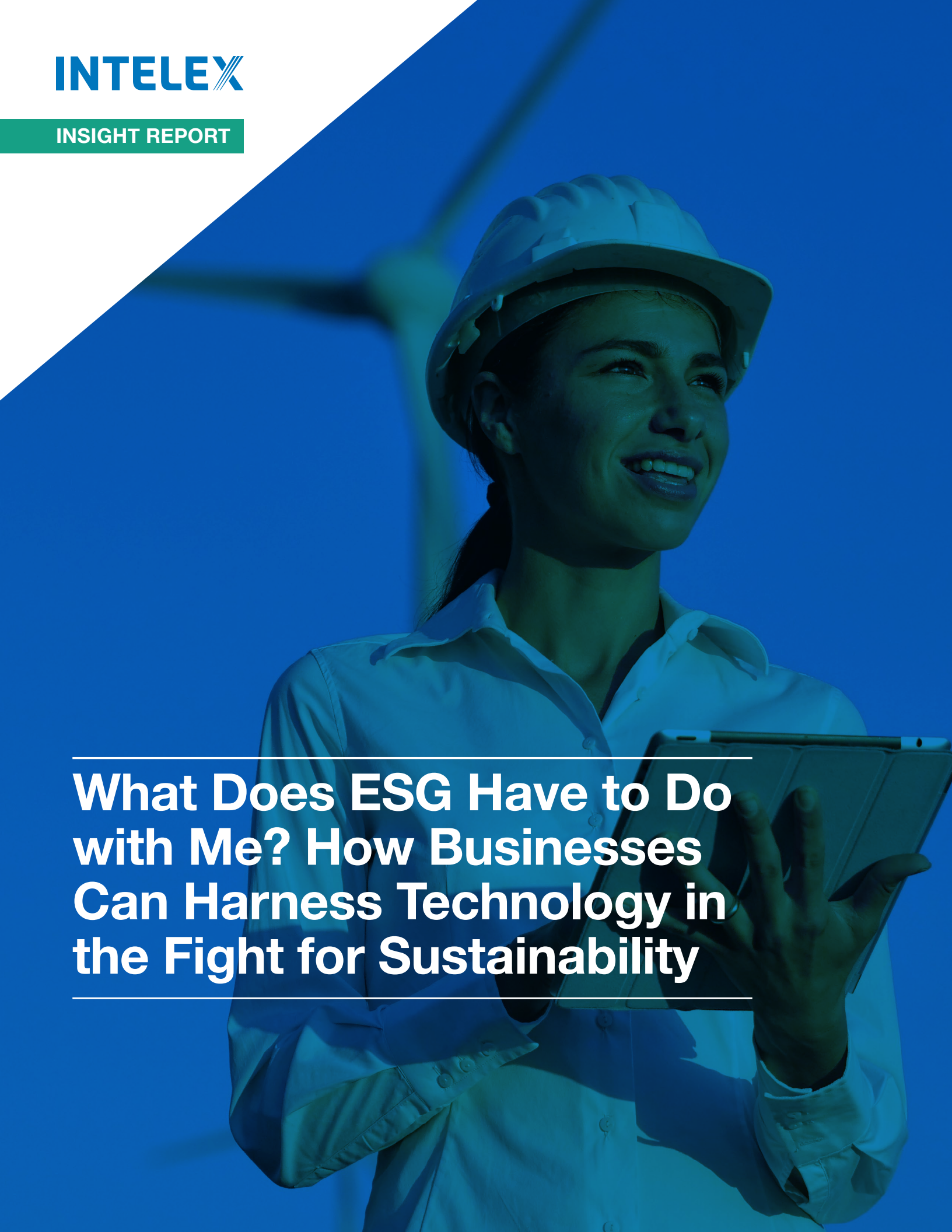

What Does ESG Have to Do with Me? How Businesses Can Harness Technology in the Fight for Sustainability





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What does ESG have to do with me?

Have you ever wondered what the term ESG really means? Are you in an industry that doesn't focus on climate change? Does that make you think that ESG is irrelevant to you? If you have these questions or more, then you are not alone.

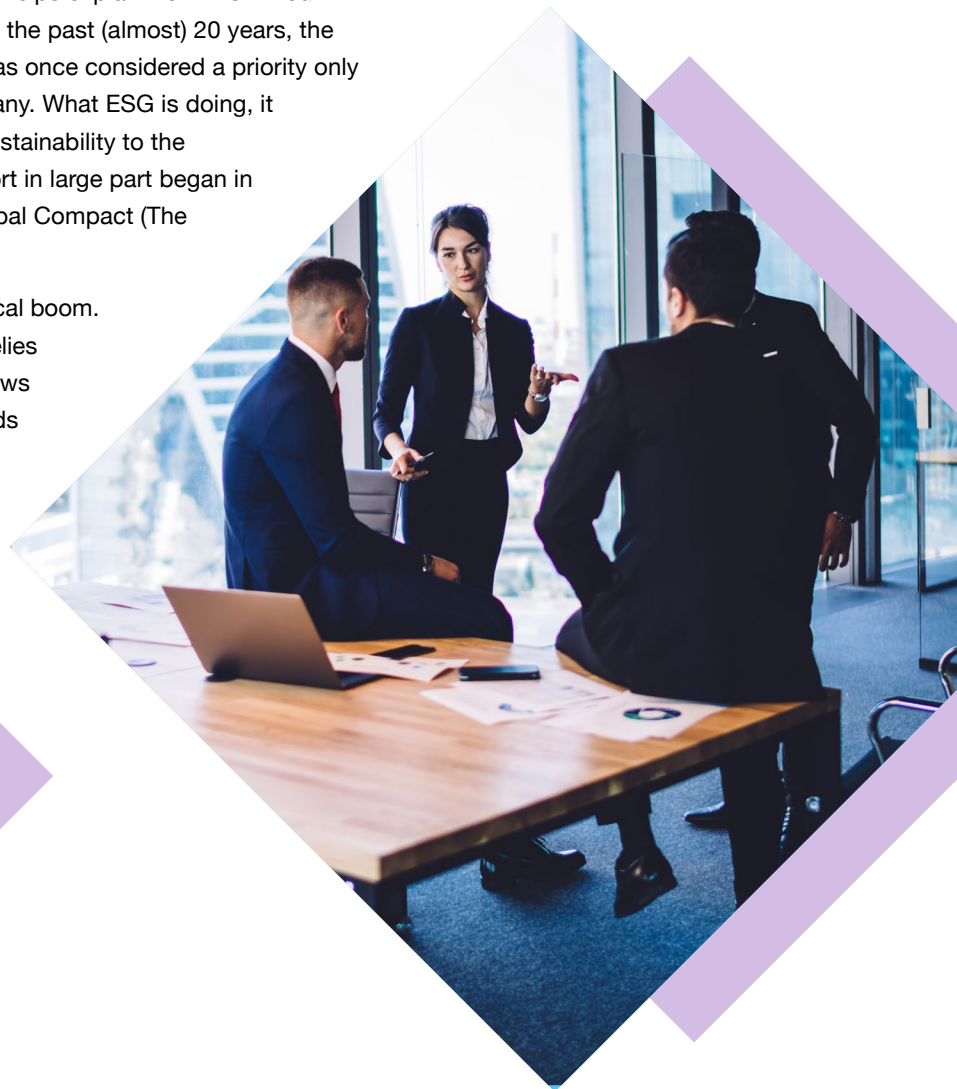
ESG is an acronym that stands for Environmental, Social and Governance. While the term doesn't immediately conjure up images of the financial market or corporate reporting, it is intricately linked with these practices. While everyone seems to be talking about ESG today, the concept has its origin in the requirements for investor companies to consider these elements as material for financial decision making.

Unlike ESG, the term *sustainability* really speaks to environmental professionals. At the core of that term is the desire to create a world that will sustain itself as well as the human species. However, sustainability is simply one piece of the ESG puzzle. You do not have to be strictly considered a green company to be touched by ESG. Environment is just one part of the picture. Every company has social issues to contend with, along with corporate governance responsibilities.

In a [Forbes article](#) from 2018 by Georg Kell, the interesting background for how ESG came about provides the history behind the term and helps explain how it is linked with the financial market. It is fascinating to think that over the past (almost) 20 years, the financial market has taken such an interest in what was once considered a priority only for environmentalists. Yet ESG is still an enigma to many. What ESG is doing, it becomes clear from reading this article, is bringing sustainability to the mainstream from an investment perspective. This effort in large part began in 2004 with the report "[Who Cares Wins](#)" from The Global Compact (The GC Report).

In addition, ESG is coming of age during a technological boom. Anyone who has used projectors in school and now relies heavily on screen sharing during remote meetings knows that technology is advancing at a rapid pace. This leads us to the question of how technology can help companies achieve ESG goals. But, before we discuss this aspect, we should explore the concept of ESG.

“What ESG is doing is bringing sustainability to the mainstream from an investment perspective.”



Breaking down ESG

In this section, we break down the distinct terms of ESG. We also explain what current technology is available for tracking performance and providing metrics for investors. Exhibit 6 of The GC Report is a great starting place to understand what *environmental, social and corporate governance* mean.

ENVIRONMENTAL

What comes to mind almost immediately when companies think about the environment is climate change and greenhouse gas emissions (GHGs). However, in order to understand what this term means within the context of ESG, we need to look at Exhibit 6 of The GC Report, [The Ten Principles of the UN Global Compact](#) and the [Sustainable Development Goals \(SDGs\)](#) from the UN Global Compact.

To start with, Exhibit 6 of The GC Report lists the following considerations:

- Climate change.
- Reduction of toxic releases and waste.
- New regulations pertaining to products and services.
- Pressure by society that creates reputational risk regarding performance, transparency and accountability.
- Markets of the future.

In addition, when reviewing the Ten Principles of the UN Global Compact, Principles 7-9 relate to the environment specifically. These principles espouse that companies' approach to the environment should be precautionary, proactive, responsible and forward-thinking such that they encourage and embrace environmentally friendly technology. These principles encompass an overall approach that is both risk averse in the attempt to prevent harm and also realistic in the understanding that harm may need to be mitigated by use of technology.

The SDGs elaborate on these principles by breaking them into 17 distinct corporate goals. Note that some of the goals bridge different parts of ESG.

Three examples of environmental goals are:

- Goal 15: Life on Land. Corporations who adopt this goal will focus on halting biodiversity by protecting terrestrial ecosystems, managing forest land and protecting desert biomes.
- Goal 13: Climate Action. Corporations who adopt this goal will focus on combating climate change in forms such as reducing emissions of greenhouse gases (GHGs).
- Goal 14: Life Below Water. Corporations who adopt this goal will focus on protecting the ocean and marine ecosystems.

Thus, when looked at holistically, one can come up with an idea that *environmental*, in this context, means that a corporation understands its impact on the planet and, instead of shying away from ambitious goals, incorporates precautionary, proactive workflows into daily operations that align with the SDGs.

SOCIAL

The word *social* inherently makes one think of people. Exhibit 6 of The GC Report lists the following considerations:

- Health and safety.
- Human rights.
- Relationships with the community.
- Government and community relationships when working in developing countries.
- Pressure by society and reputational risk as it relates to performance, transparency and accountability.

Looking more deeply, the *Labour* principles—Principles 3-6—reinforce the meaning of social in this context. These principles explain that corporations should allow employees to engage in collective bargaining and freedom of association, companies should eliminate forced labor and child labor and companies should eliminate discrimination in the workplace.

The SDGs incorporate goals that relate to social aspects and principles. Three examples include the following:

- Goal 8: Decent Work and Economic Growth aims to promote sustainable productivity and technology innovation with the goal of decent work for all people by 2030.
- Goal 5: Gender Equality is meant to provide equality and empowerment for women (and arguably the LGBTQA community).
- Goal 3: Good Health and Well-being for persons of all ages to reduce inequality and support sustainable development.

GOVERNANCE

Governance in this context relates to how one manages a corporation. Exhibit 6 of The GC Report lists the following considerations:

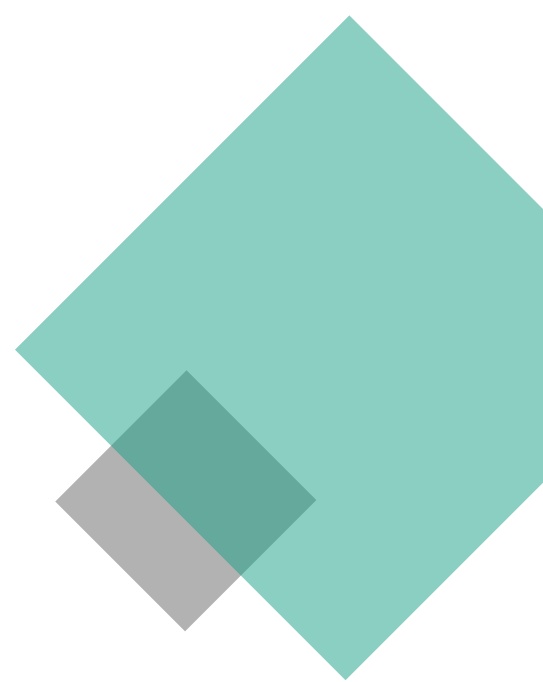
- Structure of the Board.
- Structure and independence of auditors.
- Compensation of executives.
- Accounting and disclosures.
- How the company handles corruption and bribery.

Of the ten principles, Principles 1, 2 and 10 speak to governance, namely that corporations should support and respect human rights (and make sure not to contribute to the problem) and should fight corruption of all kinds, specifically bribery and extortion.

Three SDGs that relate to governance are the following:

- Goal 16: Peace, Justice and Strong Institutions promotes inclusiveness both in terms of sustainable development and access to justice.
- Goal 10: Reduced Inequalities strives to find global solutions in income inequalities.
- Goal 1: No Poverty promotes an end to global poverty.

Governance SDGs promote making the world beyond corporate walls a better place. It is therefore reasonable to interpret corporate governance to mean responsibility for good governance both within the corporation itself and as a corporate global citizen.



The Role of Technology

The days of tracking processes in Excel spreadsheets are over. Corporations that are at the forefront of ESG need online, real-time software to help manage compliance obligations and beyond. From an investor standpoint, recordkeeping would likely be an important component of demonstrating that ESG goals are being met.

Now that the terms of ESG are better defined, one might wonder what technological tools are available to ensure that a corporation is, indeed, incorporating ESG into daily workflows. Below is a quick summary of tools that are available.

ENVIRONMENTAL

EHS Software allows for the accurate reporting of GHGs, the generation of compliance reports and the ability to keep track of product waste from generation to disposition. The Intelix [Assets and Compliance Tracking System \(ACTS\)](#) is a web-based environmental management information system (EMIS) used for collecting data on a variety of environmental mediums including air, water and waste. Intelix's [Sustainability Performance Indicators \(SPI\)](#) application is a tool that you can access through Intelix's main software platform to collect, track, manage, analyze and report sustainability parameters across your global organization. Both product lines are excellent reporting tools for core compliance tasks such as greenhouse gas reporting, the Global Reporting Initiative (GRI) and the CDP framework.

SOCIAL

The social element of ESG requires organizations to consider the safety and well-being of both their workers and the communities of which they are a part. An occupational health and safety management system (OHSMS) is critical for collecting data from leading and lagging indicators to prevent worker injury and for encouraging strong safety culture across the organization. [Intelix EHS and safety software](#) is a cloud-based solution that allows safety practitioners to analyze trends, make data-driven decisions and meet safety goals to help ensure every worker has a workplace in which they can thrive and contribute. Applications for [behavior-based safety \(BBS\)](#) further support this goal by promoting employee engagement and fostering a positive and proactive safety culture.

“Corporations that are at the forefront of ESG need online, real-time software to help manage compliance obligations and beyond.”



GOVERNANCE

Technology can also assist in the effort to become a better corporate citizen. Keeping adequate records using technology for items such as accounting and board meetings is just a start. To meet these obligations, a [document management system](#) that allows organizations to centralize and standardize critical documents in an automated workflow is crucial. Corporations should think broadly about how to use technology and even third-party tools to manage corporate governance. Governance in this context also means giving back to the local community. Goal 17 specifically mentions the role of partnerships. Partnerships are key to reaching out to remote parts of the community. They allow corporations to leverage strengths that the corporation itself does not have, particularly in relation to technology. Thus, corporations should think broadly about what technology is needed to achieve good governance and should seek out help and collaboration where necessary.

Conclusion

ESG strives to be the complete picture of sustainability, not just the climate change angle. Corporations should be aware of the financial component not elaborated on in this particular report: the interest from investors, and their critique, of a company's ESG portfolio.

The first step, however, is to understand what ESG is. Then, a corporation must take a look at its unique business model to see which ESG goals make sense to adopt.

Technology can be a great tool for proving out different hypotheses: Did an ESG goal make sense in this context? Did the company actually achieve the goal? Did it exceed the goal? The exciting thing is that once one understands what ESG is, the sky really is the limit. The SDGs allow for broad interpretation. Instead of being prescriptive, ESG opens up the world of sustainability to every business sector. Indeed, ESG does have a lot to do with you: you have employees and you work in a local community (perhaps many). You just have to see how it fits with your overall corporate mission.

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About the Author

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Jessica Sarnowski is an established thought leader who specializes in translating complex regulatory developments into compelling stories that reach a wide audience of EHS professionals. Jessica worked for Intellex Technologies, where she served as the global compliance content lead and then as a senior manager, Strategic Alliances. She has over 10 years of environmental policy and law experience, most recently as the senior content marketing manager for Enhesa. In the public sector, Sarnowski created educational trainings for the legal community as the director of professional education for the Environmental Law Institute and she also completed an Oak Ridge Institute for Science and Education (ORISE) Fellowship with the U.S. Environmental Protection Agency. Sarnowski received her Juris Doctor from Vermont Law School and Master of Laws degree in Environmental Law from The George Washington University Law School. She is currently working as an independent consultant and [can be reached through LinkedIn](#).

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Free Demo:

If you would like a demonstration of our software solution, please [click here](#). This includes a product tour and a conversation with our software experts.

Pricing Information:

If you would like to receive a custom quote or pricing-related information, please [click here](#). This includes the total business value that our software will provide, projected ROI, financial benefits via a “hard dollar” analysis and total business benefits via a “soft dollar” analysis.

