SPRINGER NATURE
Sustainable Development Goals Series

Connecting the Goals

Developing Sustainability in Organizations

A Values-Based Approach

Marco Tavanti

palgrave macmillan

Chapter 7: EESG Organizational Sustainability Management

Abstract Ch. 7

This chapter reviews and expands on the ESG framework, a frequently used approach for sustainability management. It provides case studies for crucial and emerging organizational practices for sustainability related factors. It makes a case for an approach that integrates economic and financial performances to environmental, social, and governance (EESG). It explains how the ESG and EESG strategic frameworks are crucial for a more integrated and balanced assessment of the organizational objectives and activities in relation to sustainability. Many commitments to social and environmental performance such as carbon footprint are integrated with participatory and inclusive governance practices such as workplace culture and commitment to diversity and inclusion. Although not standardized, the ESG framework, becomes increasingly important for socially responsible investors who want to invest in companies that have a high ESG rating or score.

Keywords Ch. 7

ESG Framework; Economic Factor; Carbon Credits; Community-Driven Development; Good Governance

> *"Business is a vital partner in achieving the Sustainable Development Goals. Companies can contribute through their core activities, and we ask companies everywhere to assess their impact, set ambitious goals and communicate transparently about the results."*
>
> - Ban Ki-moon, Former United Nations Secretary-General

About the ESG Framework for Sustainability Management

ESG (Environmental, Social, and Governance) is an approach to sustainability management. ESG refers to a set of criteria that investors use to evaluate a company's performance on environmental, social, and governance issues. However, in recent years, the ESG approach has also been adopted by companies themselves as a way to manage their sustainability impacts. For instance, McKinsey (2023) is one of the many organizations that build capacity for better integrating ESG management for creating sustainable, inclusive growth and increasing financial, societal, and environmental impact while ensuring long-term competitiveness. This is achieved by benchmarking, strategy development, initiative design, program execution, investor and external communications, and reporting. They use data-driven and proprietary solutions to support clients throughout their ESG journey and combine expertise in what drives value and impact within sectors with social expertise across ESG dimensions such as sustainability, net-zero, culture and talent, diversity, equity, and inclusion, economic development, public health, education, and future of work. The focus is on creating value and impact while managing risks and opportunities, setting measurable goals, and building capabilities that broaden impact.

Specifically, ESG factors are used to evaluate a company's performance in the areas of environmental sustainability, social responsibility, and corporate governance and for identifying the following objectives:

1. **Identifying Risks and Opportunities:** ESG factors can help organizations identify the risks and opportunities associated with environmental, social, and governance issues. By assessing their performance in these areas, companies can identify potential risks that could impact their operations, and identify opportunities for improvement and growth.

2. **Improving Corporate Governance:** ESG factors can help organizations improve their corporate governance by promoting transparency, accountability, and ethical behavior. This can help companies build trust with stakeholders and reduce the risk of negative impacts on the environment and society.

3. **Reducing Environmental Impact:** ESG factors can help organizations reduce their environmental impact by identifying areas where they can improve their energy efficiency, reduce waste and emissions, and adopt more sustainable business practices.

4. **Enhancing Social Responsibility**: ESG factors can help organizations enhance their social responsibility by promoting fair labor practices, respecting human rights, and contributing to the development of local communities.

5. **Attracting Investment:** ESG factors are increasingly important to investors who are looking for companies that are committed to sustainable business practices. By focusing on ESG factors, organizations can improve their reputation and attract investment from socially responsible investors.

The use of ESG factors in organizational sustainability management can help companies achieve their sustainability goals, reduce risk, and enhance their reputation as responsible corporate citizens. They can also be very useful to organizations that want to identify and manage risks and opportunities related to environmental, social, and governance issues. In other words, ESG can be seen as a more comprehensive approach to sustainability management, as it recognizes that sustainability issues go beyond just environmental concerns. By taking a broader view of sustainability, companies can identify areas where they can make a positive impact and develop strategies to address potential risks.

It's worth noting that there is some debate about the effectiveness of ESG as an approach to sustainability management. Proponents of ESG argue that it can be a useful tool for promoting sustainability and responsible business practices. On the other hand, some critics argue that the ESG approach can be superficial and fail to address deeper structural issues within companies and the broader economic system. Here are some of the known limits of using ESG factors in organizational sustainability management.

1. **Lack of Standardization:** There is no standardized way of measuring ESG factors, which means that companies may use different methods to evaluate their performance in these areas. This can make it difficult to compare companies and assess their ESG performance.

2. **Data Availability**: There may be a lack of reliable and consistent data on ESG factors, which can make it difficult for companies to accurately evaluate their performance and make informed decisions.

3. **Subjectivity:** ESG factors are often based on subjective criteria, which means that different stakeholders may have different opinions on what constitutes good or bad performance in these areas. This can make it challenging for companies to develop an ESG strategy that satisfies all their stakeholders.

4. **Time Horizon**: ESG factors may focus on long-term sustainability issues, such as climate change or social justice, which can be difficult to address in the short-term. This can make it challenging for companies to balance short-term and long-term objectives.

5. **Limited Scope:** ESG factors may not cover all relevant sustainability issues, such as supply chain management or product design. This can limit the effectiveness of ESG strategies in addressing broader sustainability challenges.

While ESG factors can be a useful tool for organizational sustainability management, it is important to recognize their limitations and use them in conjunction with other tools and strategies to effectively address sustainability challenges. More evidently, the lack of integration of economic and financial measures is one of the major limitations of traditional ESG (only environmental, social, and governance factors) frameworks. ESG frameworks traditionally focus on non-financial measures of sustainability, such as environmental and social impact, but often fail to incorporate and effectively integrate financial performance and economic factors into their assessments. This can limit the effectiveness of ESG strategies in creating sustainable value for companies and investors.

The EESG Framework as an Integrated Approach

To address this limitation, a new framework called EESG (Economic with Environmental, Social, and Governance) has emerged. EESG takes a more integrated approach to sustainability by incorporating economic and financial factors into the assessment of environmental, social, and governance risks and opportunities. By doing so, EESG aims to provide a more comprehensive assessment of a company's sustainability performance, and to create more sustainable value for companies and investors. According to Bini and Bellucci (2019), the traditional sequential approach to sustainability reporting using ESG as an additive approach that separates environmental, social, and economic issues that can be overcome with an integrated approach. This new approach will enable companies to effectively communicate their commitment to sustainability and demonstrate how environmental, social and governance issues truly have a role and impact on their operations.

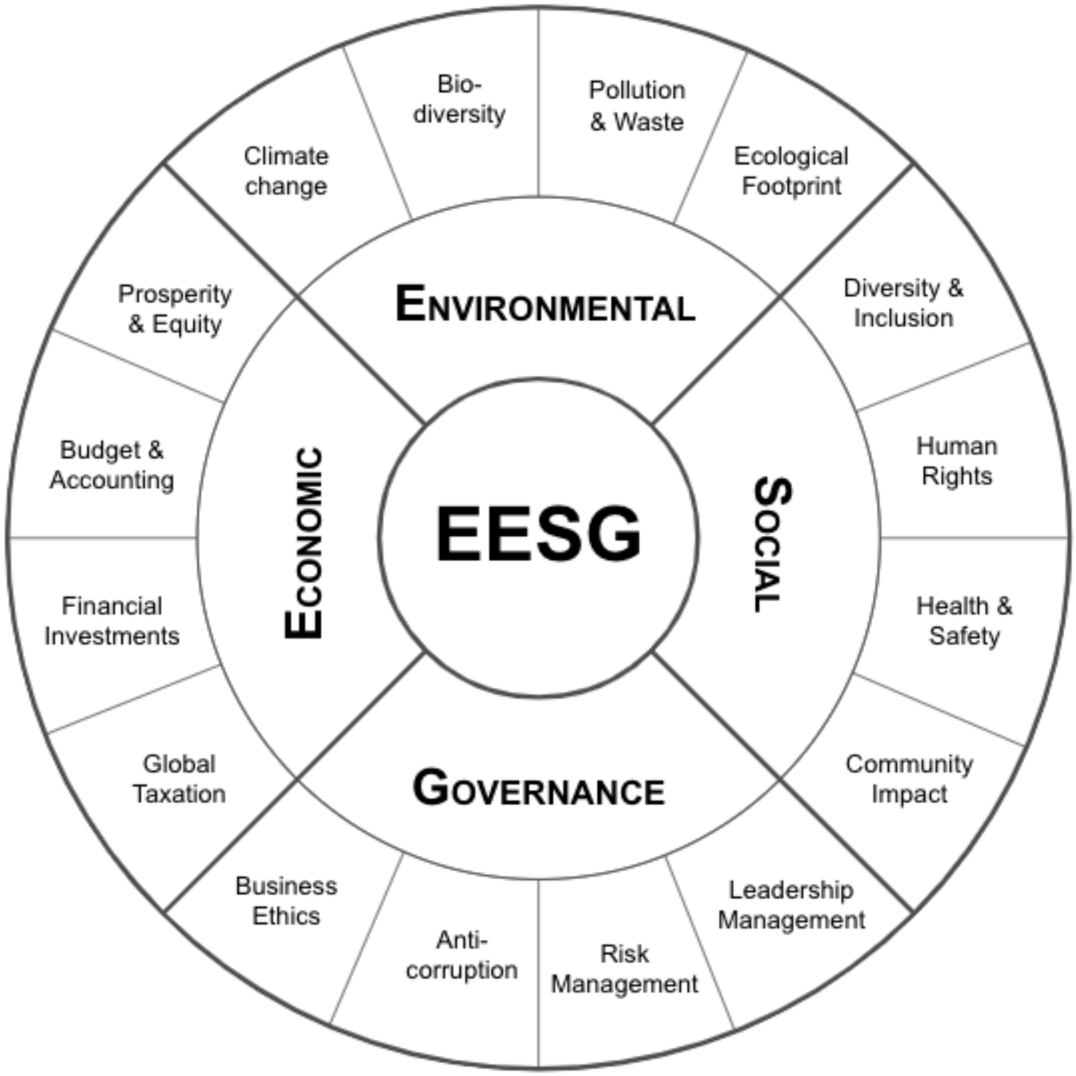

Fig. 7.1: Economic with Environmental, Social, and Governance Factors

EESG typically stands for Economic with Environmental, Social, and Governance factors. These factors are used to assess the sustainability and ethical impact of a company or an investment. They provide a framework for evaluating how well a company is managing its responsibilities in each of these areas.

1. **Economic (E):** This factor evaluates the financial performance and stability of a company, including its revenue, profitability, and long-term growth prospects. It also considers how the company creates value for its stakeholders, such as customers, employees, suppliers,

and investors. Companies with strong economic performance are more likely to attract investors and maintain a competitive edge in the market.

2. **Environmental (E):** This factor considers the impact a company has on the natural environment, such as its carbon footprint, waste management, energy efficiency, and overall ecological impact. Companies with strong environmental practices are more likely to be sustainable and successful in the long term.

3. **Social (S):** This factor assesses the company's impact on society, including its relationships with employees, customers, suppliers, and local communities. It considers issues such as diversity and inclusion, employee health and safety, customer satisfaction, and community engagement. Companies with strong social practices are more likely to build trust, loyalty, and goodwill with stakeholders, which can contribute to long-term success.

4. **Governance (G):** This factor examines the company's leadership, board structure, and management practices, focusing on transparency, accountability, and ethical behavior. Good governance practices help to minimize risk and ensure that a company is run with the best interests of its stakeholders in mind.

EESG factors have gained significant attention from investors, regulators, and other stakeholders in recent years, as they recognize the importance of these factors in determining the long-term success and sustainability of companies. By evaluating EESG performance, investors can make more informed decisions and potentially mitigate risks associated with companies that do not effectively manage their EESG responsibilities.

Overall, the EESG framework is a better and more comprehensive model for integrating financial and economic factors with non-financial environmental, social and governance factors. By doing so, it provides a better understanding of the economic impact of sustainability on a company's long-term financial performance. This can help companies to identify new business opportunities, reduce costs, and mitigate risks associated with sustainability challenges. In other words, while traditional ESG frameworks have limitations related to the lack of integration of economic and financial measures, the emerging EESG framework takes a more integrated approach to sustainability management, and seeks to create more sustainable value for companies and investors by considering the economic, environmental, social, and governance aspects of a company's performance.

The concept of EESG is relatively new. The slow adoption of integrated reporting (IR) explains its novelty but also its future directions for more comprehensive and better integrated sustainability reporting (Bellucci and Bini, 2019). Academic studies are still limited and some of them use the term to indicate “ethics” instead of “economic” factor for the added E (Razaee, 2021). In addition, many companies are still in the process of integrating this approach into their sustainability management strategies. However, there are some companies that have already started to use the EESG approach to manage sustainability. Here are a few examples:

1. **Siemens:** Siemens is a global technology company that has integrated EESG factors into its sustainability strategy. The company's sustainability program is called "Vision 2020+", and it includes targets for both financial performance and sustainability performance. Siemens has set targets for reducing greenhouse gas emissions, increasing renewable energy capacity, and promoting sustainable business practices.

2. **Danone:** Danone is a food and beverage company that has integrated EESG factors into its sustainability strategy. The company's sustainability program is called "One Planet. One Health." and it includes targets for both financial performance and sustainability performance. Danone has set targets for reducing greenhouse gas emissions, increasing the use of renewable energy, and promoting sustainable agriculture.

3. **Royal DSM:** Royal DSM is a global science-based company that has integrated EESG factors into its sustainability strategy. The company's sustainability program is called "Brighter Living Solutions," and it includes targets for both financial performance and sustainability performance. DSM has set targets for reducing greenhouse gas emissions, increasing the use of renewable energy, and promoting sustainable products and solutions.

4. **Ørsted**: Ørsted is a Danish renewable energy company that has integrated EESG factors into its sustainability strategy. The company's sustainability program is called "Green Energy for All," and it includes targets for both financial performance and sustainability performance. Ørsted has set targets for reducing greenhouse gas emissions, increasing renewable energy capacity, and promoting sustainable business practices.

5. **Allianz:** Allianz is a global insurance and financial services company that has integrated EESG factors into its sustainability strategy. The company's sustainability program is called "Allianz Purpose," and it includes targets for both financial performance and sustainability performance. Allianz has set targets for reducing greenhouse gas emissions, promoting diversity and inclusion, and investing in sustainable infrastructure.

6. **Enel**: Enel is an Italian multinational energy company that has integrated EESG factors into their sustainability management strategy. They have set ambitious sustainability goals, including becoming carbon neutral by 2050 and promoting sustainable energy solutions. They have also developed an EESG performance dashboard that allows them to monitor and report on their sustainability performance.

7. **BlackRock:** BlackRock is the world's largest asset management firm, and they have integrated EESG factors into their investment strategy. They use EESG analysis to identify risks and opportunities related to sustainability issues and to inform their investment decisions. They have also developed a sustainability reporting framework that integrates EESG factors into their financial reporting.

8. **Nestle:** Nestle is a global food and beverage company that has integrated EESG factors into their sustainability management strategy. They have set ambitious sustainability goals, including reducing their environmental impact, promoting sustainable agriculture, and improving access to clean water. They have also developed an EESG performance framework that allows them to monitor and report on their sustainability performance.

9. **BBVA**: BBVA is a global financial services company that has integrated EESG factors into their sustainability management strategy. They have set ambitious sustainability goals, including reducing their carbon footprint, promoting financial inclusion, and improving access to sustainable finance. They have also developed an EESG risk management framework that integrates sustainability considerations into their decision-making processes.

10. **Toyota:** Toyota, a Japanese multinational automotive manufacturer, has integrated EESG factors into their sustainability strategy. They have set ambitious sustainability goals, such as achieving zero carbon emissions from their operations by 2050 and promoting sustainable mobility solutions. They also consider the economic impact of their sustainability initiatives, such as the potential for increased profitability through the development of sustainable products and services.

These are just a few examples of companies that have used EESG factors for managing sustainability. As EESG gains more popularity, it is likely that more companies will integrate this framework into their sustainability management strategies. In the near future we can expect to see more companies integrating economic, environmental, social, and governance factors into their sustainability reporting and strategies for integrating sustainability in all aspects of the organization (Sikka and Luo, 2017).

As we will review in more detail in Part IV where we examine sustainability impact, there are several tools and methods that can be used to integrate the EESG framework in the evaluation of a company's sustainability performance. These include:

1. **Integrated reporting:** Integrated reporting is a framework that aims to provide a holistic view of a company's performance by integrating financial and non-financial information.

It involves reporting on the company's financial performance alongside its sustainability performance, including its EESG performance.

2. **Sustainability accounting**: Sustainability accounting involves measuring and reporting on the social and environmental impacts of a company's activities, as well as the economic impacts of sustainability initiatives. This can help to identify the economic benefits of sustainability initiatives, such as cost savings or new business opportunities.

3. **Life cycle assessment:** Life cycle assessment (LCA), as we introduced it earlier, is a method for evaluating the environmental impact of a product or service over its entire life cycle, from production to disposal. LCA can be used to identify the environmental impact of a company's activities and to evaluate the economic and social implications of different sustainability strategies.

4. **Social return on investment:** Social return on investment (SROI) is a framework for measuring the social and environmental impact of a company's activities. It involves identifying and valuing the social and environmental benefits of a company's activities and comparing them to the costs.

5. **Environmental, social and governance (ESG) ratings**: ESG ratings are a tool for evaluating a company's sustainability performance based on its environmental, social and governance practices. ESG ratings can be used to identify areas for improvement and to benchmark a company's performance against its peers.

These tools and methods can be used individually or in combination to integrate the EESG framework in the evaluation of a company's sustainability performance. By using these tools, companies can gain a more comprehensive understanding of their sustainability performance and identify opportunities for improvement. Overall, EESG reporting, parallel to other kinds of sustainability reporting, and integrated reporting is to provide stakeholders with a more comprehensive view of a company's performance and impact beyond traditional financial reporting. The important value added with these more recent approaches is the more balanced and integrated reporting of the overall financial and nonfinancial reports of the organization. By providing greater transparency and accountability, these forms of reporting can help companies build trust and credibility with their stakeholders, and ultimately support more sustainable and responsible business practices.

E-Economic Factor for Sustainable Development

Economic and financial factors play a critical role in sustainability management as it is the engine that drives many human activities, including production, consumption, and investment (Bose et al., 2019). Economic factors often explain the success and failures of implementing sustainability in numerous contexts and cases (Brinkmann and Garren, 2018). Sustainable economic development aims to promote economic growth while minimizing negative impacts on the environment and society. It is about creating an economic system that can be sustained over the long term without degrading the natural and social resources on which it depends. In a way, the economic dimension of sustainability goes to the core of what we mean by sustainable development. The very notion of sustainable development encompasses sustainability and the idea of achieving economic, social, and environmental goals simultaneously. It is an approach to development that seeks to balance economic growth, social progress, and environmental protection in a way that benefits present and future generations. Sustainable development recognizes that economic growth is necessary for the well-being of people, but it should be achieved in a way that is environmentally and socially sustainable. This means that economic development should not be pursued at the expense of the environment or the well-being of people, and that the benefits of economic growth should be shared equitably.

That is why economic sustainable development uses the term "prosperity" instead of "profit" because it reflects a broader and more holistic view of economic progress (Mayer, 2018). While profit is an important component of economic activity, it is a narrow measure that only considers financial gain. Prosperity, on the other hand, encompasses a wider range of factors that contribute to overall well-being and quality of life. Prosperity takes into account not only economic factors like income and employment, but also social and environmental factors such as health, education, equality, and ecological sustainability. By considering these factors, prosperity promotes a more balanced and sustainable approach to economic development that benefits all members of society. Moreover, sustainable economic development emphasizes the long-term well-being of society, rather than short-term gains for a few individuals or corporations. Prosperity aligns better with this goal since it focuses on creating shared value for all stakeholders, rather than just maximizing profits for a few. Prosperity reflects a more holistic and long-term view of economic progress that includes social, environmental, and economic factors.

In other words, sustainable economic development is an approach to economic growth that aims to balance economic progress with environmental protection and social well-being. There are important relations to be taken into consideration for economic sustainability in relation to social economy and circular economy. To use the analogy of a pie, economic systems whose only concern is economic growth ask the question: *How can we grow the pie?* Social economy solutions, whose main concern is the economic effect on society in terms of equity and social development, ask the questions: *Who accesses the pie? How is the pie distributed?* Circular economies that are concerned with environmental aspects and how the needs of future generations will be met, ask the question: *How long will the pie last?* Sustainable economic development asks all these questions together. It is an approach to economic growth that aims to balance economic progress with environmental protection and social well-being. Therefore, there are several key aspects of sustainable economic development that affect efficiency, energy, production, but also social equity and green innovation:

1. **Resource Efficiency**: Sustainable economic development promotes the efficient use of resources, including energy, water, and raw materials. This can be achieved by adopting technologies and practices that reduce waste, improve energy efficiency, and minimize environmental impacts. Economic solutions may include measures such as building retrofits, which improve the energy performance of buildings, and the use of efficient appliances and lighting.

2. **Renewable Energy**: Sustainable economic development encourages the use of renewable energy sources such as wind, solar, hydro, and geothermal power. This reduces reliance on fossil fuels and helps to mitigate the negative impacts of climate change.

3. **Sustainable Agriculture:** Sustainable economic development promotes environmentally sustainable farming practices that protect soil, water, and biodiversity. This includes practices such as organic farming, agroforestry, and the use of integrated pest management. It may also include techniques such as regenerative agriculture, which focuses on building healthy soil and improving ecosystem health.

4. **Social Equity:** Sustainable economic development aims to improve social equity by creating opportunities for all members of society to benefit from economic growth. This includes promoting access to education, healthcare, and basic services, as well as creating job opportunities and supporting small businesses.

5. **Green Innovation:** Sustainable economic development encourages the development of innovative technologies and practices that promote sustainability. This includes developing new eco-friendly products and services, as well as improving existing products and processes to reduce environmental impacts. This may include sustainable transportation solutions for low-carbon modes of transportation (public transit, biking, and walking) including the use of electric and hybrid vehicles, and the development of sustainable fuels.

6. **Circular Economy:** Sustainable economic development aims to promote a circular economy, which involves reducing waste and reusing and recycling resources. This can be achieved by designing products to be more durable, repairable, and recyclable, as well as encouraging the development of recycling and reuse infrastructure.

Overall, sustainable economic development is about promoting economic growth while protecting the environment and improving social well-being. It involves a shift towards more sustainable practices and technologies that can support long-term prosperity and sustainability. In addition, sustainable economic development can also create new business opportunities and jobs, particularly in sectors such as renewable energy, green technology, and sustainable agriculture. These economic solutions also include social enterprises. As we will explore in detail in Part III, social entrepreneurship involves the creation of businesses that have a social or environmental mission, as well as a financial goal. It can include the creation of products and services that address social and environmental challenges, such as clean water, affordable housing, and renewable energy. These industries not only provide economic benefits but also contribute to reducing environmental degradation and improving social well-being.

Economic Aspects of the SDGs

All of the 17 SDGs include economic, environmental, and social aspects of sustainability. Here are some examples of the economic aspects of sustainability exemplified in each of the goals:

1. **No Poverty**: This goal focuses on reducing poverty, which is often caused by economic inequalities. Economic aspects of sustainability are exemplified by promoting inclusive economic growth and creating decent work opportunities.
2. **Zero Hunger**: This goal focuses on ensuring food security and promoting sustainable agriculture. Economic aspects of sustainability are exemplified by supporting small farmers, promoting rural development, and investing in sustainable agriculture.
3. **Good Health and Well-being**: This goal focuses on improving health outcomes and well-being. Economic aspects of sustainability are exemplified by promoting access to affordable and quality healthcare services and supporting research and development of new health technologies.
4. **Quality Education**: This goal focuses on ensuring inclusive and quality education for all. Economic aspects of sustainability are exemplified by investing in education infrastructure, promoting access to educational resources, and supporting vocational training programs.
5. **Gender Equality:** This goal focuses on promoting gender equality and empowering women and girls. Economic aspects of sustainability are exemplified by promoting equal access to economic opportunities and reducing gender pay gaps.
6. **Clean Water and Sanitation:** This goal focuses on ensuring access to clean water and sanitation. Economic aspects of sustainability are exemplified by promoting sustainable water management practices and investing in water infrastructure.
7. **Affordable and Clean Energy**: This goal focuses on promoting access to affordable and clean energy. Economic aspects of sustainability are exemplified by investing in renewable energy sources and promoting energy efficiency.
8. **Decent Work and Economic Growth:** This goal focuses on promoting sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all. Economic aspects of sustainability are exemplified by promoting job creation, supporting small and medium-sized enterprises, and investing in skills development.

9. **Industry, Innovation, and Infrastructure**: This goal focuses on promoting sustainable industrialization and innovation, and improving infrastructure. Economic aspects of sustainability are exemplified by promoting the development of sustainable technologies and infrastructure, and supporting the growth of sustainable industries.
10. **Reduced Inequalities**: This goal focuses on reducing inequalities within and among countries. Economic aspects of sustainability are exemplified by promoting inclusive economic growth, reducing income inequality, and promoting social protection programs.
11. **Sustainable Cities and Communities**: This goal focuses on promoting sustainable and resilient cities and communities. Economic aspects of sustainability are exemplified by promoting sustainable urban development, improving urban infrastructure, and promoting affordable housing.
12. **Responsible Consumption and Production:** This goal focuses on promoting sustainable patterns of consumption and production. Economic aspects of sustainability are exemplified by promoting sustainable production practices, reducing waste and pollution, and promoting the use of eco-friendly products.
13. **Climate Action:** This goal focuses on combating climate change and its impacts. Economic aspects of sustainability are exemplified by promoting the development of low-carbon technologies, reducing greenhouse gas emissions, and supporting the growth of the green economy.
14. **Life Below Water**: This goal focuses on conserving and sustainably using the oceans, seas, and marine resources. Economic aspects of sustainability are exemplified by promoting sustainable fishing practices, reducing marine pollution, and promoting the growth of the blue economy.
15. **Life on Land:** This goal focuses on protecting, restoring, and promoting sustainable use of terrestrial ecosystems, sustainably managing forests, combating desertification, halting and reversing land degradation, and halting biodiversity loss. Economic aspects of sustainability are exemplified by promoting sustainable land use practices, investing in sustainable forestry, and supporting the growth of sustainable tourism.
16. **Peace, Justice, and Strong Institutions:** This goal focuses on promoting peaceful and inclusive societies and strengthening institutions. Economic aspects of sustainability are included in the investments for the targets aiming at reducing corruption and promoting the rule of law and human rights.
17. **Partnerships for the Goals:** This SDG aims to strengthen global partnerships for sustainable development. Economic aspects are evident in the targets for increasing international cooperation and promoting multi-stakeholder partnerships for sustainable development.

Overall, the economy plays a vital role in achieving the SDGs and for prompting sustainability management in organizations. The blueprint of the SDGs with its targets integrates those economic development with human development, social well-being, and environmental health. Promoting sustainable economic development is essential to achieving long-term sustainability goals.

Economic Mechanisms for Sustainability

Other key economic aspects of sustainability management include the responsibility to promote sustainable finance through responsible impact investing through sustainable supply chains and specific carbon exchange mechanisms. It involves growth of sustainability investing, impact investing and other financial mechanisms promoting and scaling sustainable solutions. There are various financial, trade, and economic mechanisms and solutions that can promote sustainability. Here are some examples:

1. **Carbon pricing:** Carbon pricing is a mechanism that puts a price on carbon emissions to incentivize businesses and individuals to reduce their carbon footprint. It can include measures such as a carbon tax or a cap-and-trade system. Examples of countries that have implemented a carbon tax include Sweden, Norway, and Switzerland. Examples of countries that have implemented a cap-and-trade system include the European Union and China. At the company level, Microsoft has implemented an internal carbon fee that charges each business unit within the company for its carbon emissions. The proceeds from the fee are used to fund renewable energy and energy efficiency projects.

2. **Sustainable investment:** Sustainable investment, also known as socially responsible investing, involves investing in companies and projects that prioritize environmental, social, and governance (ESG) criteria. It may include investments in renewable energy, sustainable agriculture, and other sectors which promote sustainability. Examples of sustainable investing include renewable energy, sustainable agriculture, clean technology, social impact, corporate governance, environmental conservation, and community development. These investments aim to promote sustainable practices, generate positive social and environmental impacts, and provide financial returns for investors.

3. **Green bonds:** Green bonds are financial instruments that raise funds for environmentally friendly projects, such as renewable energy and energy efficiency. An example is when Apple Inc. in 2016 issued a $1.5 billion green bond to fund renewable energy projects, such as solar and wind power generation, in its supply chain. Another example is Iberdrola S.A., a Spanish energy company that in 2019 issued a €1.5 billion green bond to fund renewable wind and solar power energy projects in Europe.

4. **Sustainable public procurement:** Sustainable public procurement involves using public procurement policies and procedures to promote sustainability. It measures such as requiring suppliers to meet sustainability criteria, such as using sustainable materials and

reducing carbon emissions. One example of socially responsible procurement is when governments use sustainable public procurement to promote social sustainability by encouraging the purchase of goods and services from companies that demonstrate good labor practices and provide safe working conditions for their employees. The European Union (EU), for example, has adopted a comprehensive framework for sustainable public procurement that includes guidelines and criteria for environmental, social, and economic factors in procurement processes. The EU has also set ambitious targets for the use of sustainable procurement in its member states. The United States has established the Sustainable Acquisition Program to promote sustainable public procurement in federal agencies. The program includes guidelines and training for federal procurement officers to help them incorporate sustainability considerations into their procurement processes.

5. **Sustainable trade agreements:** Sustainable trade agreements include measures to promote sustainability in international trade, such as requirements for sustainable production practices and protection of environmental and labor standards. Examples include the The Africa Continental Free Trade Area (AfCFTA), a trade agreement between 54 African countries which is designed to promote sustainable development, create jobs, and reduce poverty. Another example is The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), a trade agreement between 11 countries in the Asia-Pacific region that has provisions for protecting the environment, promoting labor rights, and encouraging sustainable development.

6. **Payment for ecosystem services (PES):** Payment for ecosystem services involves paying landowners and communities to provide ecosystem services, such as carbon sequestration and biodiversity conservation. Examples of PES programs include: Water Funds (where individuals and organizations contribute to the conservation and restoration of watersheds), Conservation Easements (legal agreements in which landowners agree to limit the use of their land in exchange for payments); Carbon Offset Programs (where individuals and organizations offset their carbon emissions by paying for projects that reduce greenhouse gas emissions or sequester carbon); Biodiversity Conservation Payments (where individuals and organizations pay for the conservation and restoration of ecosystems and biodiversity); and Soil Carbon Sequestration (where individuals and organizations pay for activities that increase the amount of carbon stored in soils). See the REDD+ Case.

7. **Eco-labelling:** Eco-labelling involves the use of labels to identify products that meet environmental and social sustainability criteria, such as using sustainable materials and reducing carbon emissions. Examples of eco-labelling include: ENERGY STAR managed by the U.S. Environmental Protection Agency that certifies products such as appliances, electronics, and lighting; the Forest Stewardship Council (FSC) for paper, wood, and furniture; Fairtrade Certification program that ensures that products (such as coffee, tea,

and chocolate) are produced and traded under fair and sustainable conditions; Green Seal, a certification program for cleaning products, paints, and office supplies; and LEED (Leadership in Energy and Environmental Design) a certification program managed by the U.S. Green Building Council that promotes sustainable building design and construction. These are just a few examples of eco-labeling programs. By providing consumers with information about the environmental impact of products and services, eco-labeling programs can help to promote sustainable consumption and support the growth of a green economy.

In summary, financial, trade, and economic mechanisms and solutions that promote sustainability include carbon pricing, sustainable investment, green bonds, sustainable public procurement, sustainable trade agreements, eco-labelling, sustainable development goals, and payment for ecosystem services. These programs aim to incentivize sustainable practices, promote sustainable investment, and provide economic incentives for sustainability efforts.

Case 7.1: REDD+ and Carbon Credits

REDD+ stands for "Reducing Emissions from Deforestation and Forest Degradation" and is a global program aimed at reducing greenhouse gas emissions by protecting and restoring forests. REDD+ program is an example of Payment for Ecosystem Services (PES) because it provides financial incentives for the conservation and sustainable management of forests, which are critical ecosystems that provide a range of services such as carbon sequestration, biodiversity conservation, and water regulation. The program works by providing financial incentives to developing countries that take action to reduce deforestation and forest degradation. REDD+ is related to sustainable economic development because it creates economic incentives for countries to protect their forests, which can provide significant economic benefits. These benefits include:

1. **Carbon credits:** REDD+ provides financial incentives to developing countries that reduce their carbon emissions by protecting their forests. These countries earn carbon credits that can be sold on carbon markets, creating a new source of revenue.

2. **Biodiversity conservation**: Forests are home to a diverse range of plant and animal species, many of which are not found anywhere else on Earth. Protecting these species and their habitats creates economic opportunities in fields such as ecotourism and bioprospecting.

3. **Sustainable forestry:** REDD+ can incentivize sustainable forestry practices that promote long-term economic benefits, such as selective logging and forest restoration.

4. **Community development**: REDD+ can also support local communities by providing new sources of income, such as through payments for ecosystem services, and promoting sustainable livelihoods that do not rely on forest destruction.

In other words, REDD+ is a program that promotes forest protection and restoration as a way to reduce greenhouse gas emissions, and it creates economic incentives for countries to take action. This program can promote sustainable economic development by providing new sources of revenue, promoting sustainable forestry practices, conserving biodiversity, and supporting local communities. While REDD+ has the potential to contribute to sustainable economic development and climate change mitigation, it has also faced several critiques. Some of the main critiques are:

1. **Permanence:** One concern is that forest protection and restoration measures may not be permanent and may be subject to reversal in the future. This could lead to carbon emissions being released back into the atmosphere and undermining the effectiveness of the program.

2. **Additionality:** Another concern is that the financial incentives provided by REDD+ may not be sufficient to change the behavior of those responsible for deforestation and forest degradation. This could result in REDD+ payments being made for actions that would have happened anyway, leading to no real net reduction in emissions.

3. **Leakage:** REDD+ may also lead to leakage, which occurs when deforestation or forest degradation activities simply shift to other areas not covered by the program, leading to no real net reduction in emissions.

4. **Social and environmental impacts:** There are also concerns about the social and environmental impacts of REDD+, including potential land grabbing, displacement of local communities, and impacts on biodiversity.

To address these critiques, a number of remedies have been put in place. These include:

1. **Monitoring and verification**: REDD+ programs typically require monitoring and verification to ensure that emissions reductions are real and permanent. This can be done through satellite monitoring, field inspections, and other methods.

2. **Additionality safeguards:** REDD+ programs often include additionality safeguards to ensure that payments are only made for actions that would not have happened without the program.

3. **Leakage safeguards**: REDD+ programs may also include leakage safeguards to prevent deforestation and forest degradation activities from simply shifting to other areas outside the program.

4. **Social and environmental safeguards**: REDD+ programs often include social and environmental safeguards to ensure that the program does not have negative impacts on local communities or biodiversity.

In summary, while REDD+ has faced criticism related to permanence, additionality, leakage, and social and environmental impacts, these concerns have been addressed through monitoring and verification, additionality safeguards, leakage safeguards, and social and environmental safeguards. By implementing these safeguards, REDD+ can contribute to sustainable economic development and climate change mitigation while also protecting local communities and biodiversity.

Explore more on the REDD+ initiative at https://redd.unfccc.int/

E-Environmental Factors for Sustainable Development

Biologists, public policy makers, economists, and others have written about the need to review business practices and their impact on the environment. Groundbreaking books such as *Silent Spring* (Carson, 1962), *Our Common Future* (WCED, 1987), and *Natural Capitalism* (Hawken et al., 1999), are a few of the seminal works that have moved public opinion about environmental factors in business practices and sustainable development. Contemporary books to read include *The Sixth Extinction: An Unnatural History* (Kolbert, 2014), *This Changes Everything: Capitalism vs. The Climate* (Klein, 2014), and *The Uninhabitable Earth: Life After Warming* (Wallace-Wells, 2019). This heightened awareness of business practices and their impact on the environment has influenced the ESG framework. In particular, it has changed the business practices in the extractive industries and other businesses that significantly affect the environment and local communities (Spitz et al., 2022). The focus is on how to better integrate environmental factors in the mining industries in relation to environmentally sustainable development standards. The environmental factor in the ESG criteria is particularly focused on how a company addresses environmental concerns and manages its ecological footprint from climate change to biodiversity conservation and habitat protection, and from green products to green supply chain.

The key principles of environmentally sustainable development include:

1. **Environmental conservation**: This involves protecting and preserving natural resources and ecosystems such as forests, oceans, rivers, and wildlife, to maintain their ecological balance and biodiversity.

2. **Resource efficiency**: This involves using natural resources in a way that minimizes waste and pollution, and promotes the efficient use of resources to reduce environmental impact.

3. **Pollution prevention:** This involves reducing or eliminating pollution from all sources, including industry, agriculture, transportation, and households.

4. **Climate change mitigation and adaptation:** This involves reducing greenhouse gas emissions and adapting to the impacts of climate change to avoid its worst effects on the environment and society.

5. **Community participation and engagement**: This includes involving local communities, stakeholders, and Indigenous peoples in decision-making processes, ensuring that their needs and priorities are considered in environmental policy and planning.

Therefore, environmentally sustainable development is about balancing economic development with environmental protection and promoting the long-term health and well-being of both people and the planet. In the context of ESG ratings and the newest EESG model, the E for "environment" refers to the environmental impact of a company's operations, products, and services. It includes factors such as resource use, pollution, waste generation, climate change, and biodiversity. Some examples of environmental factors that are evaluated in ESG ratings include the following companies that have used the ESG model for reducing their environmental impact and have modeled these sustainable practices:

1. **Carbon emissions reduction and capture**: This includes the amount of greenhouse gasses (such as carbon dioxide) that a company emits as a result of its operations and activities that contributes to climate change. Companies can set targets to reduce their greenhouse gas emissions and adopt energy-efficient technologies and processes to achieve those targets. This may include using renewable energy, improving building insulation, and optimizing transportation and logistics. Microsoft, for example, has set a goal of being carbon negative by 2030, and has already taken significant steps to reduce its carbon emissions. The company has committed to being carbon neutral by 2022, and has developed a plan to remove all the carbon it has ever emitted by 2050. In addition, there are some interesting technologies and companies invested in carbon capture (pre and post combustion or with oxy-fuel combustion or direct air capture). Some of these companies include Carbon Clean Solutions (India), Carbon Engineering (Canada), Climeworks (Switzerland), ExxonMobil (USA), and Shell (Holland).

2. **Water usage conservation**: This includes the amount of water that a company uses in its operations, as well as the quality of the water that is discharged as waste. Companies can

adopt practices to reduce their consumption of natural resources such as water, energy, and raw materials. For example, they can implement water conservation programs, recycle materials, and adopt circular economy models that reduce waste and promote resource efficiency. Levi Strauss & Co, for example, has set a goal of reducing its water usage by 50% by 2025. The company has already reduced its water usage by 26% since 2015, and is using innovative technologies to improve water efficiency in its manufacturing processes. Another example is Colgate-Palmolive. The company has set a goal of reducing its water usage by 35% by 2025 and it has already reduced its water usage by 30% since 2010. It is now using innovative technologies to improve water efficiency in its operations.

3. **Waste generation and design**: This includes the amount and type of waste that a company produces, as well as its waste management practices. This is connected to the company's sustainable supply chain management. They can ensure that their suppliers follow environmentally sustainable practices by setting sustainability standards and regularly monitoring and auditing their suppliers. It is also linked to the company's ability to design products that are more environmentally sustainable and that have a reduced environmental footprint throughout their lifecycle. This includes using sustainable materials, reducing waste and pollution, and promoting reuse and recycling. Adidas, for example, has set a goal of using only recycled polyester in all of its products by 2024. The company has already reduced the amount of waste it generates in its manufacturing processes, and is working to use more sustainable materials in its products. Toyota is another example. The company has set a goal of achieving zero waste to landfill in all of its operations. Toyota has already reduced its waste generation by 66% since 2010, and is using innovative technologies to improve waste reduction in its manufacturing processes.

4. **Energy efficiency and renewables**: This includes the efficiency of a company's energy use, such as how much energy is consumed per unit of output. Connected to efficiency is the increase in use of renewable energy. Companies are increasingly investing in renewable energy sources, such as wind and solar power, to reduce their carbon footprint and decrease reliance on fossil fuels. Google and Amazon have some interesting examples. Google has committed to being carbon-free by 2030, and to operate on 24/7 carbon-free energy by 2030. To achieve this, the company is investing in renewable energy and energy efficiency measures, such as using machine learning to optimize data center cooling systems and using renewable energy to power its operations. Amazon has set a goal to achieve net-zero carbon emissions by 2040. To achieve this, the company is investing in renewable energy and energy efficiency measures, such as using electric delivery vehicles, and investing in energy-efficient data centers and buildings.

5. **Biodiversity impact:** This includes the impact of a company's activities on natural habitats, ecosystems, and endangered species. Companies can protect and promote

biodiversity by adopting sustainable land management practices, conserving natural habitats, and reducing their impact on wildlife. The Nature Conservancy for example, has protected biodiversity and restored critical ecosystems around the world. The organization has protected more than 119 million acres of land and more than 5,000 miles of rivers worldwide, and has helped to establish more than 100 marine protected areas. Danone is another example. It has made a commitment to biodiversity conservation and is partnering with organizations such as the World Wildlife Fund to promote sustainable agriculture and protect biodiversity.

Overall, environmental factors are an important part of ESG ratings, as they provide a measure of a company's impact on the natural environment and its ability to manage and mitigate environmental risks. By considering environmental factors in their investment decisions, investors can help promote sustainable business practices and support companies that are working to reduce their environmental impact.

The Environmental Factors of Climate Change and Mitigation

Climate change is driven by a complex set of economic factors, and mitigating its impacts also involves a range of economic considerations. Here are some of the main economic factors driving climate change and its mitigation:

1. **Fossil fuels:** The burning of fossil fuels such as coal, oil, and natural gas is the primary source of greenhouse gas emissions, which are the main driver of climate change. Fossil fuels are economically attractive because they are abundant, cheap, and convenient, but transitioning away from them will require significant investment in renewable energy sources and infrastructure.

2. **Land use and agriculture:** Land use changes such as deforestation and conversion of grasslands for agriculture are also significant contributors to climate change. Mitigating these impacts will require a shift toward more sustainable land use practices and reducing food waste.

3. **Industrial processes**: Certain industrial processes, such as cement production and steelmaking, are also significant sources of greenhouse gas emissions. Reducing these emissions will require the development and deployment of more sustainable production methods.

4. **Economic growth and consumption:** Economic growth and increasing consumption patterns are driving many of the above factors, as well as increasing demand for energy

and other resources. Mitigating climate change will require a shift toward more sustainable consumption patterns, as well as investment in low-carbon economic development.

5. **Investment and policy**: Finally, addressing climate change will require significant investment in new technologies and infrastructure, as well as policy interventions such as carbon pricing and regulations to encourage more sustainable practices.

These are just a few of the economic factors driving climate change and its mitigation. Addressing these challenges will require a multi-faceted approach that addresses both the root causes of climate change and the economic and political barriers to mitigating its impacts. Managing climate change implies managing risks at four levels: 1) Mitigation as efforts to reduce greenhouse gas emissions; 2) Adaptation as an increase capacity of society to cope with changes in climate; 3) Geoengineering as to find solutions for carbon capture and manipulate earth systems to counteract the impact of greenhouse gasses; and 4) Knowledge through measurements and understanding of climate systems. Climate change is such a daunting task that it requires more than the ESG commitments of the business sector. International agreements also play an important role in addressing climate change by setting targets for greenhouse gas emissions reduction, coordinating efforts among countries, and providing a framework for global cooperation on climate issues. Here are some examples of major international agreements related to climate change:

1. **United Nations Framework Convention on Climate Change (UNFCCC):** This treaty was signed by nearly all countries in the world at the 1992 Rio Earth Summit. It provides a framework for international cooperation to address climate change. The most significant outcome of the UNFCCC has been the adoption of the Paris Agreement.

2. **Paris Agreement:** Adopted in 2015 under the UNFCCC, the Paris Agreement aims to limit global temperature increase to well below 2 degrees Celsius above pre-industrial levels, and pursue efforts to limit the increase to 1.5 degrees Celsius. The agreement includes targets for greenhouse gas emissions reductions, and provides a framework for countries to regularly assess and report on their progress.

3. **Kyoto Protocol:** Adopted in 1997, the Kyoto Protocol was the first international agreement to set binding targets for greenhouse gas emission reductions. The protocol required developed countries to reduce their emissions by an average of 5% below 1990 levels by the end of 2012. While the Kyoto Protocol has largely been superseded by the Paris Agreement, it remains an important precedent for international cooperation on climate issues.

4. **Montreal Protocol:** While not specifically focused on climate change, the 1987 Montreal Protocol is an important international agreement related to the environment. The protocol

aims to protect the ozone layer by phasing out the use of ozone-depleting substances, which are also potent greenhouse gasses. The success of the Montreal Protocol in reducing these substances has also had a positive impact on climate change.

These are just a few examples of major international agreements related to climate change. While these agreements are not sufficient on their own to address the complex challenges of climate change, they provide an important framework for global cooperation and progress on this critical issue.

Case 7.2: SDG 15 and Biodiversity

SDG 15 (Life on Land) specifically focuses on biodiversity in its goal to protect, restore, and promote the sustainable use of terrestrial and inland freshwater ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss. The targets under SDG 15 that specifically relate to biodiversity include:

15.1 By 2020, ensure the conservation, restoration, and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.
15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests, and increase afforestation and reforestation.
15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity, and protect and prevent the extinction of threatened species.
15.9 By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies, and accounts.

These targets aim to ensure the protection and conservation of biodiversity, and to promote the sustainable use of natural resources in a way that benefits both current and future generations. The foundation of these biodiversity SDG 15 targets is the Convention on Biological Diversity (CBD), an international treaty adopted at the United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro in 1992. The CBD is one of the most important international agreements related to biodiversity, and has been ratified by 196 countries. The goal of the CBD is to conserve biodiversity, promote its sustainable use, and ensure the fair and equitable sharing of the benefits arising from the use of genetic resources. The convention recognizes that biodiversity is a global asset of tremendous value to present and future generations, and that it is essential for sustainable development. The CBD has three main objectives:

1. **Conservation of biological diversity**: To conserve biological diversity, including ecosystems, species, and genetic resources.

2. **Sustainable use of biological diversity**: To use biological diversity in a sustainable way, ensuring that it is available for future generations.

3. **Fair and equitable sharing of the benefits arising from the use of genetic resources:** To ensure that the benefits from the use of genetic resources are shared fairly and equitably.

The CBD has several key provisions, including the development of national biodiversity strategies and action plans, the establishment of protected areas, and the promotion of sustainable use and access to genetic resources. The convention also includes provisions for the transfer of technology and financial resources to developing countries to support their efforts to conserve biodiversity. Overall, the CBD plays a critical role in global efforts to conserve biodiversity, and provides a framework for international cooperation on this important issue.

Companies can contribute to these biodiversity targets and commitments in several ways. Here are a few examples:

1. **Sustainable land use:** Companies can adopt sustainable land use practices that support the conservation of natural habitats and promote the restoration of degraded land. This can include measures such as reforestation, habitat restoration, and the use of sustainable agriculture practices that minimize negative impacts on biodiversity.

2. **Sustainable forestry:** Companies that rely on forestry resources can adopt sustainable forestry practices that help to protect and restore forests. This can include measures such as reducing deforestation, planting new trees, and promoting the use of certified sustainable forest products.

3. **Reduction of negative impacts:** Companies can work to reduce their negative impacts on biodiversity, such as reducing pollution and waste, and minimizing the impact of their operations on natural habitats.

4. **Collaboration with stakeholders:** Companies can collaborate with stakeholders, including governments, NGOs, and local communities, to support the protection and conservation of biodiversity. This can involve supporting community-based conservation initiatives, partnering with NGOs on conservation projects, and engaging in multi-stakeholder initiatives to promote sustainable land use and biodiversity.

5. **Disclosure and reporting:** Companies can disclose their impacts on biodiversity and report on their efforts to support the conservation of biodiversity. This can include reporting on metrics such as land use, carbon emissions, and the use of sustainable forestry products, and using tools such as the Global Reporting Initiative to communicate their sustainability performance.

Overall, companies have an important role to play in supporting biodiversity as expressed in the CBD and SDG 15, and can make a significant contribution through their operations, partnerships, and reporting. Commendable is the example of Unilever who has committed to sourcing 100% of its agricultural raw materials sustainably, including a commitment to zero net deforestation by 2023. The company has also worked to protect and restore forests and wetlands in its supply chain, and has partnered with NGOs and other stakeholders to support biodiversity conservation. Danone has also integrated biodiversity conservation into its climate strategy. The company has worked to promote regenerative agriculture practices that support soil health and biodiversity, and has partnered with NGOs and other stakeholders to support landscape-scale conservation efforts. Nestle has made a commitment to source 100% of its key commodities from sustainable sources by 2020, and has worked to promote sustainable agriculture practices that support biodiversity conservation. The company has also developed a biodiversity strategy that includes the restoration of degraded ecosystems and the protection of biodiversity hotspots.

Also commendable is the initiative that some companies have made to reduce the biodiversity devastation of palm oil plantations. The Roundtable on Sustainable Palm Oil (RSPO) is a certification system and voluntary initiative aimed at promoting sustainable palm oil production. It was established in 2004 by a group of palm oil producers, traders, and NGOs, and is recognized as one of the most important initiatives in the palm oil industry. The RSPO aims to promote the production and use of sustainable palm oil, and to support social and environmental sustainability in the industry. The RSPO has developed a set of principles and criteria for sustainable palm oil production, and certification is granted to companies that meet these standards.

The principles and criteria of the RSPO cover a range of issues, including the protection of natural resources, the rights of workers and local communities, and the use of best management practices in palm oil production. The RSPO also includes requirements for the transparency of the supply chain, so that the end users of palm oil can be sure that it is produced in a sustainable and responsible way. In 2021, RSPO registered more than 4,000 members worldwide, including producers, traders, processors, and retailers. While it has faced criticism from some environmental groups for not doing enough to address deforestation and other environmental issues, it remains an important initiative for promoting more responsible practices in the palm oil industry.

Explore more on SDG 15 at https://www.globalgoals.org/goals/15-life-on-land/

S-Social Factor for Sustainable Development

The social factor of EESG management is important because it addresses the impact of a company's operations on people, communities, and society as a whole. The organizational impact on employees, customers, and communities are increasingly being used by investors and stakeholders to evaluate a company's long-term sustainability and impact on society. It considers issues such as labor standards, human rights, community engagement, diversity and inclusion, and product safety. A company that manages its social impacts effectively is more likely to attract and retain talented employees, maintain positive relationships with its customers, for employees and suppliers, prevent exploitation and discrimination, and promote gender and racial equity. These are some of the core topics relevant to the society factor in ESG:

1. **Human rights:** Addressing human rights violations in the company's operations and supply chain, such as forced labor, child labor, and human trafficking. Many companies have made efforts to address human rights violations in their operations and supply chains. For example, Adidas has worked with independent auditors to assess its suppliers' compliance with human rights standards. Nestle, Apple and Unilever have worked with NGOs and other stakeholders to address issues related to child labor, forced labor, and human trafficking in its supply chain. Patagonia has implemented a traceability program to ensure that its products are not made with forced labor or other human rights abuses.

2. **Community engagement:** Engaging with local communities and stakeholders to understand and address their concerns, and ensuring that the company's operations do not harm their health, safety, or well-being. Many companies engage with communities as part of their corporate social responsibility initiatives, which can help to build trust, create positive social impact, and promote sustainability. For example, Ben & Jerry's has a social mission that includes a commitment to supporting local communities. The company has implemented a community action program that provides grants and other resources to grassroots organizations working on issues such as social and economic justice, environmental sustainability, and food security. Starbucks has a community service program that includes initiatives to support economic development, environmental sustainability, and social justice in communities where it operates. The company has also implemented a coffee sourcing program that includes partnerships with local farmers and initiatives to support sustainable agriculture practices.

3. **Product safety:** Ensuring the safety and quality of the company's products and services, and preventing harm to customers and the environment. Many companies prioritize product safety and take measures to prevent harm to customers and the environment. For example, Johnson & Johnson has learned from its past failures and has implemented numerous measures to prevent harm to customers such as rigorous testing, screening processes, and

prompt recalls. Procter & Gamble, in addition to their product safety program, has also implemented a product stewardship program that includes initiatives to reduce the environmental impact of its products and promote sustainability.

4. **Diversity and inclusion:** Promoting diversity and inclusion in the company's workforce, leadership, and decision-making, and preventing discrimination based on gender, race, ethnicity, age, or other factors. EESG companies can contribute to greater diversity and inclusion in the workplace, which can create more opportunities for underrepresented groups and help to reduce inequality. For example, Microsoft has a diversity and inclusion program that aims to increase the representation of underrepresented groups in its workforce and create a more inclusive culture.

5. **Access to healthcare and education**: Addressing issues related to healthcare and education access and equity, and supporting initiatives that promote social welfare and well-being. Numerous companies prioritize access to healthcare and education as part of their corporate social responsibility initiatives. For example, Novartis has implemented a program called "Novartis Access" which provides affordable medicines to low-income communities in developing countries. The company has also implemented a program to improve healthcare infrastructure and provide healthcare services to underserved communities. Cisco has implemented a program called "Cisco Networking Academy" which provides IT education and training to underserved communities around the world. The program is designed to help people acquire the skills needed to succeed in the digital economy.

Companies and organizations across sectors can significantly contribute to finding solutions to these challenges. The commitment for ESG reporting and the SDGs they represent help companies prioritize and partner with others in order to make a more positive impact. That is why we need effective social management. Companies that address these challenges are more likely to build trust, maintain a positive reputation, and create long-term value for their stakeholders. Many organizations across private, public, and social sectors, are actively involved and positively contribute to the main social challenges of sustainable development. They work to promote social sustainable development by prioritizing human rights, diversity inclusion, gender equality, children's rights, decent work, and human security. Here are some examples of such organizations:

1. **UNICEF**: UNICEF works to promote children's rights and improve the lives of children around the world through programs focused on education, healthcare, and protection from violence and exploitation.

2. **Amnesty International:** Amnesty International is a global organization that works to promote human rights by advocating for the release of political prisoners, ending torture, and fighting against discrimination and violence.

3. **International Labor Organization (ILO)**: The ILO is a specialized agency of the United Nations that promotes decent work and social justice around the world. The organization works to promote labor rights, improve working conditions, and eradicate child labor and forced labor.

4. **Global Fund for Women**: The Global Fund for Women is a nonprofit organization that works to promote gender equality and women's rights by providing funding and support to women-led organizations around the world.

5. **Human Rights Watch**: Human Rights Watch is an international organization that promotes human rights by conducting research, advocating for policy change, and exposing human rights abuses.

6. **United Nations Development Programme (UNDP)**: The UNDP works to promote sustainable development and reduce poverty by supporting countries in the areas of governance, economic development, and environmental sustainability.

These are just a few examples of organizations that work to promote social sustainable development by prioritizing human rights, diversity inclusion, gender equality, children's rights, decent work, and human security. Many other organizations and companies are also working to promote sustainable social development in various ways. Overall, EESG companies take a holistic approach to social issues, recognizing that they are interconnected with other aspects of sustainability, such as environmental impact and good governance.

Company approaches to address social issues can include setting specific goals and targets related to social issues, such as improving diversity and inclusion in the workplace or reducing the environmental impact of their operations. They can also engage with a wide range of stakeholders, including employees, customers, suppliers, and local communities, to understand their perspectives on social issues and to identify opportunities to address them. They can conduct surveys, host town hall meetings, or establish advisory committees. They can implement policies and practices to address social issues, such as human rights, diversity and inclusion, and decent work. These may include codes of conduct, training programs, and initiatives to promote workplace safety and employee well-being.

They can also engage in reporting and transparency about their performance on social issues, and may report on their progress through sustainability reports or other forms of public disclosure. This allows stakeholders to evaluate their performance and hold them accountable for their commitments. They can collaborate with other organizations, such as NGOs, governments, and other businesses, to address social issues. This may involve joining industry coalitions or partnering with NGOs to support specific initiatives. By addressing social issues in a comprehensive and strategic way, EESG companies can help create a more just and sustainable future for all.

Case 7.3: BRAC and Community-Driven Development

Building Resources Across Communities (BRAC) is a development organization based in Bangladesh that has contributed significantly to sustainable development in its home country and around the world. It was founded in 1972 by Sir Fazle Hasan Abed, with the goal of addressing poverty and social injustice in Bangladesh. BRAC is the largest non-governmental organization (NGO) in the world in terms of both staff and program reach. There are several reasons why BRAC has been able to achieve such a high level of scale and impact:

1. **Comprehensive approach to development:** BRAC's approach to sustainable development is multifaceted, with programs that focus on a wide range of issues, including education, healthcare, microfinance, agriculture, and more. By taking a comprehensive approach to development, BRAC is able to address the root causes of poverty and inequality, and create long-term, sustainable change.

2. **Community-led development**: BRAC's programs are designed and implemented in partnership with local communities, and are tailored to the specific needs and contexts of each community. This approach ensures that programs are culturally appropriate, responsive to local needs, and have a high level of community ownership.

3. **Innovation and learning:** BRAC is known for its innovative approach to problem-solving, and its willingness to experiment with new ideas and approaches. The organization has a strong focus on learning and continuous improvement, and regularly evaluates its programs to ensure that they are having the desired impact.

4. **Partnerships and collaborations**: BRAC works in partnership with a wide range of organizations, including governments, NGOs, and the private sector. These partnerships enable BRAC to leverage the expertise and resources of others, and to create more effective and sustainable programs.

5. **Focus on sustainability**: BRAC's programs are designed to create long-term, sustainable change, rather than providing short-term assistance. This focus on sustainability has helped

the organization to achieve lasting impact and to scale its programs to reach millions of people.

Overall, BRAC's success can be attributed to its comprehensive approach to development, its community-led approach, its focus on innovation and learning, its partnerships and collaborations, and its commitment to sustainability. These factors have enabled BRAC to become a model for development organizations around the world, and to make a significant contribution to sustainable development. BRAC has had a significant impact on sustainable development in Bangladesh and 10 other countries, including Afghanistan, Myanmar, and Uganda. In addition to its work in sustainable development, BRAC has also played a key role in disaster relief efforts, providing assistance to communities affected by natural disasters and other emergencies. Overall, BRAC's focus on community-led development, its innovative approach to problem-solving, and its commitment to sustainability have made it a model for development organizations around the world, and have helped to improve the lives of millions of people in Bangladesh and beyond.

Some of the activities that BRAC engages in and had significant social impact include:

1. **Education:** BRAC operates schools in many countries, including Bangladesh, Afghanistan, Liberia, and Uganda. The organization also provides educational materials and teacher training to improve the quality of education in these schools. In terms of impact BRAC operates over 50,000 schools in Bangladesh, providing education to over 12 million children. The organization's schools have helped to improve literacy rates and increase access to education in some of the most impoverished areas of the country.

2. **Healthcare**: BRAC provides healthcare services in many countries, including maternal and child healthcare, nutrition services, and community health programs. The organization also trains community health workers to provide basic healthcare services in rural and remote areas. In terms of impact, BRAC's healthcare programs have helped to reduce infant and maternal mortality rates in Bangladesh and other countries where it operates. The organization's community health programs have also helped to increase access to healthcare services in remote and rural areas.

3. **Microfinance**: BRAC operates microfinance programs in many countries, providing small loans to entrepreneurs and small business owners to help them start or expand their businesses. In terms of impact, BRAC's microfinance programs have provided loans to over 8 million people, helping them to start or expand their businesses and improve their incomes. Through their microfinance programs BRAC has provided access to credit, training, and support. BRAC has helped to empower women, reduce poverty, promote financial inclusion, and drive economic growth.

4. **Agriculture:** BRAC works with farmers in many countries to improve agricultural productivity, increase income, and improve food security. The organization provides training, seeds, and other inputs to help farmers improve their yields and income. In terms of impact, BRAC's agricultural programs have helped to improve the livelihoods of over 2 million farmers in Bangladesh and other countries. The organization's work in this area has also helped to improve food security and reduce poverty.

5. **Disaster relief:** BRAC provides assistance to communities affected by natural disasters and other emergencies. This includes providing food, shelter, and other essential services to those affected. In terms of impact, the organization has a well-established disaster management program, which aims to provide immediate assistance to communities affected by natural disasters, as well as longer-term support for recovery and reconstruction. By providing immediate relief, supporting long-term rehabilitation and reconstruction, and promoting disaster preparedness, BRAC has helped to improve the resilience of communities and reduce the impact of natural disasters.

BRAC is often cited as a model for sustainability management for several reasons. The key factors that contribute to BRAC's success in sustainable development include its holistic approach to development, its community-driven approach, its focus on multiple issues, its scalability, its innovation, and its commitment to impact evaluation. These factors have helped to make BRAC a model for sustainability management, and have inspired many other organizations to adopt similar approaches to development.

Explore more at http://www.brac.net/

G-Governance Factor for Sustainable Development

In EESG management, governance refers to the processes and structures that a company puts in place to manage its operations and ensure that it operates in a responsible, sustainable manner. Governance includes a wide range of factors, including board composition, executive compensation, risk management, and transparency. Governance is critical in sustainability management because it provides the framework for decision-making and accountability that is necessary to ensure that sustainability goals are achieved over the long term. Good governance helps to ensure that sustainability is integrated into business strategy and operations, and that it is treated as a priority by senior management and the board of directors. Here is a list of 10 major reasons why governance and good governance is important in sustainability management:

1. **Establishing priorities and setting goals:** Governance provides a framework for setting priorities and establishing goals related to sustainability. This may involve developing

sustainability policies and strategies, and identifying specific targets and metrics that can be used to measure progress.

2. **Coordination and collaboration:** Governance structures can facilitate coordination and collaboration among different stakeholders, including government agencies, businesses, civil society organizations, and local communities. This can help ensure that different actors work together to achieve sustainability goals, and can help avoid conflicts and duplication of efforts.

3. **Decision-making:** Governance structures can provide a framework for decision-making on sustainability issues. This can help ensure that decisions are based on the best available information, and that they take into account the interests of all stakeholders.

4. **Policy and regulatory frameworks:** Governance structures can create policy and regulatory frameworks that support sustainable development. For example, governments can create laws and regulations that encourage businesses to adopt sustainable practices, or provide incentives for renewable energy development.

5. **Setting and enforcing standards**: Governance provides a framework for setting and enforcing standards for sustainable practices. This includes policies and regulations that promote sustainable development, as well as incentives and support programs for businesses and individuals that adopt sustainable practices.

6. **Transparency and accountability**: Governance structures can ensure that sustainability policies and actions are transparent, and that there is accountability for the outcomes. Effective governance helps to ensure that sustainability goals are being met and that progress is being made towards those goals. This may involve establishing reporting requirements and ensuring that sustainability performance is regularly monitored and reported to stakeholders. This can help build trust among stakeholders, and can provide a basis for monitoring and evaluation of sustainability initiatives.

7. **Participation and empowerment**: Governance structures can encourage participation and empowerment of different stakeholders in decision-making and implementation of sustainable practices. This can help ensure that the benefits of sustainability are shared fairly among different groups, and can help build support for sustainability initiatives.

8. **Managing risk**: Good governance is also critical for managing risks related to sustainability. This may include identifying and mitigating risks related to climate change, natural resource depletion, and social and environmental impacts.

9. **Encouraging innovation**: Governance can also help to encourage innovation and creativity in sustainability management, by providing incentives and support for employees to develop new solutions and technologies.

10. **Building trust and credibility**: Finally, effective governance can help to build trust and credibility with stakeholders, including investors, customers, and employees. By demonstrating a commitment to sustainability and transparency, companies can enhance their reputation and improve their long-term sustainability.

In other words, governance is an essential component of sustainability management, and can help to ensure that sustainability is treated as a core business issue, rather than as an add-on or afterthought. Companies that prioritize good governance and sustainability management can achieve a range of benefits, including improved financial performance, enhanced reputation, and increased stakeholder engagement. Governance is also critical in sustainable development, as it helps to ensure that economic, social, and environmental considerations are integrated into decision-making and that progress towards sustainable development goals is monitored and evaluated over time.

Good governance can help to align the interests of different stakeholders, including businesses, governments, and civil society, towards common goals related to sustainable development. This can help to reduce conflicts and encourage collaboration in pursuit of sustainable development. Good governance can help to ensure that decisions related to sustainable development are based on a broad range of considerations, including economic, social, and environmental factors. This can help to ensure that decisions are more effective and sustainable over the long term.

Good governance can provide a framework for accountability and transparency in sustainable development, ensuring that progress towards sustainable development goals is monitored and reported on to stakeholders. This can help to build trust and engagement among stakeholders and ensure that commitments related to sustainable development are met. The value of good governance in sustainable development management is to create a framework for decision-making that takes into account economic, social, and environmental considerations, and that ensures progress is made towards sustainable development goals over the long term. By prioritizing good governance and sustainable development, businesses, governments, and civil society can achieve a range of benefits, including improved quality of life for people, protection of the planet's resources, and enhanced economic prosperity.

Companies that engage in EESG management face a range of governance issues that can impact their long-term sustainability and success. Some of the main governance issues for ESG companies include:

1. **Board composition and diversity:** The composition of the board of directors is an important governance issue for EESG companies, particularly with respect to diversity. Having a diverse board can help ensure that the company is able to consider a wide range of perspectives and make better decisions. Additionally, having board members with relevant expertise can help the company better manage EESG issues. There are several EESG companies that are considered leaders in board composition and diversity, and that have implemented policies and practices to promote diversity, equity, and inclusion (DEI) in their boardrooms. For example, Unilever has a board of directors that is 50% women and includes members from a range of different nationalities and backgrounds. The company has also established a DEI committee and is working to increase representation of underrepresented groups in its leadership and management ranks. Another example is Goldman Sachs that has made a commitment to diversity and inclusion at all levels of the organization, including the board of directors. The company has set targets for diverse representation on the board and has implemented initiatives to recruit, retain, and promote underrepresented groups.

2. **Executive compensation:** Executive compensation is another important governance issue for ESG companies, particularly with respect to the alignment of compensation with EESG goals. Ensuring that executive compensation is tied to ESG performance can help incentivize executives to prioritize sustainability and social responsibility. Several companies have strategically aligned the interests of executives with the long-term sustainability of the company. For example, Intel's executive compensation plan includes a portion of pay that is tied to the company's progress towards sustainability goals, including those related to renewable energy, water conservation, and waste reduction. Another example is that JPMorgan Chase has implemented an executive compensation plan that includes an ESG scorecard, which measures the company's performance on a range of ESG metrics, including climate change, human rights, and diversity and inclusion. Also, exemplary is Royal Dutch Shell that has implemented an executive compensation plan that includes targets related to the company's progress towards reducing its carbon footprint and transitioning to a lower-carbon energy system.

3. **Risk management**: ESG companies face a range of risks related to sustainability, including reputational risk, regulatory risk, and operational risk. Effective risk management is an important governance issue for ESG companies, and may involve the development of risk management policies and the establishment of risk oversight committees. Many ESG companies have prioritized risk management to identify and mitigate potential risks and capitalized on opportunities for sustainable growth and prosperity. These ESG companies implemented robust risk management frameworks that take into account a range of ESG risks and opportunities. For example, Swiss Re, a leading insurance and reinsurance company, has made risk management a central pillar of its ESG

strategy. The company has implemented a comprehensive risk management framework that takes into account a range of ESG risks, including climate change, natural catastrophes, and social unrest. Enel is another interesting example. It has made risk management a central pillar of its ESG strategy and implemented a comprehensive risk management framework that takes into account a range of ESG risks, including climate change, cyber security, and human rights.

4. **Transparency and disclosure:** ESG companies are typically held to a high standard of transparency and disclosure, particularly with respect to their ESG performance. Effective governance requires that companies be transparent about their performance on ESG issues and that they disclose relevant information to stakeholders, including investors, customers, and employees. BlackRock, one of the world's largest asset managers, has set an example in ESG governance management by promoting transparency and disclosure in its investment practices. The company has developed a range of ESG-focused investment products and has committed to integrating ESG factors into its investment decision-making processes. BlackRock has also established an ESG oversight committee to provide oversight and guidance on its ESG strategy and performance. Coca-Cola has also set an example in ESG governance management by providing detailed disclosures on its ESG performance and commitments, including through an annual ESG report and a dedicated sustainability website. The company has also established an independent Sustainability Advisory Council to provide oversight and guidance on its ESG strategy.

5. **Stakeholder engagement**: Effective governance for ESG companies requires that they engage with a wide range of stakeholders, including investors, customers, employees, and local communities. This may involve developing stakeholder engagement policies and establishing channels for dialogue and feedback. All major standards in sustainability reporting expect companies to engage with stakeholders. For instance, B Lab, GRI, Sustainability Accounting Standards Board (SASB), and the UNGC all require companies to engage with a range of stakeholders, including employees, customers, and suppliers, in their decision-making processes and in their development and reporting of their sustainability strategies and performance.

6. **Ethics and compliance**: Good governance requires a strong commitment to ethics and compliance, with clear policies and procedures in place to ensure that all actions are legal, ethical, and aligned with the company's values. ESG companies often prioritize this area, with a focus on transparency, accountability, and ethical decision-making. Some best practices reported by ESG companies include clear codes of conduct, regular ethics training, strong whistleblower protection policies, third-party due diligence, and independent oversight. These practices help to ensure that ESG companies are operating

ethically and in compliance with relevant laws and regulations, and can help to build trust with stakeholders.

Addressing these governance issues requires a commitment to transparency, accountability, and stakeholder engagement. ESG companies that prioritize good governance can help build trust and credibility with stakeholders and can better manage the risks and opportunities associated with sustainability and social responsibility. Good governance will surely become a more determinant factor in ESG ratings and sustainability management. Increasingly, stakeholders are demanding more precise regulatory frameworks that include a set of characteristics that contribute to effective and ethical decision-making and leadership. In addition to transparency, accountability, participation, rule of law, and responsiveness, other factors will likely be added to the good governance ESG framework. Organizational performance including topics such as: climate adaptation solutions, data privacy, security practices, supply chain resilience, social justice and equity including racial and gender equality, and circular economy practices are more likely to be integrated in future ESG or EESG ratings.

Case 7.4: SDG 16.5 and Good Governance

SDG 16.5 refers to one of the targets under SDG 16 of the United Nations. SDG 16 aims to promote peaceful and inclusive societies, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels. Good governance plays a critical role in achieving SDG 16.5, as well as other sustainable development goals. Effective governance can help ensure that institutions are accountable, transparent, and responsive to the needs and concerns of citizens.

SDG 16.5 specifically calls for the development of "effective, accountable and transparent institutions at all levels" as a means of reducing corruption and bribery. The target includes a range of measures to strengthen institutional transparency and accountability, including the development of laws, policies, and procedures that promote transparency and accountability, as well as the strengthening of institutions responsible for preventing and combating corruption. In other words, the SDG 16.5 target recognizes the importance of good governance in the fight against corruption and promotes the adoption of measures to strengthen institutional transparency and accountability.

SDG 16.5 and the UNGC Principle 10 are closely related as they both aim to promote transparency, accountability, and anti-corruption practices in businesses and institutions. UNGC Principle 10 focuses on anti-corruption and requires companies to work against corruption in all its forms, including extortion and bribery. The principle encourages companies to implement anti-corruption measures and to engage in partnerships with governments, civil society, and other stakeholders to prevent and combat corruption.

SDG 16.5, on the other hand, is a global target that calls for the development of effective, accountable, and transparent institutions at all levels to reduce corruption and bribery. In essence, both UNGC Principle 10 and SDG 16.5 emphasize the importance of promoting transparency, accountability, and anti-corruption practices in institutions and businesses. By implementing these principles, businesses and institutions can help to promote sustainable development, build trust with stakeholders, and contribute to the achievement of the SDGs.

Good governance and anti-corruption measures are essential for sustainable management because they help to promote transparency, accountability, and responsible decision-making. When institutions and businesses are transparent and accountable, it becomes easier to ensure that resources are managed sustainably, and that the impacts of decisions are carefully considered. There are several reasons why good governance and anti-corruption are important for sustainable management:

1. **Ensuring the efficient and effective use of resources**: When institutions and businesses are transparent and accountable, it is easier to ensure that resources are managed efficiently and effectively. This is particularly important in the context of natural resource management, where it is essential to ensure that resources are used sustainably and that the benefits are shared fairly.

2. **Building trust with stakeholders:** Good governance and anti-corruption measures can help to build trust with stakeholders, including investors, customers, and the public. By promoting transparency and accountability, institutions and businesses can demonstrate their commitment to responsible management and build their reputation as ethical and trustworthy actors.

3. **Promoting long-term planning and decision-making**: Good governance and anti-corruption measures can help to promote long-term planning and decision-making. By ensuring that decision-making processes are transparent and accountable, institutions and businesses can take a more strategic and forward-thinking approach to their management practices.

4. **Reducing the risk of negative social and environmental impacts:** When institutions and businesses are transparent and accountable, it is easier to ensure that their activities do not have negative social or environmental impacts. By promoting responsible decision-making, good governance and anti-corruption measures can help to prevent harm and protect communities and the environment.

Organizations like Transparency International (TI), a German based international NGO has been at the forefront of promoting good governance and anti-corruption measures worldwide. The organization was founded in 1993 and is dedicated to fighting corruption and promoting transparency, accountability, and integrity in government and business. It contributes to good governance and anti-corruption by:

1. **Raising awareness**: TI has played a significant role in raising awareness about the negative impacts of corruption and the importance of promoting good governance. The organization has conducted extensive research and advocacy to highlight the impact of corruption on economic growth, social development, and democracy.

2. **Promoting transparency and accountability**: TI has worked to promote transparency and accountability in government and business by developing tools and standards for measuring corruption, such as the Corruption Perceptions Index and the Bribe Payers Index. These tools provide important benchmarks for measuring progress in anti-corruption efforts and promote greater transparency in government and business.

3. **Advocacy and campaigning**: TI has conducted extensive advocacy and campaigning to promote anti-corruption measures and good governance. The organization has worked with governments, civil society, and the private sector to promote reforms, such as stronger laws, greater transparency, and more effective anti-corruption measures.

Building partnerships and networks: TI has built partnerships and networks with other organizations and stakeholders to promote anti-corruption and good governance measures. The organization works with governments, international organizations, and civil society to develop effective strategies and promote best practices in anti-corruption. Overall, Transparency International has made a significant contribution to promoting good governance and anti-corruption measures worldwide. The organization's work has helped to raise awareness, promote transparency and accountability, advocate for reforms, and build partnerships and networks to combat corruption and promote good governance.

There have been several initiatives that have significantly contributed to SDG 16.5 for promoting good governance and anti-corruption for sustainable development. Here are a few examples:

1. **United Nations Convention Against Corruption (UNCAC)**: UNCAC is a legally binding international agreement that provides a comprehensive framework for preventing, detecting, and punishing corruption. It has been ratified by over 180 countries and serves as a powerful tool for promoting good governance and anti-corruption efforts worldwide.

2. **Open Government Partnership (OGP)**: The OGP is a multilateral initiative that aims to promote transparency, accountability, and citizen participation in government. It brings

together governments and civil society organizations to work together to develop and implement open government reforms, including anti-corruption measures.

3. **Extractive Industries Transparency Initiative (EITI)**: The EITI is a global standard that promotes transparency and accountability in the management of natural resources. It requires companies and governments in the extractive industries to disclose information about payments made and received, which helps to prevent corruption and promote sustainable management of natural resources.

4. **Global Initiative for Fiscal Transparency (GIFT)**: GIFT is a global network that promotes fiscal transparency and accountability. It brings together governments, civil society, and international organizations to promote best practices in fiscal transparency and improve the quality and availability of fiscal information.

5. **Business Integrity Initiative (BII):** The Business Integrity Initiative is a multi-stakeholder initiative launched by the World Economic Forum that aims to promote business integrity and combat corruption. The initiative brings together companies, governments, civil society, and international organizations to develop and promote best practices in business integrity and to work together to address corruption risks.

These initiatives have significantly contributed to promoting good governance and anti-corruption for sustainable development. By providing frameworks, tools, and platforms for promoting transparency, accountability, and responsible decision-making, they have helped to build momentum for anti-corruption efforts and promote sustainable management.

In summary, SDG 16.5 is a target for promoting good governance and anti-corruption measures which are essential for sustainable management because they promote transparency, accountability, responsible decision-making, and the efficient use of resources. By implementing these measures, institutions and businesses can help to build trust with stakeholders, promote long-term planning, and reduce the risk of negative social and environmental impacts. SDG 16.5 targets can reduce poverty and increase social justice. By working towards this target, countries, social sector organizations and private sector companies can help to build more stable and resilient societies, where citizens can have greater trust in their governments and institutions.

Explore more on SDG 16 at https://sdgs.un.org/goals/goal16 and the UNCG Principles 10 Resources on Anti-Corruption https://unglobalcompact.org/what-is-gc/our-work/governance/anti-corruption

Key Takeaways

1. The ESG framework is a commonly used approach for sustainability management that integrates economic, environmental, social, and governance factors.
2. An integrated approach, known as EESG, is needed for a balanced assessment of organizational objectives and activities in relation to sustainability.
3. The economic factor of the EESG framework involves mechanisms for sustainability, such as sustainable finance and green investments, and aligning economic aspects with the Sustainable Development Goals.
4. The environmental factor of the EESG framework involves addressing climate change and biodiversity conservation through practices like REDD+ and sustainable land use.
5. The social factor of the EESG framework involves community-driven development and initiatives that promote diversity and inclusion, such as the case study of BRAC.
6. The governance factor of the EESG framework involves promoting good governance and accountability, as exemplified by the case study of SDG 16.5.

References Ch. 7

Bellucci, M., Bini, L. (2019). *Integrated Sustainability Reporting: Linking Environmental and Social Information to Value Creation Processes.* Germany: Springer International Publishing.

Bose, S., Dong, G., Simpson, A. (2019). *The Financial Ecosystem: The Role of Finance in Achieving Sustainability*. Germany: Springer International Publishing.

Brinkmann, R. and Garren, S. J. (2018). *The Palgrave Handbook of Sustainability: Case Studies and Practical Solutions.* Germany: Springer International Publishing.

Carson, R. (1962). *Silent spring.* Houghton Mifflin.

Hawken, P., Lovins, A., & Lovins, H. (1999). *Natural capitalism: Creating the next industrial revolution.* Little, Brown and Company.

Klein, N., (2014). This Changes Everything: Capitalism vs. The Climate. New York: Simon & Schuster.

Kolbert, E., (2014). The Sixth Extinction: An Unnatural History. New York: Henry Holt and Co.

Mayer, Colin P. (2018). *Prosperity: Better Business Makes the Greater Good*. United Kingdom: Oxford University Press.

McKinsey & Company. (2023). Environmental, social, and governance. McKinsey & Company. Retrieved from https://www.mckinsey.com/business-functions/sustainability/our-insights/environmental-social-and-governance [Accessed March 13, 2023].

Rezaee Z. (2021). *Business sustainability: profit-with-purpose focus*. Business Expert Press.

Sikka, P., & Luo, Z. (2017). *Sustainability Accounting and Integrated Reporting.* United Kingdom: Taylor & Francis.

Spitz, K. et al. (2022). *Environmental Social Governance: Managing Risk and Expectations*. Netherlands: CRC Press.

Wallace-Wells, D., (2019). The Uninhabitable Earth: Life After Warming. New York: Tim Duggan Books.

World Commission on Environment and Development. (1987). *Our common future.* Oxford University Press.