

The ESG Guide

Created and published by

PART I - ABOUT THE ESG

INTRODUCTION - 6

- Our World's disruption challenges
- Shifting toward socially responsible business
- Act Now - United Nations Campaign

DEFINITIONS - 10

CONCEPTS EVOLUTION - 11

- Shifting from CSR to Sustainability
- Then came ESG
- ESG Pillars
 - "E" Under the Spotlights
 - The Rise of the "S"
 - "G" Last but not Least

GLOBAL GUIDELINES - 18

- 17 Sustainable Development Goals ("SDGs")
- UN Global Compact 10 Principles

ESG PERSPECTIVES - 22

- Where Do We Stand At Half Way?
- Wake Up Call
- Concurrent Action Required from Everyone- Everywhere
- Effective Answer from Business to UN Call to Actions
- About the COP

PART II - ESG IMPLEMENTATION

SHIFTING TOWARDS SOCIALLY RESPONSIBLE INVESTING - 30

- You Said Sustainability & Profitability?
- Closing the Gap in ESG Integration
- The Challenges

ESG IMPLEMENTATION PROTOCOLE - 34

- Standard Approach
- Examples of Actions to Roll Out
- 6 Major Steps to Follow

ESG BENEFITS - 43

- Toward Security, Inclusion and Resilience of your Business
- Reinforcing Trust
- The Strength of Your Sustainability Report
- Communication Tool: The Hallmark of a Responsible Organization

ESG FRAMEWORKS - 48

- Various Available Frameworks
- The Top 10 ESG Frameworks & Rating Agencies
- Global Reporting Initiative - "GRI"
- Focus on GRI 27 Topics
- ISSB : New Common Framework Perspectives
- European Sustainability Reporting Standard- ("ESRS")
- Conclusion
- Key Takeaways

BIBLIOGRAPHY - 61

Editor's Message

Navigating Sustainability: The ESG Guide for Businesses
Published by the Franco-Thai Chamber of Commerce

Dear members & stakeholders,

It is my great honor to welcome you to this ESG Guide for Businesses, a comprehensive resource published by the Franco-Thai Chamber of Commerce to assist companies in embracing Environmental, Social, and Governance (ESG) principles and navigating the realm of sustainability. In an era where responsible business practices are paramount, this guide aims to pave the path towards a more sustainable and prosperous future.

As global stakeholders increasingly demand transparent and ethical operations, ESG considerations have become a cornerstone of strategic decision-making. This guide delves into the heart of ESG, offering insights and actionable strategies to help businesses align their operations with core the values of sustainability, social responsibility, and sound governance.

From conceptual foundations to implementation protocol and frameworks, this guide equips you with the knowledge and tools required to navigate the intricate landscape of ESG. We extend our profound gratitude to our team of experts, who have distilled their collective wisdom into this guide. Additionally, we express our sincere appreciation to the organizations that have generously shared their experiences and perspectives, enriching the depth and breadth of this resource.

As advocate of responsible business practices, the Franco-Thai Chamber of Commerce firmly believes that embracing ESG principles will not only foster innovation but also contribute to the well-being of society and the environment. This guide serves as a compass to navigate the ever-evolving terrain of sustainable business practices, thereby cultivating resilience and prosperity for our members and the communities they serve. May it empower you with the knowledge and tools required to create positive impacts while enhancing your long-term success.

Your sincerely,



Martin Dilly
ESG & Sustainability Committee Chairman & Board Member
Franco-Thai Chamber of Commerce



The ESG Guide is published by CCI France UAE. The views and opinions expressed in its columns do not necessarily reflect those of the Chamber's Members and Management.

All efforts have been made to ensure accuracy of the information within its publication. However, CCI France UAE cannot accept legal responsibility for any erroneous content or omissions.

Copyright: CCI France UAE - 2023
All right reserved.

The ESG Guide Contributors

Riad BESTANI - ECOsquare
Marie-Agnès DESCROZAILLE - CCI France UAE
Agnès LOPEZ CRUZ - CCI France UAE
Claire-Anne RUSSELLE - CCI France UAE
Fabienne WOOLDRIDGE - CCI France UAE

Cover page picture & content pictures:
pixabay.com, unsplash.com and AdobeStock

CCI France UAE
E. ccifranceuae@ccifranceuae.com
www.ccifranceuae.com

On behalf of CCI France UAE,

We are thrilled to launch “The ESG Guide 2023”, on the occasion of the YEAR OF SUSTAINABILITY in the UAE while being also on the path toward COP 28, that will be taking place in Dubai by the end of the year.

Sustainability in business is a crucial element in addressing global challenges such as climate change, inequality, social justice, and to ensure proper governance, given their significant impact in the long run.

While the latest IPCC report (March 2023) emphasizes again on our world insufficient current actions, compromising the achievement of the UN Sustainable Development Goals, practical and effective solutions are available and can be implemented by companies.

At the same time, environmental, social and governance (“**ESG**”) indicators are key elements taken into account by investors when investing in an organization, meaning ESG has the potential to secure your business development while supporting the environment and community.

Whatever the size or activity of your company, it will benefit your entity to understand ESG and where your business can adopt its principles and approaches.

We hope that this comprehensive document will become an interesting and useful tool to implement effective sustainable practices in your day-to-day operations as well as assess, manage, and report on your ESG performance.

Looking forward to seeing the positive impact you will be making for a greener and better future!

Editor's Message

ESG, a word that many of us have heard, but that probably so few understand precisely.

Indeed, it's been one of those "buzz" words that have spread among the business communities and financial institutions at an amazing speed in the past 2-3 years. Still, we are trying to capture its essence and meaning. Probably, one of the reasons is that it covers many aspects of businesses that are not so easy to grasp and also because business priorities were sitting elsewhere after the big hit from the Pandemic crisis.

Nevertheless, we, ECOSQUARE together with CCI France UAE, saw this as an opportunity to lay down the basis for an ESG guidebook that will support companies, mostly SMEs, and help them navigate in the warm waters of the Climate Change.

With a primary focus on Circular Economy solutions for industries but also an advising organization on Sustainability related topics, ECOSQUARE has realized from its inception in 2021 that most companies, along with government bodies, are in a dire need to launch their sustainability journey, but have little clue on where/how to start. Hence ESG assessment, its benefits along with its challenges, the frameworks and the specific rating agencies, were the core bricks used to build this tool.

Many can think of ESG as a communication tool or a pure marketing medium or even a green label compliance necessity that would help companies show its nice and friendly face. But as you scroll down the pages of this guidebook, you will realize that It's everything but that. Like any tool, when used properly, it will help measure, control, setup action plans in order to optimize the Environmental, Social and Governance impacts that a company is facing throughout its business operations.

There are clear challenges, but the benefits outweigh the latter, and everyone will learn that while ESG assessment is implemented, costs are reduced, and people feel better. This is what this guide is all about!



Riad BESTANI
Founder/CEO
ECOSquare



Introduction

Part I



Our World's Disruption Challenges

Climate change is generating major and global concerns while related disruption is impacting our societies and businesses, threatening lives and jeopardizing our environment.

**Ecological
Destruction**



**Increasing
Energy Demand**



**Water & Food
Scarcity**



**Toxicity
Health Risk**



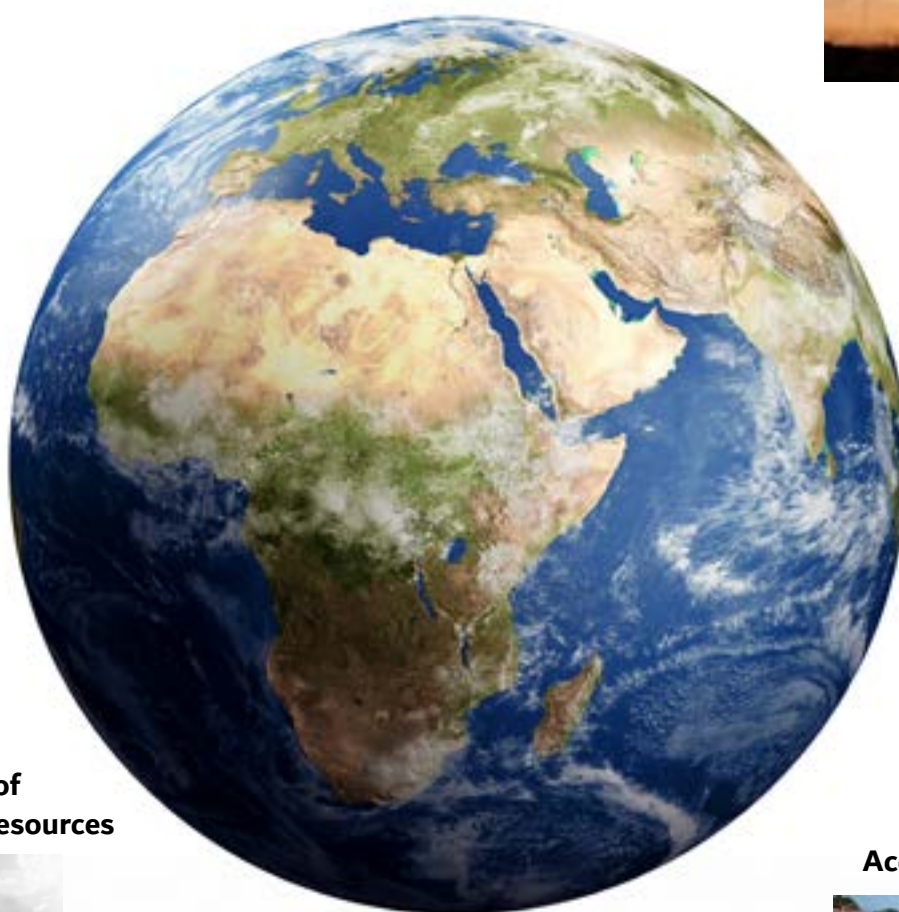
**Depletion of
Non Renewable Resources**



**Waste
Accumulation**



**Green House
Gases**



Shifting Toward Socially Responsible Business

To respond to this **climate emergency**, there are several levers that can be activated. All of them have one thing in common: the **implications on business** for all companies through individual and collective actions that can be taken efficiently in transforming companies' activities, **changing course toward more sustainable lifestyles**.

Political



Economic



Social



Technical



Legal



Environmental



Act Now - United Nations Campaign

We are in the **decade of action** to deliver the Sustainable Development Goals (“**SDGs**”) in order to preserve a **livable climate**; the goal being to **reduce by half greenhouse-gas emissions by 2030** and to reach **net zero by 2050**. Governments and businesses have an important role to play in this action plan, but the transition to a low-carbon world also requires the participation of each of us – **as citizens** – especially in advanced economies.

Everyone
can help
limit global
warming
and take
care of our
planet!



Definitions

Act Now ActNow is the United Nations campaign for individual action on climate change and sustainability whose decade of action has been launched in 2015.
Objectives: reduce by half greenhouse-gas emissions by 2030 and reach net zero by 2050.

COP Conference Of the Parties, is the decision-making body bringing together the 197 nations and territories – called Parties –responsible for monitoring and reviewing the implementation of the United Nations Framework Convention on Climate Change.

CSR Corporate Social Responsibility - CSR commitments served as keystones for corporate culture (will, value and spirit). Give employees, investors, and consumers insight into company values. It helps a company be socially accountable to itself, its stakeholders, and the public and to spread awareness and communicate in this regards.

EPR Extended Producer Responsibility- “polluter-pay” principle.

ESG ESG (reporting): stands for Environmental Social and Governance; metric, specific set of criteria designed to evaluate /measure a company’s sustainability and ethical impact using a reporting program to ascertain thoughtful, forward-looking policies and programs related to those three non-financial pillars from a business perspective.

GHG Protocol Greenhouse Gas Protocol- methodology to measure and assess carbon emission origin and impact.

GRI Global Reporting Initiative- established in 1997 to support UN action plan- providing a set of corporate standards reporting on responsible environmental, social, economic and governance conduct over a wide range of topics while asserting their impacts on business.

INDG Intended Nationally Determined Contribution, a commitment from countries during COP event to meet targets.

IPCC Intergovernmental Panel on Climate Change (in French “GIEC” Groupe d’experts intergouvernemental sur l’évolution du climat) established in 1988 with 195 members representing almost all the countries of the world, whose goal is to assess the scientific, technical and socio-economic information available on the issue of climate change.

SBTI Science Based Targets initiative: framework to conduct ESG assessment.

SDGs UN Sustainable Development Goals (17)- (also called “Global Goals”) adopted by United Nation Member States in 2015, are universal call to action to end poverty, protect the planet and improve lives and prospect of everyone, everywhere. They offer a blueprint for tackling the defining issues of our time, such as climate change, which requires urgent and transformative action that leaves no one behind.

TCFD Task Force for Climate related Financial Disclosures- framework to disclose climate related risks and opportunities.

UNGC Also called UN Global Compact. United Nations Global Compact: platform for the development, disclosure and implementation of responsible corporate actions (created in 2000). It networks with companies calling them, everywhere, to align their operations and strategies with the UN Global Compact 10 Principles, partner with the UN and accomplish the UN Sustainable Development Goals.



Concepts' Evolution

Shifting from CSR to Sustainability

CSR (Corporate Social Responsibility)

CSR is the **ideal** - code of ethics and core values- pursued by companies to give context about sustainability agendas and corporate responsibility culture to operate in ways that **enhance society and the environment**.

Designed to engage Company's officers and employees to build a positive corporate culture, values and reputation covering the overarching social, environmental, and economic concerns in a company's policies, practices, and decision-making.



Background

- Concept based on the “triple-bottom-line”- **“People, Planet and Profits”**, arguing that business should focus on each of the three P's and not just on the profits.
- CSR was the precursor to ESG. But while CSR already thinks about accountability, ESG methodology also makes its efforts measurable.

Sustainability

UN Definition: *“Meeting the needs of the present without compromising the ability of future generations to meet their own needs”*.

UN Global Compact Guide Definition: *“Corporate sustainability is a company's delivery of long-term value in financial, environmental, social and ethical terms”*.

- It is a company's value system and principled approach to doing business, with the aim to achieve sustainable development, while operating responsibly, practicing responsible business, from an Environmental, Social and Economic perspective.



- Effectively establishing a culture of integrity, **focusing on accountability and qualitative approach** more than on the quantitative and metrics measurement aspect.

Then came ESG

ESG (Environmental Social and Governance)

- ESG is the tools for the implementation of tangible **action** based on measurable goals, data collection, and reporting; this is the quantifiable measure of a company's sustainability and societal impact related to the **past, present, and prospective future of the company**.
- It sets specific criteria, based on these three pillars (Environmental, Social, and Governance) that are used to **ascertain and evaluate sustainability** and corporate responsibility practices within a company, that have been set in the framework of the corporate culture.



Background

- Formerly used by business leaders as a framework to better understand their business model, ESG was essentially focused on disclosing and benchmarking data (metric/quantitative) with more specific and actionable criteria than CSR initiatives.
- Thus business practices have quickly evolved toward a broader and enhanced ESG's scope and common framework in the way companies measure and disclose their performance.
- Today ESG is allowing an accurate evaluation of the overall health of a business operating model and the **company's long-term resilience**, based on these thoughtful, forward-looking policies and programs in all three of these areas.

ESG Pillars

Today companies strive to act effectively on these **three pillars** through related data collection, report and **action plan** in order to make their business practices evolving toward sustainability.

We are moving toward a better stakeholder alignment on ESG impacts that are considered vital for **better corporate citizenship** and **social outcomes**.

It ensures **long term** corporate success for the “**Common Good**”, while conversely the well-being of workers, communities and the planet is inextricably tied into the health of the business.



ENVIRONMENTAL

“E” Under the Spotlights

Currently it is the “E” in climate change that seems to have the most focus



SOCIAL

The Rise of the “S”

“S” To Ensure long term corporate success for the “Common Good”



GOVERNANCE

“G” Last but Not Least

“G” in Corporate management comes last but is of paramount and equal importance with the two other criteria

“E” Under the Spotlights



ENVIRONMENTAL “E” Under the Spotlights

Currently it is the “E” in climate change that seems to have the most focus.

Environmental issues include:

- **Climate change strategy** - Contribution to the fight against climate change and its impacts.
- **Energy use** - reducing direct carbon emissions across all operation, shifting to renewable energy sources; Highlights of where the company uses green technologies and renewable energy.
- **Carbon intensity** - Net zero By” -----“.
- **Pollution and Waste Management** - waste and recycling, zero plastic/reducing single use plastic, zero waste to landfill, paperless, rechargeable batteries.
- **Natural Resources Conservation** - Biodiversity and resource mobilization (raw materials sourcing).
- **Water efficiency** - addressing access to water and sanitation, sharing freshwater resources.

Associated SDG's



The Rise of the “S”



SOCIAL

The Rise of the “S”

“S” To Ensure long term corporate success for the “Common Good”.

64% of millennials are willing to **turn down a job** if a company does not have any ESG program.

The social pillar focuses on the understanding and improvement of the relationship with employees, customers, suppliers, partners and local communities (direct communities or groups of people part of the value chain) in order to find a SUSTAINABLE WAY TO GIVE BACK!

Social issues includes:

Human Capital Development

- **Equal opportunities:** gender and nationality equality & Balance, pay parity, diverse and inclusive workplace, minorities, nationalization (attracting local talents), people of determination care.
- **Human Rights:** gender equality, women’s empowerment, Children’s rights, indigenous peoples.

Health, and safety

- **Decent working conditions;** outline the standards for health and safety in the workplace; reduces risk of accidents and related negative environmental impacts.

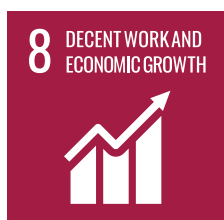
Educate and Listen:

- Educate employees and the public about environmental and social risks for each industry and about how they can be part of the solution.

Community relations work & socially cognizant opportunities

- Freedom of association.
- Customer protection and Products safety.

Associated SDG’s



“G” Last but not Least



GOVERNANCE

“G” Last but not Least

“G” in Corporate management comes last but is of paramount and equal importance with the two other criteria

Governance issues examine how the company is led and managed ensuring transparency and business ethics.

This aspect involves the implementation of a code of ethics and core values that include social and environmental stewardship.

Governance Issues include:

- Corporate governance fairness and accountability.
- Board Independence.
- Conflict of Interest.
- Executive Compensation, Parity.
- Shareholder democracy.

Transparency and Ethics Considerations

- Business ethics
- Matters of corruption
- Level of transparency
- Compliance

Associated SDG's





Global Guidelines

17 Sustainable Development Goals (SDG'S)



1 NO POVERTY
End poverty in all its forms everywhere.



2 ZERO HUNGER
End hunger, achieve food security and improved nutrition and promote sustainable agriculture.



3 GOOD HEALTH AND WELL BEING
Ensure healthy lives and promote well-being for all at all ages.



4 QUALITY EDUCATION
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.



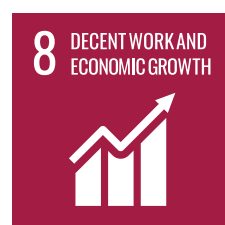
5 GENDER EQUALITY
Achieve gender equality and empower all women and girls.



6 CLEAN WATER AND SANITATION
Ensure available and sustainable management of water and sanitation for all.



7 AFFORDABLE AND CLEAN ENERGY
Ensure access to affordable, reliable, sustainable and modern energy for all.



8 DECENT WORK AND ECONOMIC GROWTH
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.



10 REDUCED INEQUALITIES
Reduce inequality within and among countries.



11 SUSTAINABLE CITIES AND COMMUNITIES
Make cities and human settlements inclusive, safe, resilient and sustainable.



12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Ensure sustainable consumption and production patterns.



13 CLIMATE ACTION
Take urgent action to combat climate change and its impacts.



14 LIFE BELOW WATER
Conserve and sustainably use the oceans, seas and marine resources for sustainable development.



15 LIFE ON LAND
Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss.



16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive.



17 PARTNERSHIPS FOR THE GOALS
Strengthen the means of implementation and revitalize the global partnership for sustainable development.

17 Sustainable Development Goals (SDG'S)

A Call for Action to Change our World

SDGs were launched in 2015, with the **2030 Agenda for Sustainable Development**, by world leaders with ambition to **end poverty, fight inequality and injustice and protect the planet.**

The SDGs provide, through their associated 169 targets, a coherent, holistic and integrated framework for addressing the world's most **urgent sustainability challenges** and create a **better future for all.**

From being a country-based tool to drive efforts to help countries define and measure the performance on their impact on society and environment and address the critical world challenges, it is **now being widely used as a corporate tool to identify actions report them and ACT.**

2030 Agenda for Sustainable Development

Sets out a 15-year plan to achieve the Sustainable Development Goals ("**SDGs**") and their related targets.



Never before
had world
leaders
pledged
common
action across
such a broad
and universal
policy agenda.

UN GLOBAL COMPACT 10 Principles

Human Rights

- 1- Businesses should support and respect the protection of internationally proclaimed human rights,
- 2- Make sure that they are not complicit in human rights abuses.

Labour

- 3- Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4- The elimination of all forms of forced and compulsory labour;
- 5- The effective abolition of child labour,
- 6- The elimination of discrimination in respect of employment and occupation.



Environment

- 7- Businesses should support a precautionary approach to environmental challenges;
- 8- Undertake initiatives to promote greater environmental responsibility; and
- 9- Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- 10- Businesses should work against corruption in all its forms, including extortion and bribery.

Note: The UN Global Compact's Ten Principles are derived from four key international agreements: the Universal Declaration of Human Rights; the International Labour Organization's Declaration on Fundamental Principles and Rights at Work; the Rio Declaration on Environment and Development; and the United Nations Convention Against Corruption.

ESG Perspectives



Where Do We Stand at Half Way?

We are approaching the **half way** mark to achieve the UN Sustainable Developments Goals (“SDGs”) by 2030 and the observation is that **the world cannot achieve the SDGs on our current trajectory**.

According to the 12th United Nations Global Compact Accenture CEO Study (2021), business leaders were severely off track to deliver on their sustainability and climate goals.

More action and support are needed to rescue the Global Goals/SDGs.

The 2021 message from CEOs is painfully clear: we must accelerate our work in sustainability to build a more resilient future if we are to rescue the SDGs.

In 2023 there is a **renewed sense of urgency** and clearly the **Global Goals remain the way forward to a strong recovery from multiple global crises** and a better future for all on a safe and healthy planet.



Wake Up Call

Global world challenges, from climate change, pandemic, conflicts with recently the effects of Russia's war in Ukraine along with geopolitical uncertainty **sounded again the alarm already raised by the Paris Agreement (2015).**

Among those events, **climate change is one of the biggest challenges facing the global community.** This was shown by the recent succession of weather

and climate-related natural disasters, which were largely relayed and supported by the media all around the world where the impacts of climate change are being felt.

Those **critical times generating uncertainty and concern** focus the attention of scientists and overall communities, leading to and encouraging private initiatives reactions. Pressure from stakeholders, customers, individuals, governments and especially from the GROUND, with the new millennium generations, who have very high “purposeful brands” expectations, had a clear impact on this wake up call.



“Everything we do during and after this crisis [COVID-19] must be with a strong focus on building more equal, inclusive and sustainable economies and societies that are more resilient in the face of pandemics, climate change, and the many other global challenges we face.”

United Nations Secretary-General António Guterres

Concurrent Action Required from Everyone- Everywhere



Today, there is a greater awareness that avoiding a global catastrophe is **not only the Government's responsibility, but each and every one of ours. Concrete commitment** and the proactive implementation of **practical solutions** can make the difference; keeping in mind **that the well-being of workers, communities and the planet is inextricably tied to the health of business.**

In this context, **ESG implementation** is the proper answer to this urgent need for action. It is allowing commitments and effective actions **from top to bottom, from head offices to local entities**, requiring significant cooperation among businesses, governments and finance.

In parallel , regulations are becoming more stringent across many regions and **COP 27** in Sharm El Sheikh, made significant progress (including 'Loss and Damage Fund,' launch of the Just Energy Transition in the Energy Sector work program).

COP28 which will be hosted in the UAE will focus on finding **practical solutions that ensure energy security while reducing emission.**

Effective Answer from Business to UN Call to Actions

As evidenced by the latest United Nations Global Compact Accenture CEO Study (2021), **Businesses are already on the way preparing a more sustainable future while becoming part of the solution:**

*“The most notable change has been the **rise of social sustainability expectations on CEOs and businesses**. CEOs are taking this shift in expectations to heart: **91% of CEOs believe that their role is to protect local communities in the regions they operate**”.*

A clear raising of private sector initiatives has been spotted: enhanced and effective actions are taking place and businesses are taking the lead now. The **business world has emerged as the most trusted institution (61%)**, followed by NGOs (59%) and governments (52%).

Eventually, if ESG was considered in the past as a functional requirement (nice-to-have “CSR” labeled) it has now become a commercial imperative with a real commitment to operate responsibly and support society in order to make a **meaningful difference**.

Companies understood **corporate sustainability is imperative** for tomorrow’s businesses and they need to operate responsibly, on **UN principles** basis, and take actions supporting the society.



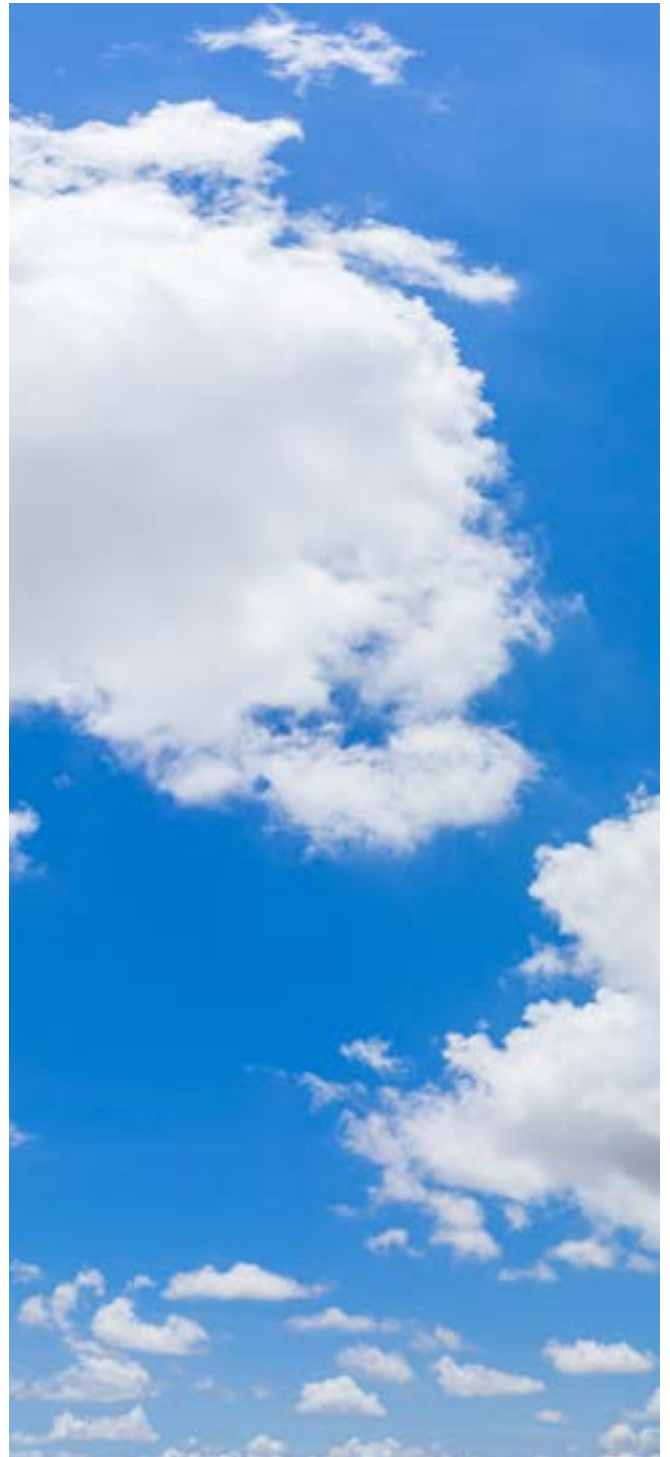
About the COP

What is the COP?

The Conference of the Parties (“**COP**”) is the supreme decision-making body of the United Nations Framework Convention on Climate Change (“**UNFCCC**” or the “**Convention**”) created at the Earth summit in Rio in 1992, which is the first global treaty addressing climate change adopted by 197 countries, as of September 2021. All countries that are parties to the Convention (the “**States**”) are represented at the COP, at which they review together with representatives of governments, businesses and civil society, the implementation of the Convention.

The COP meetings have led to major international milestones agreements such as: Kyoto Protocol (1997) -GHG emissions reduction treaty-; Marrakesh Accords (2001) -International emissions trading-; Cancun Agreement(2010) -Green Climate Fund-; and lastly the **Paris Agreement (2015)** which is the most comprehensive, legally binding international treaty on climate change to date, where the States agreed to take action to **hold the increase in the global average temperature to well below 2°C** above pre-industrial levels and pursue efforts to limit increase to 1.5°C.

Since this 2015 Paris Agreement turning point in global climate governance, negotiations have centered on developing more precise principles and norms for carrying out the SDGs, bringing all the nations together to combat climate change and adapt to its effects.



About the COP

National Determined Contributions (“NDCs”) Review and Implementing Action

A key task for COPs, which take place every year, is to **review the five years cycle national climate actions plans** communications and emission inventories submitted by the countries, known as **national determined contributions (“NDCs”)** whose successive NDC is meant to reflect an increasingly higher degree of ambition revisiting and strengthening the 2030 targets, along with the countries’ NDCs actions taken to **build resilience** to adapt to the impacts of climate change.

Countries also formulate and submit their long-term low greenhouse gas emission development strategies (“**LT-LEDS**”) providing the long-term horizon to the NDCs.

Based on this information, the COP assesses the effects of the measures taken by the countries, the progress made in climate change mitigation, the adaptation measures and support provided or received.

Starting in 2024 countries will report transparently, through an enhanced transparency framework (“**ETF**”), whose information will feed into the “**Global stocktake**” which will assess the collective progress towards the long-term climate goals. This will lead to recommendations for countries to set more ambitious plans in the next round.

COP26 - Glasgow – SCOTLAND (2021)

Most important outcomes : Agreement on the implementation of nature-based solutions, agreement on countries’ five-year emission reduction plans, and reaching agreement on carbon market mechanisms.

COP 27 - Sharm El Sheikh - EGYPT (2022)

Made significant progress including “*Loss and Damage Fund*” along with the launch of the “*Just Energy Transition*” in the Energy Sector work program.

COP 28 – Dubai - UAE (2023)

COP28 to be hosted in the UAE in November 2023 will be a key milestone when the world will take stock of its progress on the Paris Agreement, while focusing on finding **practical solutions** that ensure energy security while reducing emission.

The first Global Stocktake (“**GST**”), will provide a comprehensive assessment of progress since adopting the Paris Agreement. This will help align efforts on climate action, including measures that need to be put in place to bridge the gaps in progress.

The COP28 UAE Presidency will work to ensure that the world responds to the Global Stocktake with a clear plan of action.

ESG Implementation

Part II



Shifting Towards Sustainable and Resilient Businesses



You Said Sustainability & Profitability?

Moving towards a long-term sustainable growth

“Sustainability and profitability are not competing priorities; rather they are increasing likely to go hand in hand”

Paul Harris, VP, UPS



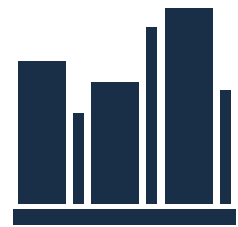
EY Survey (2021)

86% of investors surveyed said that they are more likely to hold an investment based on strong ESG performance. **74%** are more likely to divest based on poor ESG performance.



Mazars Survey (2020)

From 525 worldwide executives within SML companies: **87%** of the respondents confirm ESG is one of their organization's core strategic objectives and **65%** expect to realize financial benefits from ESG investment within the next 2 years.



PwC Survey (2021)

Out of 325 investors surveyed globally, **79%** thought that ESG risks are important factor in investment decision-making and **75%** thought that companies should sacrifice short-term profitability to address ESG issues.

Closing the Gap in ESG Integration

An important point of focus is to reduce the gap between ESG Implementation wishes and the actual effective integration of ESG practices into companies' operations and decision-making processes: what is really rolling out on the ground, as shown below.



The Challenges

The transition **from aspirations to effective implementation** can be challenging, and the gap between wishes and reality has been and is still a subject of concern for stakeholders.

Implementing an ESG strategy effectively is demanding and requires methodical and continued efforts with **long- term commitment**. This is necessary in order to adapt at best your company's operations to the financial, social and environment constrains, while also taking into consideration the world global crisis and related **challenges**.



Responsible-ROI

Assess at best a sustainable ROI and commercial benefits



Data & Resources Management

Data collection, reporting to choose, metrics to define, resources to federate internal & external.



Adapting to Socio-Cultural Environment

Adaptation to local environment, new millennium generation, social barriers (gender equality, diversity and inclusion).



Post Crisis Priorities Toward Resilience

Strong Resumption move after pandemic and Global crisis/ geopolitical instability, priority is set on responsible and sustainable business development.



On the Way to a Standardization Improvement

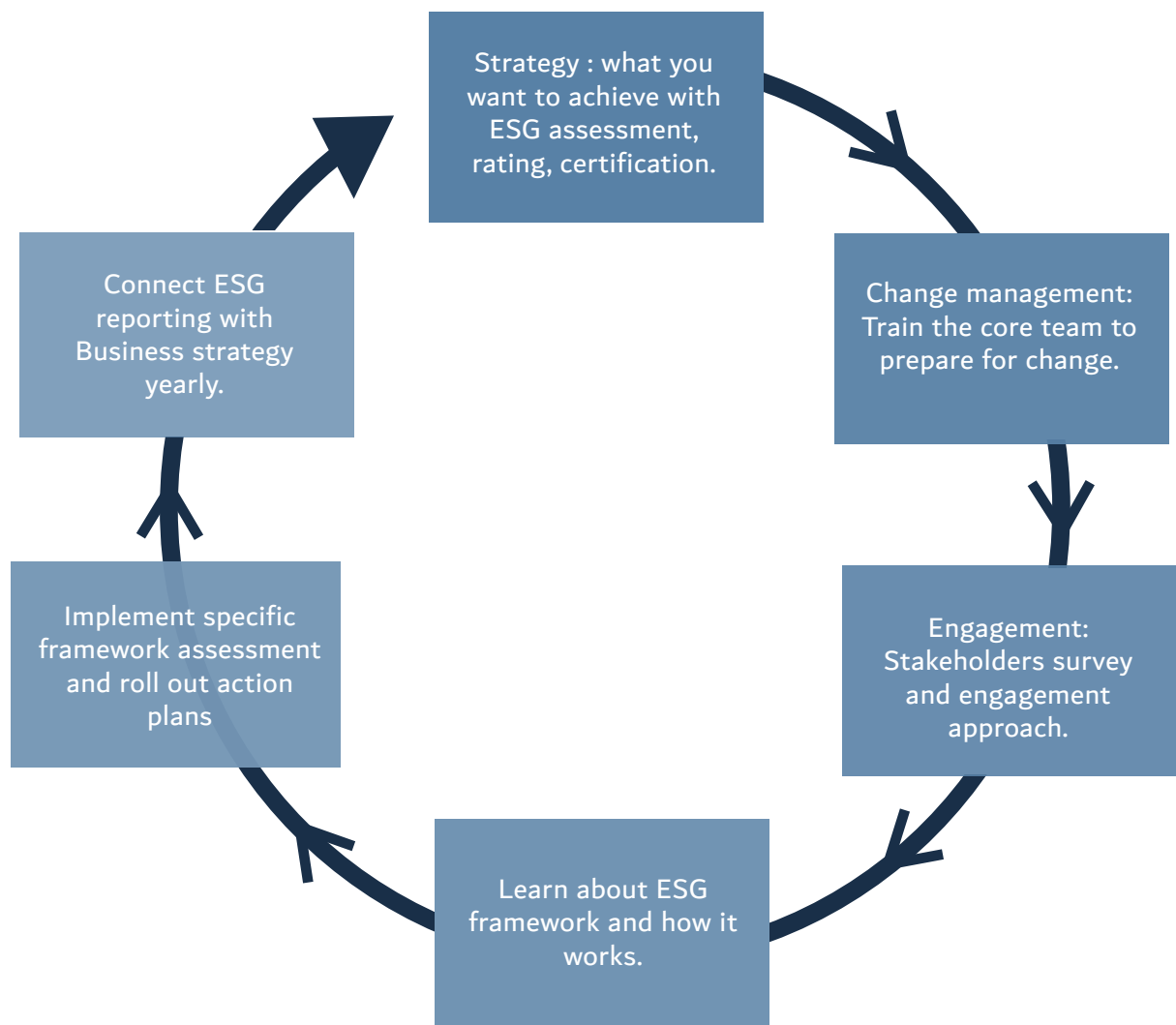
Multiple available frameworks providing pragmatical pathway.

ESG Implementation Protocol



Standard Approach

The steps and details of implementation will **vary depending on the specific industry, company size and goals**. Implementing ESG practices typically involves the following steps:



Example of Actions to Roll Out

While implementing the ESG practice to a company, an action plan addressing business expectation will be drafted.

See below an example of the typical actions companies might want to roll out.



6 Major Steps to Follow

1 Conduct Readiness Assessment

The point here is to identify and evaluate your company's current policies, practices, and initiatives to understand its ESG footprint.

1.1 Strategy /Current State Baseline

- What is the company current strategy?
- Assess existing programs, policies, metrics and engagements within your company.
- Workforce and Organization: What are the required needed resources? Are they available? Are they at the right position? Are they dedicated?

1.2 Impact Screening

Identify and evaluate ESG risks your company is facing and how to **prioritize them given their relevance impact** on your business:

- Identify most likely and severe risks of impacts of your business' operation areas and value chain, on the environment, communities and workers,
- Classify the ESG risks identified and rank them (score rating likelihood and severity of each risk) in order to present visually your Company Impact.



2

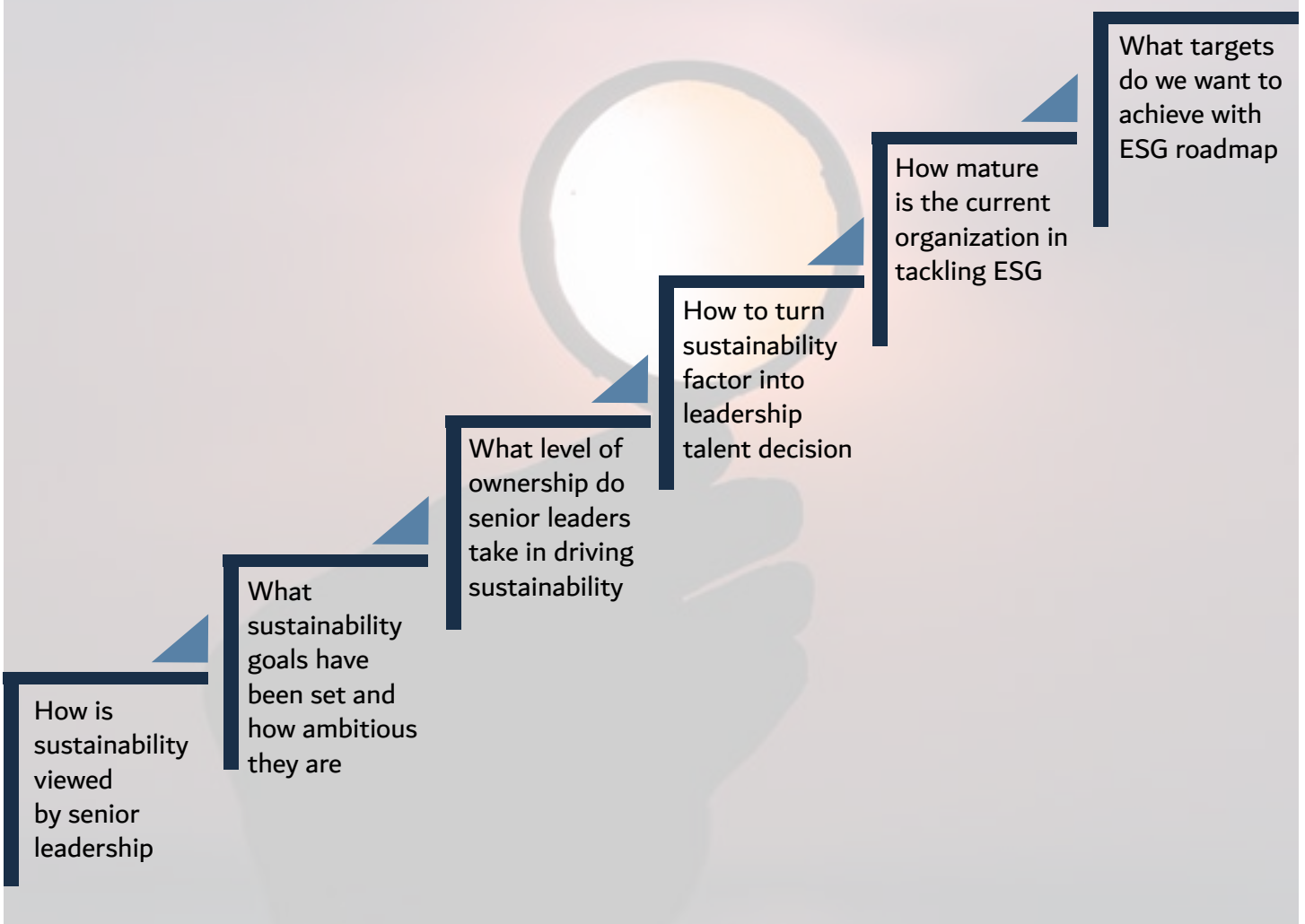
Appoint an ESG Team to Elaborate Your Strategy

Develop through your ESG team, your strategy that outlines your goals and objectives for improving ESG performance and ensure your program will be receiving internal and external support to succeed:

- **Management Committee & Board:** Setup a management committee with cross-functional stakeholders; and implication of Board (or some members).
- **Engage stakeholders:** Get feedback from Stakeholders; Communicate with employees, customers, suppliers, and investors to understand their ESG expectations and concerns.
- **Task Force:** Define clear mandate and sponsor the task force team.
- **Set Objectives & Targets:** Elaborate your vision and goals.

Organize working sessions dedicated to the definitions of your ESG performance, objectives, and set up of your targets.

Define Company Strategy



3

Materiality Assessment & Priority Setup

Integrate ESG into business operations: define your **company's action plan** while conducting inventory and assessing data collection and practices.

Make ESG a part of your company's daily operations, from risk management to capital allocation:

- Your Frameworks : Use frameworks like GRI, SASB...etc, allowing you to track and record key metrics and performance, evaluating goals, updating data and comparing implemented actions.
- Organize your ESG information and data framework to capture, collate to provide a clear picture of the current situation, goals and direction.

The point is to understand and evaluate what is most material to your business. This will allow you to present a **summarized view** of the ESG topics along with their importance and overall relevance, by highlighting which **ESG issues and opportunities** are most likely to affect your business' performance and surrounding communities:

- from a financial perspective ("**impacts inward**" - impacts on the business),
- from an environmental and social perspective ("**impacts outwards**" – the company's impacts on the economy, environment, and people).



Once your strategies and initiatives have been developed, it is time to **put them into action**. This involves implementing ESG practices into all aspects of your company's operations, from supply chain management to product design and marketing.

Gap Analysis

- Work on your “gap analysis” (difference between your current situation and your forecasted plan).
- Set a reasonable approach you can commit to (which initiatives, actions and resources to mobilize).

Phased Plan & Targets

- Prepare a phased plan across your organization (region involved, type of operation and related functions).
- Define timeline for targets.
- Make sure that your plans are specific, measurable, achievable, relevant, and time-bound (SMART).
- Provide guidance on what to disclose and how to organize reporting.

Progress Monitoring

- Identify, where appropriate, priorities for action (communication & strategies).
- Regularly review your ESG practices, updates to be provided, comparison of best practices within the organization.
- Make changes where necessary to ensure continued improvement.



5 Reporting

By incorporating ESG information into your communication strategy, you can demonstrate your company's responsible behavior and effective contribution to sustainable business practices.

Determine communication channels: Setting your communication scope and plan.

Dedicated report (non-financial)

- Report on current and effective policies and program.
- Put the emphasis on the **strategy alignment** with business objectives, highlighting the **progress made** given yearly assessments to monitor implementation stage and improvements/optimization opportunities.
- Prepare **regular internal update** to emphasis on ESG importance and reward your task force efforts to move forward the assigned targets.



6

Communication Chanel

Focus on Social Media, which requires continuous and regular updates.

Overall, social media can play a key role in enhancing your **company's communication and reputation**, and contributing to sustainable development.

ESG reporting and related communication channel will allow you to:

- Reach a **wide and diverse audience** in real-time to share updates, news, and insights related to your ESG initiatives.
- Engage with stakeholders, answer questions, and **receive feedback** on your company's ESG efforts.
- **Showcase** your company's progress towards ESG goals, highlight **best practices** and share stories that demonstrate the impact of your ESG efforts.





ESG Benefits

Toward Security, Inclusion and Resilience of your Business

Sustainability is not only a climate imperative answer with a responsible use of company resources, it is also contributing to a more **secure** and **resilient** business development, through a more transparent and effective management.

Indeed, sustainability initiatives also act as a driver for **innovation** and **competitive advantage** while integrating environmental, social and governance (ESG) values into all dimensions of your business.

Having an ESG program allows stakeholders to step back in order to better apprehend and manage their organization's **impacts on people and on the planet**, and to adapt the way forward accordingly.

Act Responsibly For a Long-term Growth

The act of reporting is a sign of a responsible organization. One that is dedicated to being open and **transparent** with its stakeholders.

Becoming a responsible organization can help:

- Identify and reduce risks,
- Seize new business opportunities.
- Attract and retain talents.



Customers' and Employees' perspectives



Improving Investors' Confidence

- **77%** of investors plan in 2021 to devote considerable time and attention to physical climate risk (vrs 73% in 2020), and
- **79%** to transition risk, when making asset allocation and selection decisions, (Vrs 71% in 2020).

Unlocking Opportunities

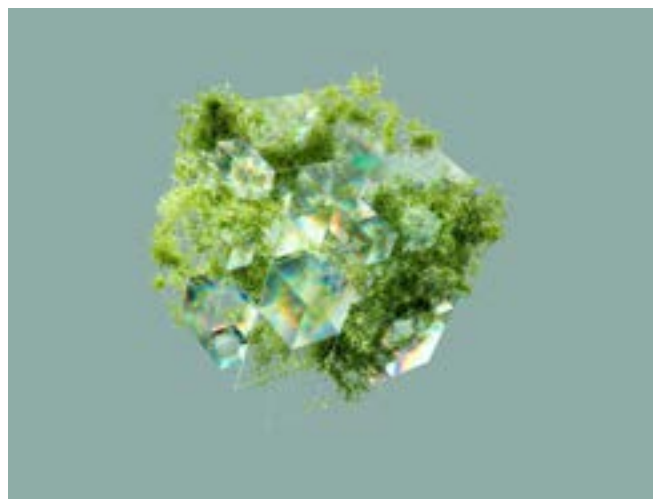
- **92%** of investors reported having made an investment due to anticipated benefit from the green recovery,
- **88%** said they are likely to increasingly target green-focused investment opportunities.

The Strength of Your Sustainability Report

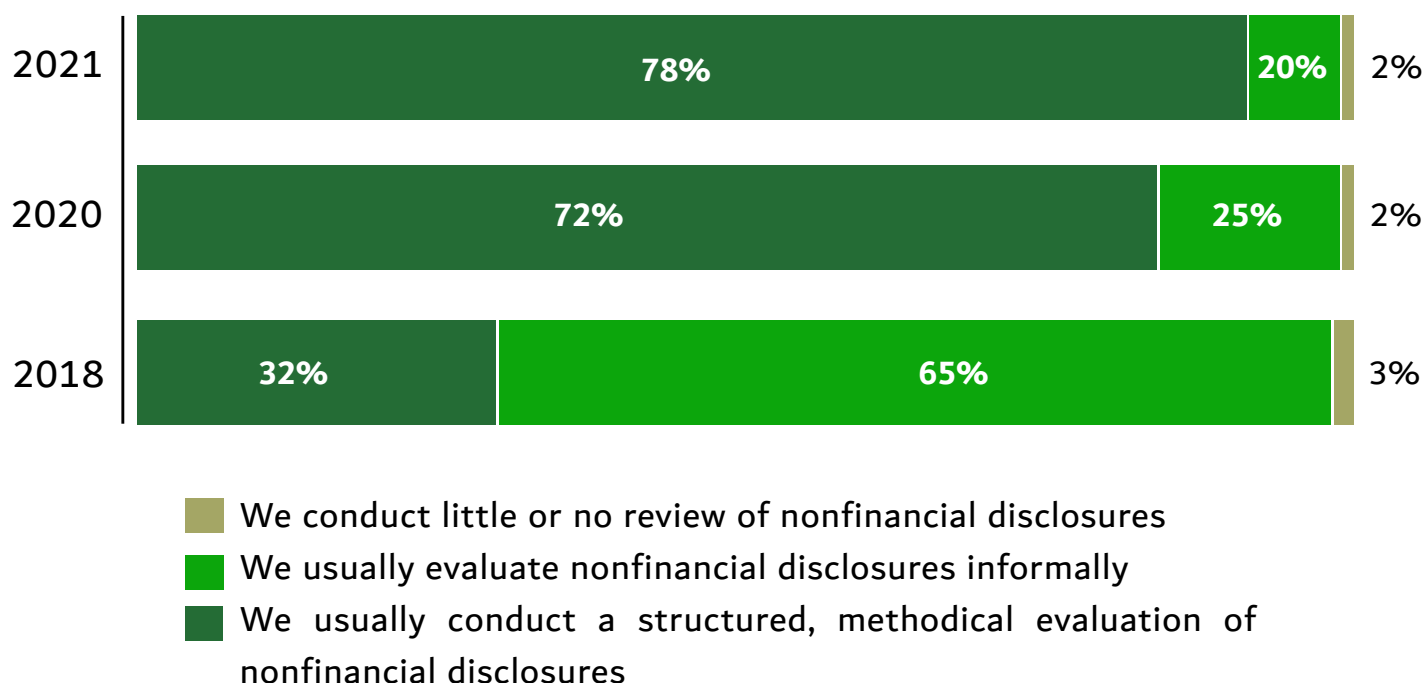
Thanks to their sustainability report, organizations have access to an **accurate and fundamental reference point**. This report identifies their **strengths and weaknesses**, which enables them to adapt at best their sustainable plans, whilst improving their overall performance.

A sustainability report that is **aligned with your company's business strategy and with an effective implementation program**, can benefit your organization. It can give warnings of **trouble spots**, **show up unexpected opportunities**, while informing transparently stakeholders and **investors** on their progress, action plans, goals and news releases.

ESG Reporting is contributing to build **trust and confidence** in your organization's ability to create **lasting positive change**.



According to the lastest EY Survey (2021), **78%** of investors surveyed in 2021 conducted a structured and methodical evaluation based on those ESG disclosures, when just three years ago (2018), only **32%** used such a rigorous approach.



The question was: Which one of the below statements best describes how you and your investment team evaluate nonfinancial disclosures that relate to the environmental and social aspects of a company's performance?

Communication Tool: The Hallmark of a Responsible Organization

ESG has become the hallmark of a well-managed organization.

According to the latest S&P 500 and ESG Reporting (August 2021)

95% of S&P 500 companies had detailed ESG information publicly available.

Of the remaining 5%, most companies published some high-level policy information on their website. Between 2011 and 2018, the number of S&P 500 companies having ESG information publicly available went from 20% to 86%.

ESG metrics and related reporting is a precious tool to evaluate and communicate on companies' **current operating model** and **long-term resiliency** while impacting their operations and management recognizance in various way, such as:

Reputation Management:

Reporting resulting from ESG implementation signals a responsible organization.

One that is dedicated to being open and transparent with its stakeholders, demonstrating its responsible behavior and commitment to sustainable practices.

Increase Stakeholders' & Investors' Trust:

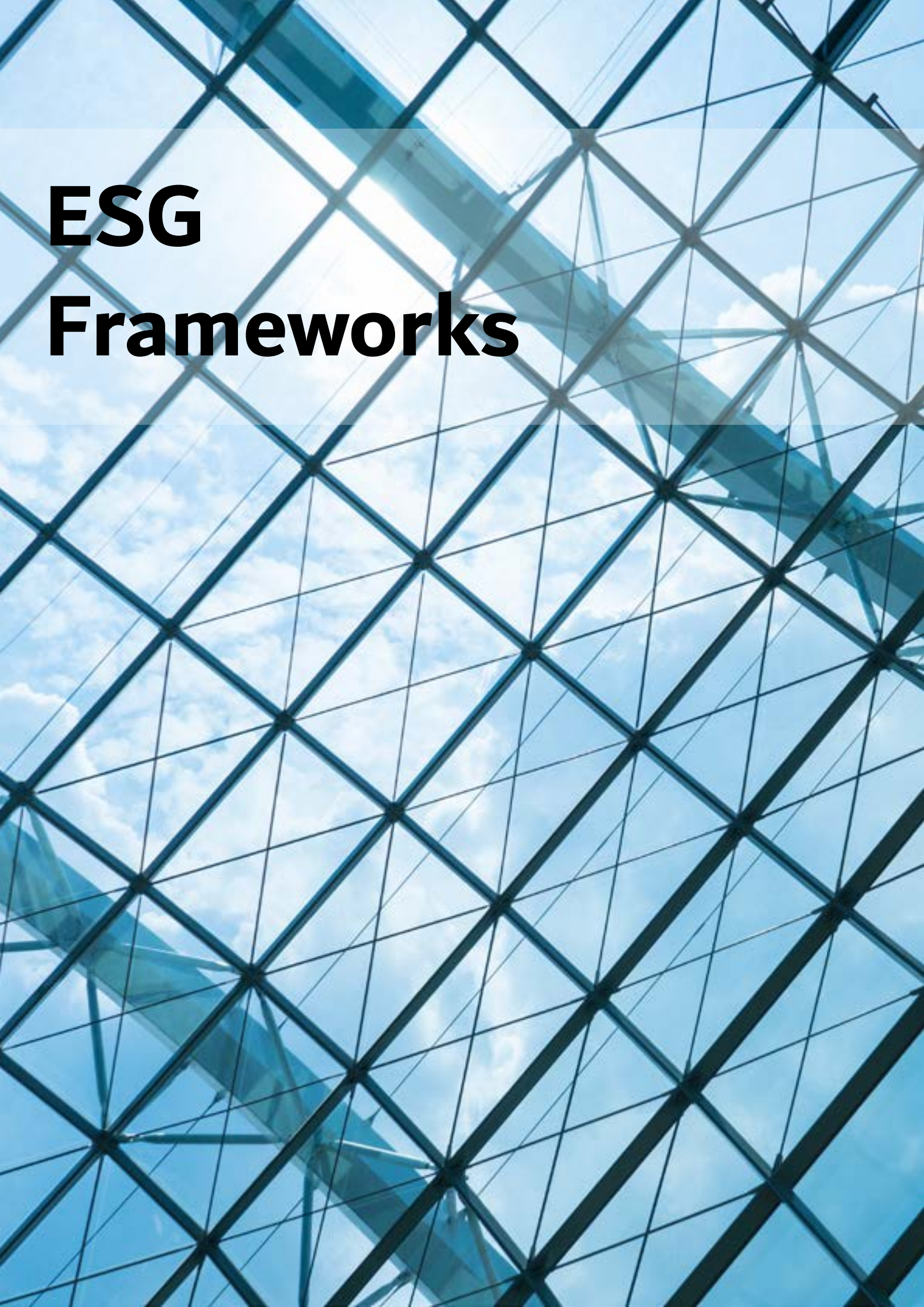
ESG efficient reporting increases investors' confidence, leading to a more stable stock price while leading investors to make informed investment decisions and to engage with companies on ESG issues.

History Differentiation:

Having a well-defined ESG strategy allows companies to control their own narrative internally and externally. Companies differentiate themselves and enhance their brand reputation.

Stakeholders Engagement:

Eventually, ESG information can also be used to engage stakeholders and address their concerns, helping to build long-term relationships.



ESG Frameworks

Various Available Frameworks

ESG disclosures depend on **different factors** among which: company industry, business model, life cycle, current situation, cultural appetite for change, communication with and from stakeholders.

Therefore, there are **various frameworks available** for sustainability reporting divided in three main categories:

- Global Frameworks,
- Industry-Specific Framework, and
- Regional Frameworks.

Companies can choose one or a combination of these frameworks to meet their sustainability reporting and stakeholders expectations.



The Top 10 ESG Frameworks & Rating Agencies

Currently, the most commonly used sustainability reporting frameworks are:

- **GRI**: Global Reporting Initiative - used by a wide range of organizations, including companies, governments, and non-profit organizations;
- **SASB**: Sustainability Accounting Standards Board - Industry-Specific Framework;
- **IR**: Integrated Reporting - dealing with integration of financial and non-financial information;
- **TCFD**: Task Force on Climate-related Financial Disclosures - reporting on financial impacts of climate change;
- **SBTi Science Based Targets initiative** is used for the more scientific approach - collaboration between businesses, NGOs, and international organizations aimed at promoting science-based target setting as a standard for corporate climate action;
- **CDP**: Carbon Disclosure Project – help for the disclosure of environmental impact and sustainability performance: emissions, water usage, deforestation and other environmental impacts;
- **CDSB**: Climate Disclosure Standards Board – is used for greenhouse gas emissions and climate change strategies reporting.



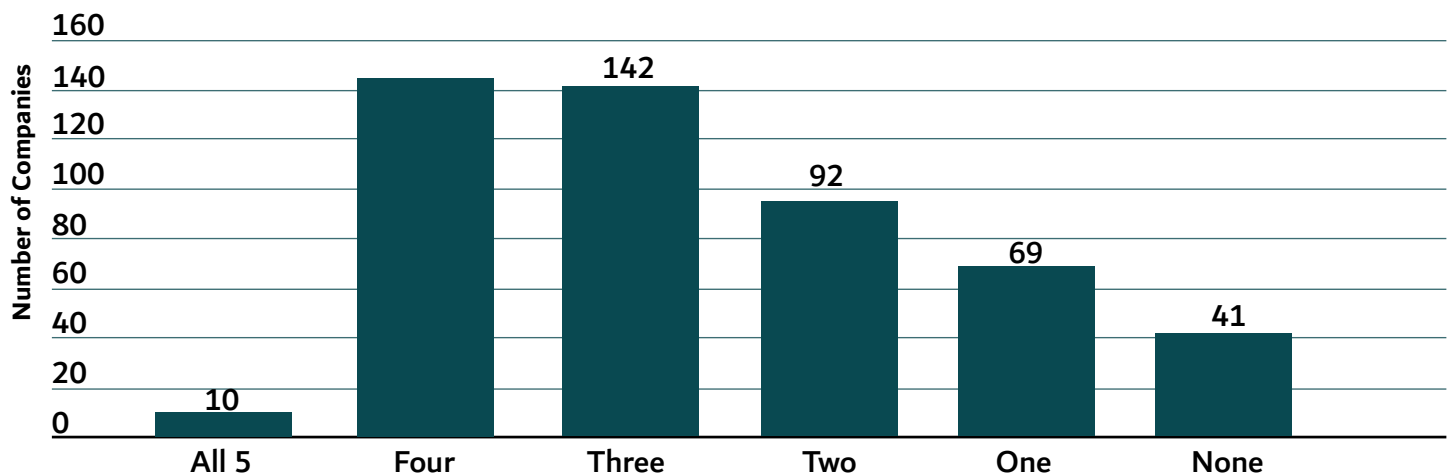
The Top 10 ESG Frameworks & Rating Agencies

From an investor's perspective the below rating agencies are also commonly used:

- **MSCI**: Morgan Stanley Capital International - Leading provider of investment decision support tools;
- **Sustainalytics**: Leading independent provider of ESG research and ratings widely used by investors to make informed investment decisions and to engage with companies on ESG issues;
- **Ecovadis**: leading provider of sustainability ratings for companies. Used by companies, procurement departments to evaluate suppliers and also used by investors

Most S&P 500 companies referenced at least one framework or standard. **A majority referenced multiple frameworks and standards.**

Reporting Standards and Frameworks (GRI, SASB, TCFD, CDP, IR) Breakdown



Global Reporting Initiative - “GRI”

The Global Reporting Initiative “**GRI**” framework is widely recognized as the oldest and leading sustainability reporting framework initiated by the United Nations and is used by organizations **across sectors and around the world**.

The GRI framework provides guidelines and indicators for reporting on a range of sustainability issues that organizations can use to disclose information about their ESG performance.

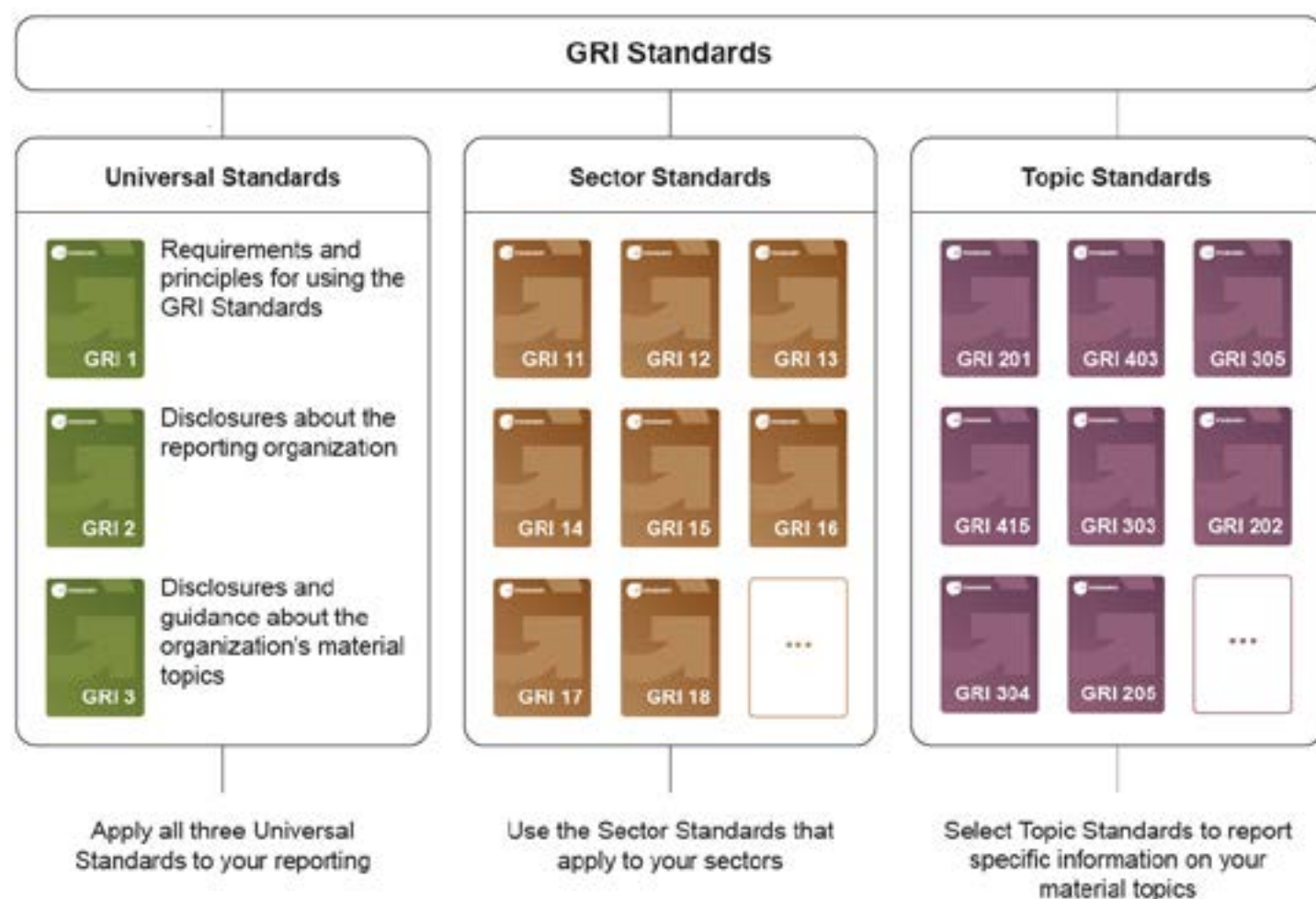
This information can include details about their operations, products and services, supply chain, workforce, human rights, community engagement, and other topics.

The goal of the GRI framework is to **increase transparency, accountability, and public trust** in sustainability reporting.

The Baseline of all Frameworks

GRI standards are common language for organizations and stakeholders with which **their impacts** can be communicated and **understood to public**. It enables **greater transparency and accountability for organizations**.

It provides a balanced and reasonable representation of an organization’s positive and negative contributions toward the goals of Sustainable Development.



Focus on GRI 27 Topics

| | | | |
|-----|-------------|---------------------------------|---|
| 301 | Environment | Materials | E |
| 302 | Environment | Energy | |
| 303 | Environment | Water & Effluents | |
| 304 | Environment | Biodiversity | |
| 305 | Environment | Emissions | |
| 306 | Environment | Waste | |
| 307 | Environment | Environment Compliance | |
| 308 | Environment | Supplier Environment Assessment | |

| | | | |
|-----|--------|--------------------------------------------------|---|
| 401 | Social | Employment | S |
| 402 | Social | Labor/Management Relations | |
| 403 | Social | Occupational Health & Safety | |
| 404 | Social | Training and Education | |
| 405 | Social | Diversity and Equal Opportunity | |
| 406 | Social | Non-Discrimination | |
| 407 | Social | Freedom of Association and Collective Bargaining | |
| 408 | Social | Child Labor | |
| 409 | Social | Forced and Compulsory Labor | |
| 410 | Social | Security Practices | |
| 411 | Social | Rights of Indigenous People | |
| 412 | Social | Human Right Assessments | |
| 413 | Social | Local Communities | |
| 414 | Social | Supplier Social Assessments | |
| 415 | Social | Public Policy | |
| 416 | Social | Customer Health & Safety | |
| 417 | Social | Marketing & Labeling | |
| 418 | Social | Customer Privacy | |
| 419 | Social | Socioeconomic Compliance | |

| | | | |
|-----|----------|---------------------------|---|
| 201 | Economic | Economic Performance | G |
| 202 | Economic | Market Presence | |
| 203 | Economic | Indirect Economic Impact | |
| 204 | Economic | Procurement Practices | |
| 205 | Economic | Anti-Corruption | |
| 206 | Economic | Anti-Competitive Behavior | |
| 207 | Economic | Tax | |

ISSB : New Common Framework Perspectives

Towards setting sustainability standards for global industries.

The International Sustainability Standards Board (**ISSB**) that was founded in November 2021 at COP 26 by the International Financial Reporting Standards (IFRS) Foundation Trustees is currently working on the development of sustainability reporting standards that provide a **common framework** for organizations to report on their ESG impacts.

The standards aim to enhance the quality and comparability of sustainability reporting, thereby helping to drive sustainable business practices, that will leverage the old TCFD, SASB CDSB.

This new ISSB is supposed to utilize the best metrics from these previous frameworks.



According to **EY latest survey dated November 2021**

There was also a **sharp increase in demand for mandatory and standardized reporting:**

- **89%** of investors said that it would be helpful to have regulators mandate reporting of ESG performance against a set of globally consistent standards.
- Compared to only 74% in the prior survey.

Besides, **less than half** of the survey respondents report having a **“high maturity”** approach to analyzing and assessing ESG disclosures and data, while **75%** said that they will be looking to make **significant investments in data management and sophisticated analysis tools**.

European Sustainability Reporting Standard- (“ESRS”)

The Corporate Sustainability Reporting Directive (“**CSRD**”) adopted by the European commission and entered into force on 5 January 2023, in the wake of the EU Green deal, specifies companies subject to the CSRD will have to report according to an harmonized framework named “European Sustainability Reporting Standards” (“**ESRS**”).

The first companies will have to apply the new rules for the first time in the **2024 financial year**, for reports published in 2025 and Companies shall have an audit of the sustainability information that they report.

The draft standards of ESRS currently developed by the European Financial Reporting Advisory Group (“**EFRA**”) is expected to be adopted by the Commission by mid-2023.

CSRD will apply to all EU-based organizations who have two of the below criteria:

- A net turnover of €40m or more
- At least €20m in assets
- 250+ employees

In addition, non-EU companies that have a turnover of above €150 million in the EU will also have to comply.



Conclusion

Companies can use and rely on **environmental, social, and governance factors** brought together, duly prioritized thus translated into **key strategies and goals**, which turned to be a precious tools companies can use to evaluate efficiently their current operating model and long-term resiliency, while contributing to **sustainable business practices** in order to **make a real impact** and be part of the fundamental change in how the global economy is harnessed for the public good.

Your commitment to ESG principles and your support to your company's sustainable program are instrumental in your **future common success**.



Key Takeaways

ESG implementation is leading to better business results but also **benefits to stakeholders, investors, employees and society as a whole.**

Become a **responsible organization** thanks to your sustainable program integrating Environmental, Social and Governance into your operations and decision-making processes.





ENVIRONMENTAL “E” Under the Spotlights

- **Mitigating Risks & Moving Toward Resilient Operation**

- Promoting cleaner production methods,
- Reducing Greenhouse Gas Emissions, wastes, pollution and resource depletion,
- Involving supply chain,
- Increasing revenue while appealing to consumer’s demand for green and safe products.

- **Unlocking Opportunities & Driving Innovation:**

- Seizing new business opportunities,
- Being resources efficient,
- Developing renewable energy while increasing recycling,
- Rethinking business model,
- Developing innovation to discover new market potential.





SOCIAL

The Rise of the “S”

- **Improving Society & Reducing Social Inequalities:**
 - Improving the **quality of life for people and communities**, through empowerments;
 - Granting **equal access** to resources and opportunities.
- **Attracting and Retaining Talents:**
 - Implementing strong social practices;
 - Focusing on fair, **diversity and inclusion** labor practice;
 - Ensuring **equitable opportunities** for all employees and local communities;
 - Improving employee moral while embracing sustainable values.





GOVERNANCE

“G” Last but Not Least



- **Transparency & Improved Reputation:**
 - Enhancing a company's reputation and image;
 - Attracting more customers who prioritize socially responsible investments;
 - Increasing customer loyalty;
 - Fostering positive relationships with stakeholders.
- **Increasing Confidence & Competitive Advantage:**
 - Commitment to sustainability • Provide insights into a company's **long-term financial performance**,
 - Generating better financial outcomes leading to a more stable stock price
 - Increasing its resilience to environmental and social risks.
- **Compliance with Regulations:**
 - Commitment to ESG goals help companies stay compliant with relevant regulations,
 - Reducing the risk of legal and financial consequences.

BIBLIOGRAPHY

- UNITED NATIONS. The Sustainable Development Goals Report 2022; Available at : <https://unstats.un.org/sdgs/report/2022/The-Sustainable-Development-Goals-Report-2022.pdf> ;
- IPCC Sixth Assessment Report Impacts, Adaptation and Vulnerability; Climate Change 2022: Impacts, Adaptation and Vulnerability; Available at : [https://Climate Change 2022: Impacts, Adaptation and Vulnerability | Climate Change 2022: Impacts, Adaptation and Vulnerability \(ipcc.ch\)](https://Climate Change 2022: Impacts, Adaptation and Vulnerability | Climate Change 2022: Impacts, Adaptation and Vulnerability (ipcc.ch));
- Globe Scan Website – 2021 “New Survey Finds Sustainability Experts Remain Pessimistic About Our Ability to Avert Major Damage from Climate Change” October 19, 2021 ; Available at : [https://New Survey Finds Sustainability Experts Remain Pessimistic About Our Ability to Avert Major Damage from Climate Change \(globescan.com\)](https://New Survey Finds Sustainability Experts Remain Pessimistic About Our Ability to Avert Major Damage from Climate Change (globescan.com));
- A man-made climate disaster is close, UN environmental report warns: 20 Mars 2023 ; Available at : [https://A man-made climate disaster is close, UN environmental report warns \(msn.com\)](https://A man-made climate disaster is close, UN environmental report warns (msn.com));
- WorldEnergyOutlook2021 Report; Available at : World Energy Outlook 2021 – Analysis - IEA; United Nations Global Compact Guide to Corporate Sustainability. (2015) Available at : <https://Guide to Corporate Sustainability | UN Global Compact>.
- The 12th United Nations Global Compact- Accenture CEO Study – (Report 2023); Available at : <https://The 12th United Nations Global Compact–Accenture CEO Study | UN Global Compact>;
- United Nations Secretary-General António Guterres – opening remarks at Virtual press encounter to launch the Report on the Socio-economic impacts of COVID -19 (31 March 2020); Available at : <https://Opening remarks at virtual press encounter to launch the Report on the Socio-Economic Impacts of COVID-19 | United Nations Secretary-General>;
- UAE - The NationalNews –Web site : UAE can count on French support for Cop28 success, France’s Economy Minister says; France’s Economy Minister, Mr. Bruno le MAIRE, declarations dated January 31, 2023. Available at : [https://UAE can count on French support for Cop28 success, France’s Economy Minister says \(thenationalnews.com\)](https://UAE can count on French support for Cop28 success, France’s Economy Minister says (thenationalnews.com));
- Corporate sustainability reporting; European Commission web Site ; Available at : [https://Corporate sustainability reporting \(europa.eu\)](https://Corporate sustainability reporting (europa.eu))
- EY Sixth Global Institutional Investor Survey (November 2021) - ; Available at : <https://ey-institutional-investor-survey.pdf>;
- EY Survey 2019;
- S&P 500 and ESG Reporting (August 2021)

IMAGES

AdobeStock, pixabay.com and unsplash.com
ammiel-jr-6LiToB7PWvs-unsplash
ahmed-zayan-28nzltYzCDM-unsplash
alex-vasey-Hj6ZZCQFXRo-unsplash
antoine-giret-7_TSzqJms4w-unsplash
artem-beliaikin-gx3iBnRUekI-unsplash
ben-white-gEKMstKfZ6w-unsplash
claudio-schwarz-k39RGHmLoV8-unsplash
deepmind-s2TPKAD6fag-unsplash
duy-pham-CecbO_8Hx-o-unsplash
frank-mckenna-9sJMyPKIKhw-unsplash
google-deepmind-F5_x20zxLEI-unsplash
jason-goodman-bzqU01v-G54-unsplash
joshua-hibbert-Pn6iimgM-wo-unsplash
joshua-lawson-harris-KRELISHKxTM-unsplash

joshua-sortino-IlvY3z4KVCi-unsplash
krakenimages-376KN_ISpIE-unsplash
krakenimages-Y5bvRlcCx8k-unsplash
mat-napo-6dEyX6VzrnM-unsplash
matt-palmer-zCwDV_Al0mM-unsplash
robert-lukeman-_RBcxo9AU-U-unsplash
robert-lukeman-zNN6ubHmrul-unsplash
rob-potvin-VLWy8LIdzsQ-unsplash
ryoji-iwata-n31JPLu8_Pw-unsplash
seung-hyeon-kim-DGFBSplwrjk-unsplash
shane-rounce-DNkoNXQt3c-unsplash
simon-berger-AiwWrn575c8-unsplash
youssef-naddam-iJ2IG8ckCpA-unsplash
glass globe and shining water surface



CCI FRANCE UAE



Franco-Thai
Chamber of Commerce

หอการค้าฝรั่งเศส-ไทย

