




















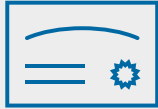
ESG Starter Kit

Training Guide v1.0

Environment, Social and Governance

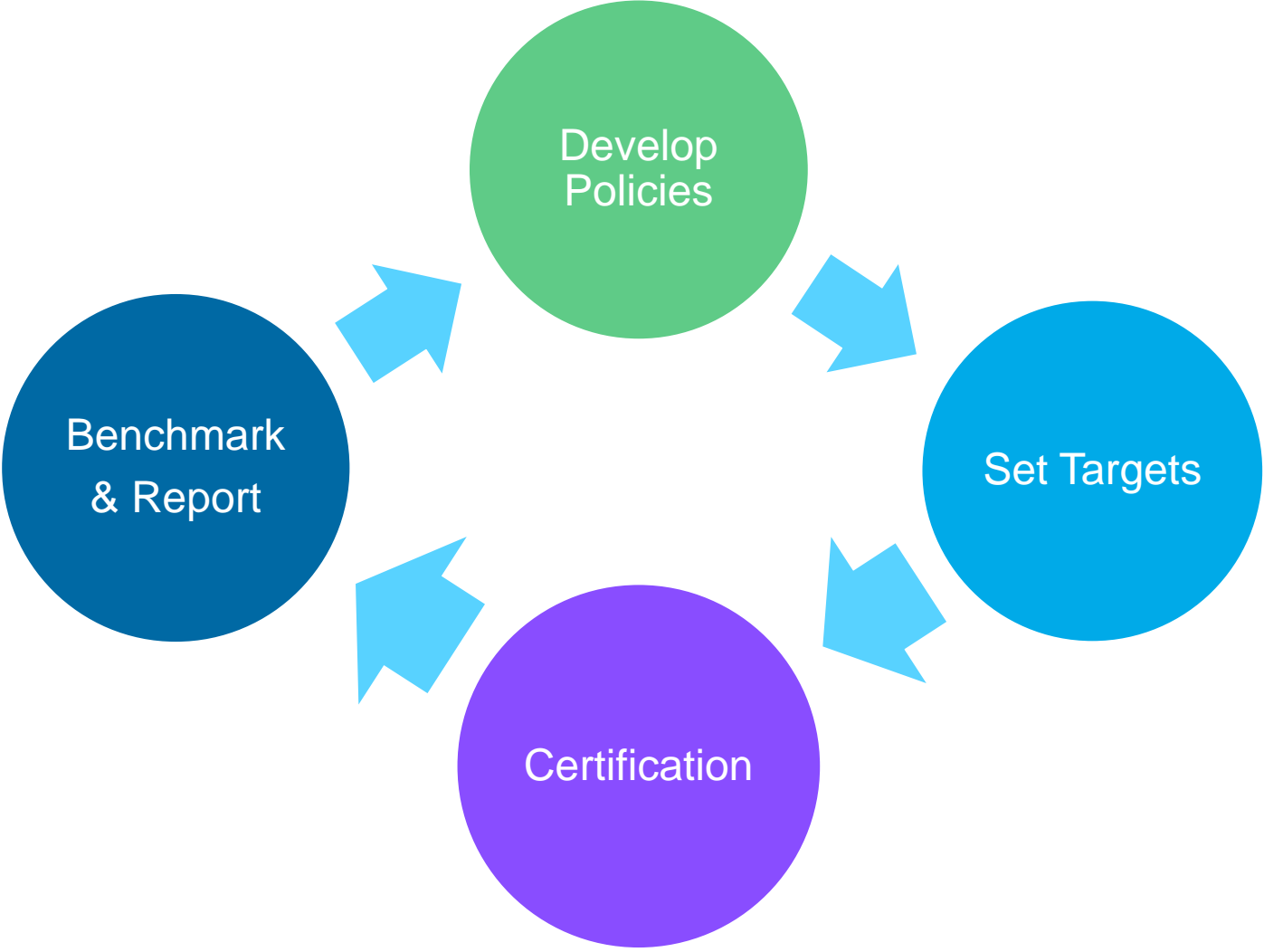
Environment	Social	Governance
 Climate change	 Labor management	 Business ethics and anti-corruption
 Energy management	 Health & safety	 Data security and privacy
 Water management	 Human rights, diversity and ant-harassment	 Corporate governance
 Waste management	 Skill development and lifelong learning	 Board diversity
 Opportunities in clean tech		 Executive pay  Anti-competitive practices  Supply chain management

Components of an ESG Program

 Policies	 Targets	 Benchmark & Reporting	 Certification
<ul style="list-style-type: none">• Code of Conduct and anti-corruption policies• Information security and data privacy• Labor, human rights, discrimination and anti-harassment, and health and safety• Sustainability, and environment	<ul style="list-style-type: none">• Set targets for:<ul style="list-style-type: none">• Emissions, energy usage, renewable energy, water, etc.• Diversity hiring and workforce	<ul style="list-style-type: none">• Benchmark your performance against the industry leaders.• Report to ESG rating platforms such as the Carbon Disclosure Project (CDP) and/or EcoVadis• Report your ESG progress using standards such as GRI and/or SASB	<ul style="list-style-type: none">• Certification ensures that you adhere to international standards.• Sample certifications:<ul style="list-style-type: none">• ISO 27001• ISO 22301• ISO 14001• ISO 45001• ISO 50001

Note: Policies should be backed by mandatory training for all employees.

ESG Process Flow Diagram



Start-up Checklist

Energy and emissions management	Policies
<ul style="list-style-type: none"><input checked="" type="checkbox"/> Invest in renewable energy <input checked="" type="checkbox"/> Carry out an emissions inventory to identify relevant emissions <input checked="" type="checkbox"/> Explore use of hybrid and electric vehicles	<ul style="list-style-type: none"><input checked="" type="checkbox"/> Code of Conduct and anti-bribery policy<input checked="" type="checkbox"/> Equal Employment Opportunity Policy<input checked="" type="checkbox"/> Harassment Free Workplace Policy<input checked="" type="checkbox"/> Human Rights Policy<input checked="" type="checkbox"/> Health and Safety Policy<input checked="" type="checkbox"/> Information Security and Data Privacy policies<input checked="" type="checkbox"/> Business Continuity Policy<input checked="" type="checkbox"/> Environmental Responsibility Policy

Environment



Environment: What to Track

What to track



Emissions



Energy



Water



Waste

How to track

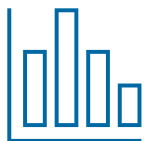


Set short, medium and long term targets.

With sufficient maturity, consider a Science Based Target/net-zero target.



Certification and verification (audits)



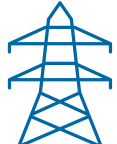




Monitor and benchmark performance against peers and industry leaders



Transparent and regular reporting

Emissions Categories

<p>Scope 1</p>	<p>Direct GHG emissions from sources that are owned or controlled by the company, For example, emissions from generators, company-owned vehicles, etc.</p>	 <p>Diesel generators</p>  <p>Company-owned vehicles</p>
<p>Scope 2</p>	<p>GHG emissions from purchased electricity consumed by the company. Scope 2 emissions can be categorized as location-based and market-based.</p>	 <p>Purchased electricity</p>
<p>Scope 3</p>	<p>All other indirect emissions that occur in a company's value chain. Examples of Scope 3 are business travel, employee commute, and from purchased goods and services.</p>	 <p>Business travel and employee commute</p>  <p>Goods and services</p>

Reporting Standards:

- [GHG Protocol](#)
- [ISO 14064-1:2018 Standard](#)

Emission Factors

- [Sri Lanka Energy Balance](#)
- [Defra](#)
- [Environmental Protection Agency \(EPA\)](#)

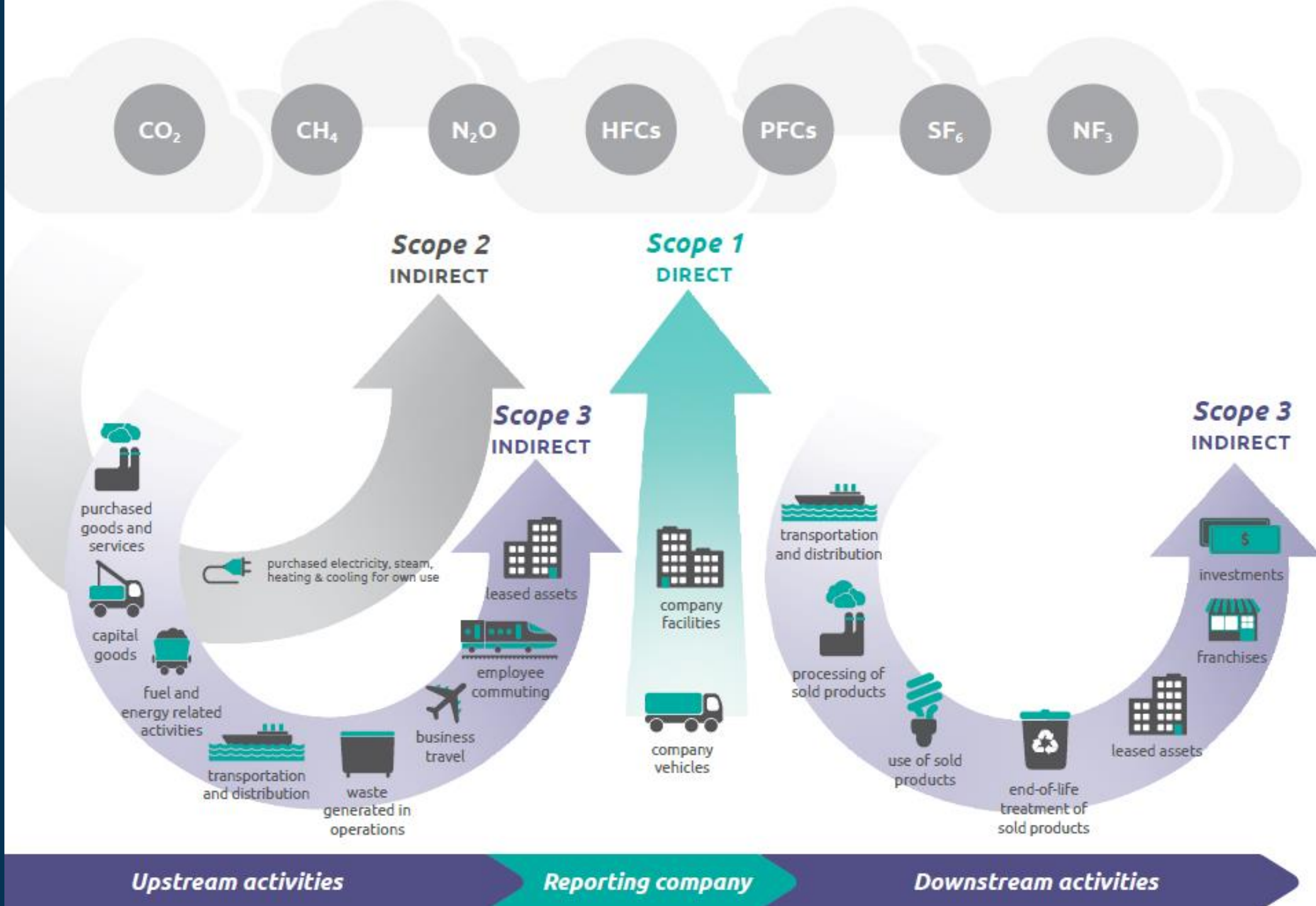
Location based and Market based emissions

Location based method : Uses average local/ national grid emission factor which provides the electricity to the company

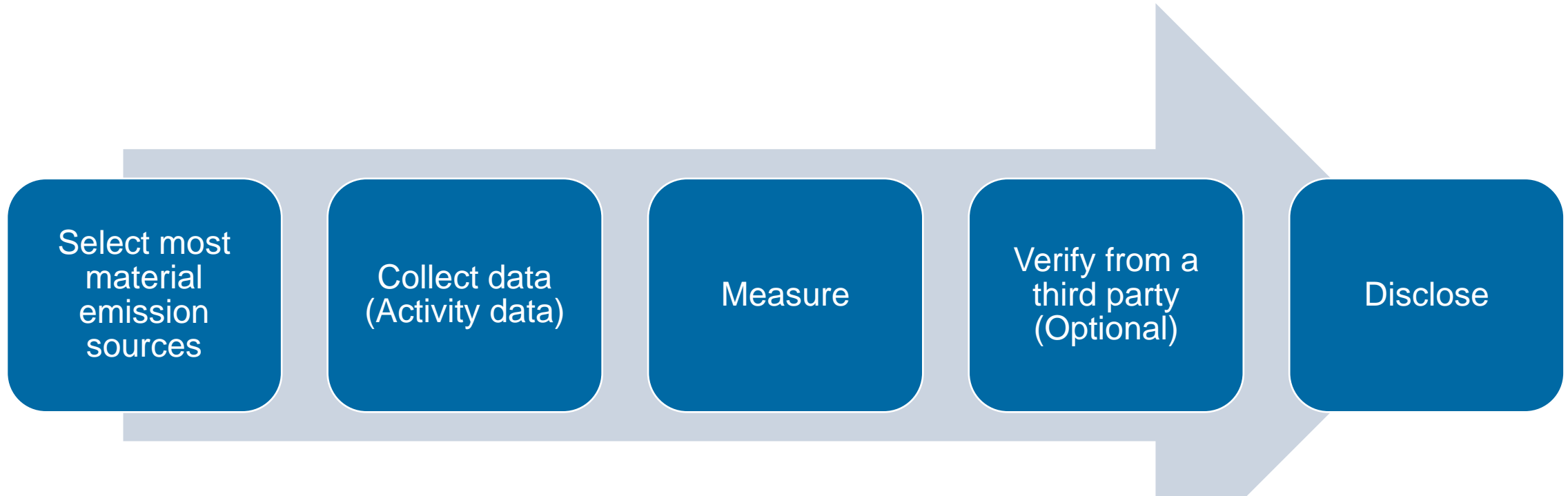
Market-based method: Uses the supplier specific emission factor where the company will be purchasing the electricity.

Scopes and emissions across the value chain

Source: Greenhouse Gas Protocol - Corporate Value Chain (Scope 3) Accounting and Reporting Standard



Emissions: Calculation Process



$$\text{Activity data} \times \text{Emission factors/Conversion factors} = \text{GHG emissions}$$

Sample Calculations

Scope	Emission category	Sample Calculation methods	References
Scope 1	Company-Owned vehicles	Emissions = Distance travelled * vehicle specific emission factor	Corporate Standard Greenhouse gas reporting: conversion factors-DEFRA
	Stationary Combustion	Emissions = Fuel consumed * Emission factor of the fuel	GHG protocol Calculation Tools: GHG Emissions from Stationary Combustion
Scope 2	Electricity Consumption	Emissions = units of energy consumed* Location-based or Market-based emission factor	Scope 2 Guidance Corporate Standard
Scope 3	Air Travel	Emissions = Total distance travelled for each seating class x Emission factor for flight type (Note: Flight type can be domestic, short haul or long haul)	Scope 3 Calculation Guidance Air travel Distance: Great Circle Mapper Greenhouse gas reporting: conversion factors-DEFRA
	Capital Goods	Emissions = Annual Spend * Emission factors of Capital good	Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting and greenhouse gas reporting
	Road Travel	Emissions = Distance travelled * vehicle specific emission factor	Scope 3 Calculation Guidance

Energy Management Strategies



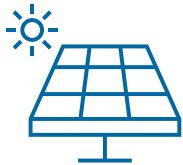
Energy efficient lighting



Behavioral changes such as limiting lighting and A/C to core operational hours



HVAC improvements



Renewable energy



IT-based solutions: Cloud and virtualization and code reuse

Tip:

You can easily start measuring your emissions from energy consumption by using your monthly electricity bill to calculate emissions.

Water Management Strategies

What to track



- [Measure your water footprint](#)
- [Analyze your location specific water stress](#)

How to manage



Have water saving features such as sensor taps



Recycle and reuse water



Invest in rainwater harvesting

Water footprint

The water footprint of a business is defined as the total volume of freshwater that is used directly or indirectly to run and support the business.

See more: [Water footprint assessment manual](#)

Water stress

Find out if you operate in areas of water stress to understand how your water use impacts the environment.

See how to: [Aqueduct Water Risk Atlas](#)

Waste Management Strategies

How to manage



- Reduce: Eliminate waste as much as possible. E.g., use online forms instead of paper forms, use double sided printing, etc.



- Reuse: Where possible reuse waste.



- Recycle:

- Segregate waste



- E-waste is considered hazardous waste, so it needs to be disposed carefully. Hand over e-waste to a certified recycling vendor. **Ensure that you adhere to laws/regulations on e-waste management.**

Scheduled Waste Management Licensing by CEA

As per the regulations under Part II of the National Environmental (Protection & Quality) Regulations No 01 of 2008 anyone involved in handling Scheduled Waste specified in the Schedule VIII of the regulation should obtain a Scheduled Waste Management Licensing from the Central Environmental Authority.

This includes generating, collecting, transporting, and storing e-waste.

See more [CEA- Scheduled Waste Management Licensing](#)

Social



Social: Material Topics

Human Rights, Diversity and Ant-Harassment



- Formulate policies on:
 - Human Rights
 - Discrimination and Harassment Free Workplace
 - Equal Employment Opportunity



- Enable a culture of diversity, equality, and inclusion (DEI)



- Reporting mechanisms and other grievance handling mechanisms supported by confidentiality and non-retaliation



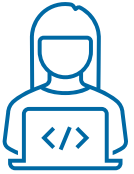
- Mechanisms for tracking complaints and reporting

Standards and Principles

- SA 8000 Guidance
- Equality Act 2010 (UK)
- United Nations Convention on the Rights of Persons with Disabilities (UNCPRD)
- UN Guiding Principles on Business and Human Rights (UNGPs)

Social: Material Topics

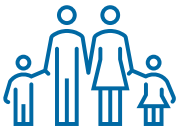
Labor management



- Work conditions



- Employee engagement



- Work/life balance, flexible work time, dependent care leave and benefits



- Life-long learning

Health and Safety



- Health and Safety Policy
- Health and safety committee (management + employees)



- Carry out risk assessments and document processes and persons to manage risks



- Adequate safety equipment and signage
- Monitor and report incidents and hazards.



- Monitor noise, lighting, air quality and temperature levels.



- If possible, seek certification such as ISO 45001:2018

Note: There is overlap between health & safety and business continuity, so see the Business Continuity section for full details.

Governance



Governance: Material Topics

Ethics & Anti-corruption



- Formulate policies on:



Code of Conduct



Policies on anti-bribery and corruption in-line with legal requirements



- Training



- Reporting mechanisms and whistleblower mechanism, if possible



- Non-retaliation policy
- Mechanisms for tracking complaints and reporting

Information & Data security



- Policies and procedures on information and data security



- Employee awareness and training



- Certification such as ISO 27001



- Adherence to legal requirements such as General Data Protection Regulations (GDPR)

Business Continuity

Managing risks to business continuity



- Conduct assessments for risks that may impact business continuity and formulate plans to deal with incidents and interruptions to business



- If possible, obtain training for employees on aspects such as first aid, fire safety, and ERT training.



- Test emergency preparedness plans and have regular exercises such as fire drills.



- Ensure that emergency services are able to access your facilities without obstruction in the event of an emergency.



- If possible, obtain certification such as ISO 22301:2012

Cross-functional effort

While business continuity can be handled by a single team, it spans several functional areas such as facilities operations, IT infrastructure, etc. so all relevant teams need to be involved in the assessments and plans.

Supply Chain Management

Supply chain management



- Implement policies such as Supplier Guidelines that set out expectations from suppliers on ESG.



- Include ESG evaluations in your procurement process through questionnaires/surveys.



- Conduct audits and inspections where possible



- Engage with suppliers to reduce your ESG impacts, for example, reducing environmental impact of business travel.

Why manage your supply chain

- Reduce regulatory risks as some countries have mandatory reporting around supply chain issues. For example, the Modern Slavery Act reporting requirements in the UK.
- Policies to reduce risks from human rights abuses such as child labor and human trafficking. For example, child labor issues in cobalt supply chains for lithium-ion batteries.
- Reduce impacts to supply chain from environmental risks such as natural disasters and climate change.

External Engagement



Reporting Standards



The Task Force on Climate-related Financial Disclosures (TCFD) recommends that both companies and investors disclose climate change information.

The disclosure recommendations are structured around four thematic areas that represent core elements of how companies operate: governance, strategy, risk management, and metrics and targets.

<https://www.fsb-tcf.org/>



The Global Reporting Initiative (GRI) Standards are a modular system of interconnected standards that allow organizations to publicly report the impacts of their activities in a structured way that is transparent to stakeholders and other interested parties.

GRI Standards has 31 topics. From which organizations can select the material topics to them.

<https://www.globalreporting.org/>



Sustainability Accounting Standards Board (SASB) Standards are designed for communication by companies to investors about how sustainability issues impact long-term enterprise value.

The SASB Communications “Software & Information Technology (IT) Services standard is applicable for software services companies. This has 6 categories with a total of 16 indicators.

<https://www.sasb.org/>

ESG Reporting Platforms and Associations

ESG Rating Schemes



[Carbon Disclosure Project \(CDP\)](#)



[EcoVadis](#)

External Initiatives



[UN Global Compact](#)

10 UN Global Compact Principles	
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

SUSTAINABLE DEVELOPMENT GOALS



[UN Sustainable Development Goals](#)