

## What is an ESG policy and why do you need one?

An Environment, Social and Governance (ESG) policy documents your business's consideration of ESG topics and approach to ESG practices. The policy should be built around the three pillars of ESG, and outline the framework you and your colleagues use to conduct business in relation to these topics. It's predominantly an internal tool to help guide decision-making, however some growth stage companies may include it on their website and in marketing materials. It should be a dynamic document, something to continue to build on as your company grows.

If you already have a Diversity, Equality and Inclusion (DEI) and/or Environmental policy, they can be referred to in your ESG policy. Having separate DEI and/or environmental policies enables you to provide more details about specific goals and KPIs, but all can be included in one single ESG policy.

## Drafting your ESG policy

When drafting your policy, you may want to consider the following factors to the extent they are relevant to your business model and activities:

### Environmental

- Your company's carbon footprint and what contributes to it
- Energy consumption in your offices, facilities and data centre usage
- Responsible disposal of hazardous waste
- Sustainable use of resources and materials
- Responsible business travel
- The environmental footprint of your supply chain
- The impact of climate change on your business
- Biodiversity

### Social

- Diversity in your recruitment practices
- Equality and inclusion amongst employees including fair and equal pay, benefits and culture
- Non-discriminatory employment practices and ethical labour practises
- Health and safety
- Preservation of human rights and labour rights in supply chain
- Corporate donations and charitable contributions

### Governance

- Senior management reporting structure
- Employee relations and workplace grievances
- Transparency of reporting
- Data privacy and security
- Codes of Conduct

# Example Template

## **Introduction / ESG Statement:**

*Define why ESG is important to your company and how it relates to your overall mission and vision.*

## **Purpose / Scope of policy:**

*Describe the objective of the policy and whom and what it affects. For example, the policy outlines your commitment to ESG and serves as a guide for employees, suppliers and other stakeholders as relevant.*

## **1. Environment**

### 1.1. Impact on the environment

*How do your operations impact the environment and what measures do you have in place to reduce their impact?*

### 1.2. Climate change impact on your business

*How might climate change affect your business operations in future and what can you do to mitigate it? (i.e regulatory changes, rising energy and water costs, water scarcity)*

### 1.3. KPIs

*Have you set specific targets? With what long-term outcomes?*

## **2. Social**

### 2.1. Diversity and Inclusion:

*What initiatives do you have in place to foster diversity, equality and inclusion in your company?  
How do you measure and monitor progress?*

### 2.2. Compensation and Benefits:

*What are your policies for fair pay? How do you measure it? What benefits do you have in place that encourage employee wellbeing?*

### 2.3. Culture, Engagement and Growth:

*How do you make sure your culture is reflected in the behaviours of your team? Do you measure employee engagement? How do you promote a culture of learning and development with your employees?*

### 2.4. Health and Safety:

*What practices have you put in place to guarantee Health and Safety? How do you monitor it?*

### 2.5. Human & Labour Rights:

*Do you have policies for suppliers around human rights and labour issues? Do you screen your suppliers or customers?*

#### 2.6. External ecosystem engagement

*How can your company have a positive impact on its ecosystem through donations, favouring local suppliers, training and mentoring? How do you measure the impact?*

#### 2.7. KPIs

*Have you set specific targets? With what long-term outcomes?*

### **3. Governance**

#### 3.1. Corporate Governance:

*How do you maintain good governance? Do you promote board independence and diversity? How do you comply with relevant laws and regulations?*

#### 3.2. Reporting and Disclosure:

*Do you report on your ESG performance? How do you ensure transparency in your reporting and disclosures?*

#### 3.3. Ethics:

*Do you have a code of ethics/ code of conduct that defines expected behaviours, balances and systems in your workplace and regulations against unlawful discrimination and harassment. What behaviours are unique to your business which you would like to promote?*

#### 3.4. Data Privacy and Security

*What type of data do you collect and what action do you take to keep it private and secure?*

#### **Policy approval:**

*How will your ESG policy be guided? Do you have a governing body in place (Sustainability Committee, Sustainability Working Group, appointed board member) to oversee the goals and monitor progress and results? How often do you intend to review and update the policy?*