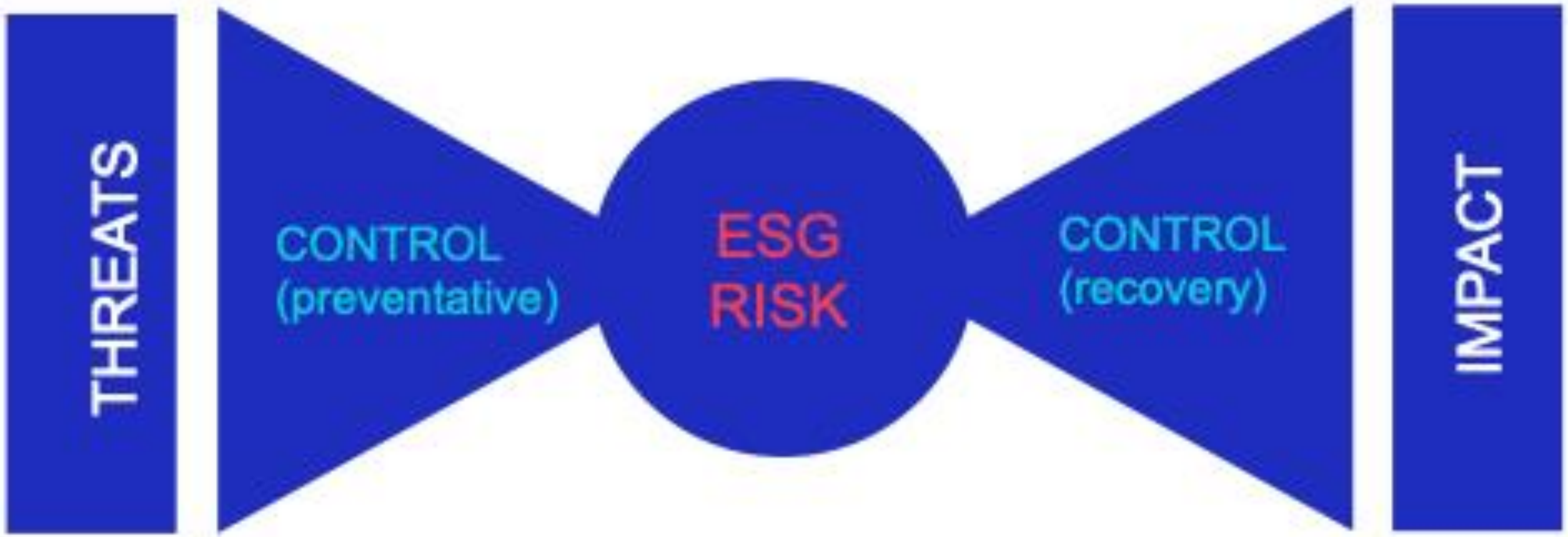
- Proactive
- Reactive

Strategy

- Accept
- Avoid
- Transfer
- Reduce



Bow tie analysis



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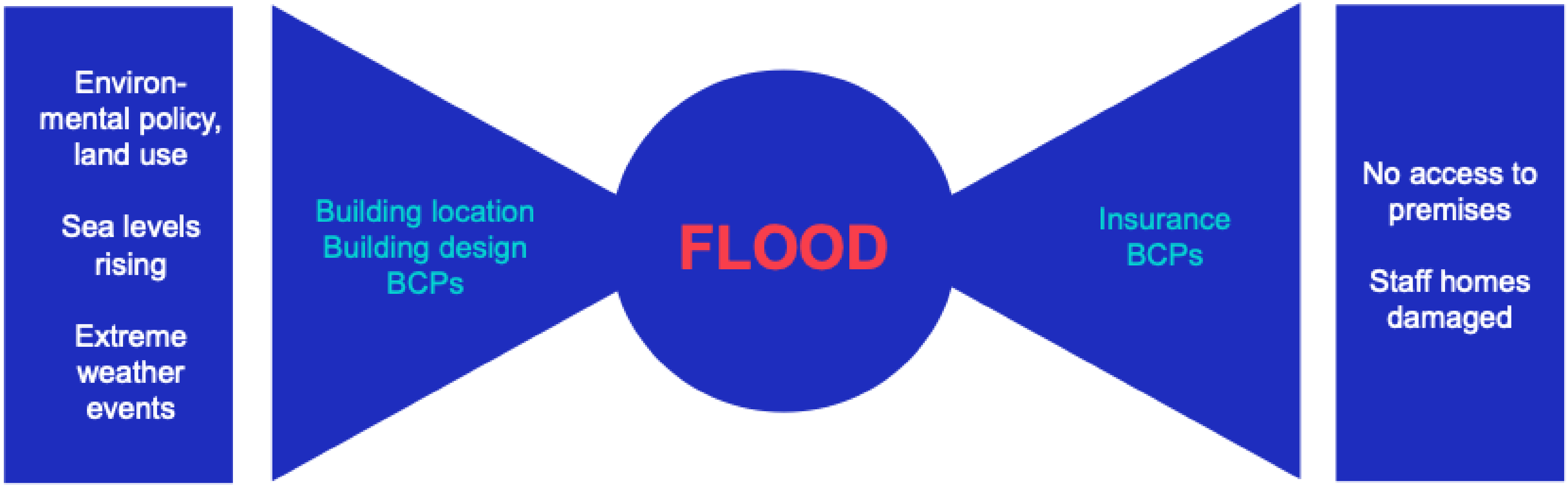
Example of a bow tie analysis: flood risk for a bank



Real-life example of ESG risk identification, prevention and mitigation

Consider including a short case study on a relevant enterprise that has successfully identified, prevented and mitigated ESG risks

5. Write the ESG strategy

Basic sections of an ESG strategy

- Brief description of the company
- Statement on why the company is embracing ESG
- Overview of the company’s ESG performance
- ESG action plan
- Monitoring and metrics
- Stakeholder engagement plan
- Review and improvement
- Ownership