



ACCP Executive Network

ESG: What You Need to Know in 2023

January 17, 2023



Agenda

January Topic:

ESG: What You Need to Know in 2023

Welcome & Opening

10 Minutes - Lacey Gaitan, ACCP

Peer Presentation and Q&A

25 Minutes - The Uplift Agency

Facilitated Dialogue

20 Minutes - Group

Closing

5 Minutes - Lacey Gaitan, ACCP



Today's Team



Jerome Tennille
Director of Social Impact & ESG



Corinne Graper
CEO & Founder



Deon Glaser
VP of Sustainability & ESG



ESG

Environmental

- Air and Water Pollution
- Energy Efficiency
- Climate Change
- Biodiversity and Deforestation
- Recycling and Waste Management
- Product R&D



Your real and potential impacts on the planet (both negative and positive)

Social

- Supply Chain Responsibility
- Labor Standards
- Community Impact
- Human Rights
- Diversity, Equity, Inclusion and Belonging
- Equitable R&D



Your impact on employees, customers, communities and people within your supply chain

Governance

- CSR Strategy & Reporting
- Business Ethics and Compliance
- Investment and Tax Strategy
- Public Policy Engagement
- Shareholder Rights
- Board and Leadership Diversity



How you govern and run your business to mitigate and manage environmental and social risks



Why ESG Matters Now More Than Ever

Stakeholder expectations across the board are changing and ESG is no longer an ask, but a demand. It's not just governments or regulators; it's your customers, business partners, and your talent.



Employees

79% consider ESG when deciding where to work; **95%** believe business decisions should benefit all stakeholders.



Consumers

90% would switch brands to one that's associated with a good cause, given similar price & quality.



Investors

Investors care about ESG factors because they can have a material impact on a company's long-term **financial performance**.



Governments

Environmental and Human Rights **regulations are increasing** in number and scope by governments.



ESG Continues to Make Headlines

Cosmetics giant Sephora settles customer data privacy lawsuit

Economy Aug 24, 2022 7:47 PM EST

Dozens of companies with 'net-zero' goals just got called out for greenwashing

Great-sounding promises don't always have sustainable outcomes.

BY SARA KILEY WATSON | PUBLISHED FEB 7, 2022 5:00 PM



Global standards body takes aim at company 'greenwashing' claims

Coke Needs to Confront China's Human Rights Abuses Ahead of the Beijing Olympics

BLOG, HUMAN RIGHTS, LAW

JANUARY 18, 2022 / BY MICHAEL POSNER



An ESG Reckoning Is Coming



Business & Human Rights Resource Centre

8 Feb 2022

More than 100 companies and investors call for effective EU corporate accountability legislation

Lidl, Zara's owner Inditex, H&M, Next accused of paying Bangladesh garment suppliers less than production cost

ARAB NEWS



Areas of Focus in 2023

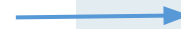
1. Regulatory Reporting Requirements

- EU transition from NFRD to CSRD
- US SEC Climate-Related Disclosure proposal



2. Double Materiality Assessments

- Assess and document both inward and outward impacts



3. Corporate ESG Governance

- How are ESG decisions made & who is making them & how they get implemented



4. Green Hushing

- Focus on action “walking the talk,” slower to publicize large commitments



Key Action Item(s):

1. *Data collection & integrity, leveraging reports beyond disclosure to drive strategy, comms, tender forms*
2. *Robust stakeholder engagement, data collection & documentation*
3. *Executive training, change management & comms, decision making & accountability metrics*
4. *Strategy over story, ESG comms expertise, executive mindset shift*



Areas of Focus in 2023

5. External Assurance

- Required & voluntary third-party data & claim validation



6. Meaningful Emissions Reduction Targets

- Aligning emissions-reduction goals with Paris Agreement and building a plan to get there



7. Moving Beyond Emissions

- Prioritize material, water, waste, biodiversity and other environmental impacts



Key Action Item(s):

5. *External review and assessment of ESG data, robust documentation*
6. *Science-based targets, data collection through Scope 3, training and incentivizing suppliers to reduce emissions*
7. *Identify material topics, prioritize areas of high impact, collect data & track progress, chemicals of concern review*



Areas of Focus in 2023

- 8. Increased Focus on Supply Chain:** Greater pressure to balance quality & cost with human rights and environmental impacts and make tradeoffs
- Shift to guilty until proven innocent
 - Requires greater visibility & data into full value chains
 - Proactive partnership with procurement

Key Action Item(s):

- **8. Regulatory landscape analysis**
- *Integrate human rights criteria into supplier selection*
 - *Create a human rights policy & code of conduct*
 - *Conduct HRDD & remediation*
 - *Support communities where you source (social + sourcing)*
 - *Advocate for legislation in your industry*
 - *Integrate human rights and environmental metrics into you executive education & performance mechanisms*



Areas of Focus in 2023

- 9. Participatory CSR:** With society's increased expectation of applying equity (shared value) across all aspects of programming, companies need to rethink traditional mechanisms of CSR (like corporate philanthropy)

→ 9. *Apply all-stakeholder centric approach to CSR programming (i.e. employee volunteering, grant-making, customer engagement)*
- 10. Social Impact Integration With Environmental, DEI, Responsible Sourcing & Public Policy Work:** Finding nexus between traditional CSR and social impact functions and other business objectives

→ 10. *Position CSR as a value-add or solution to supplement work across environmental, human rights and DEI*
- 11. Effective Communication:** Build awareness, educate leaders and employees, get the necessary buy-in while recruiting champions to drive purpose-driven work. Greater focus on Awareness, Understanding, Alignment and Action.

→ 11. *Applying change management and communications to sustainable business change.*



ESG Maturity Discussion

Advanced: ESG at the core of business, enterprise-wide integration, ambitious data-driven goals, robust infrastructure, industry-leading thought leadership

Integrated: Informed strategy and goals, KPIs, basic governance and accountability infrastructure, dedicated resources, robust reporting and comms, regulatory compliance

Early Stage: Siloed efforts, partial data, limited resources, basic strategy, no governance infrastructure, no public commitments, small-scale comms and mini reports

Compliant: Basic understanding, minimal policies, “checking the box”, prioritizes how issues impact company, no strategy

Pre-compliant: Short-term view, lack of regulatory understanding or compliance

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