Sustainability - the future

Integrating Environmental, Social & Governance ‘ESG’ factors correlates with sustained growth

“ESG factors go to the heart of a business and its operations.”
Siobhan Cleary, ESG specialist

ESG is an acronym for “Environmental, Social and Governance” and it involves incorporating the differing factors into business models, financial analysis, and fund flow considerations. From C-suite level to bankers and employees, the world is rooting for sustainability to create long-term value through ESG integration.

Social and investor sentiment shifts have already had concrete implications on the global financial system, factoring ESG metrics into the economic value and pricing of certain goods and services.

Why should businesses embrace ESG as the “future”

Doing well and doing good are intertwined. Gone are the days where businesses solely focus on bottom line performance as nowadays firms are adopting the triple bottom line approach which is; people, planet, and profit as this has proved to unlock sustainability for firms. Why then should more businesses climb aboard?

A values approach model is the new competitive advantage: Companies that depict interest in any of the ESG factors attract motivated and skilled workforces that desire to work for something greater than themselves. Alignment of personal and company values which are implemented in daily work has been proved to boost productivity in the office.

Increasing market for sustainable goods: A wider group of consumers globally are eager to adjust lifestyles to reduce the negative impact of habits in the environment. Sustainable products are no longer “trendy” but are a new lifestyle as consumers demand eco-friendly products and services. Therefore, organizations that execute sustainable practices are more likely to gain market share sourced from consumer, supplier, and government advocates.

Sustainability manages risk: The integration of ESG permits the facilitation of compliance in creating a less volatile environment with relevant stakeholders such as the government or any regulatory body in respective industries. Companies with an element of longevity in their operations are rewarded with investor faith that often results in better access to credit market and reinvestments, which encourages sustainable long-term growth.

Nowadays, firms are adopting the triple bottom line approach which is people, planet, and profit, as this has proved to unlock sustainability for firms.

What you need to know regarding carbon emissions categories

Developed by the Greenhouse Gas Protocol in 2001, the three scopes of emissions are compulsory for reporting in the United Kingdom and soon for the African continent. These are essential for organizations to explain how they are mitigating greenhouse gases in the environment that are contributed either directly or indirectly. Here is what you need to know about Scope 1, 2 and 3 emissions.

Scope 1 emissions

Covers direct emissions of Green House Gases (GHG) by the company for example from company owned assets.

Scope 2 emissions

Includes indirect emissions such as heating and/or cooling office premises that produce GHG.

Scope 3 emissions

This category also involves indirect emissions emanating from customers using company's products, supplier inputs and other players throughout the business value chain.

These categorical scopes of emissions are intended to allow companies to be more accountable and influence the type of suppliers to contract with given the incorporation of sustainable practices. Continuous customer awareness of issues pertaining to ESG should be advocated by organizations to ensure it keeps clientele conscious of GHG emissions, their effects and mitigants that can be applied at both organization and customer levels.

Overall, businesses ought to be ready with ESG policies, practices, management plans and ESG performance indicators to align with stakeholder expectations, as well as upcoming regulations before it is too late.

How we can help

Are you looking to enhance the visibility of ESG related opportunities as well as risks? Our services are designed to ensure that social value and sustainability efforts are targeted and can support accelerated business growth across all industries with our well-versed network. We offer the following ESG services:

- Gap analysis/ materiality assessment
- ESG strategy
- Benchmarking and analysis
- Sustainability reports and Integrated Reports (IR)
- ESG audits

Key contacts

Arindam Ghosh
Director and Head of Advisory Services
T (+267) 3707 116
E arindam.ghosh@bw.gt.com

Thato Sedirwa
Senior Manager (Transaction Advisory Services) – Advisory Services
T (+267) 3707 145
E thato.sedirwa@bw.gt.com

Refilwe Tsalaile
Executive (Transaction Advisory Services) – Advisory Services
T (+267) 3707 144
E refilwe.tsalaile@bw.gt.com

info@bw.gt.com

www.grantthornton.co.bw

Grant Thornton Botswana

@GrantThorntonBW

Private Business Growth Awards

+267 76 622 304
(Latest insight publications)

Grant Thornton