

Environmental Social and Governance (ESG)

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What is ESG?

- It stands for Environmental Social and Governance
- It is a framework used to assess an organization's performance on various sustainability and ethical issues
- It is a means of determining an organizations non-financial risks and opportunities
- E S and G are the three pillars of this framework

Why is ESG important?

- In March 2024, the U.S. Securities and Exchange Commission (SEC) passed a rule to require climate-related disclosures for public companies.
- Governments around the world are expected to pass ESG regulations.
- The Michigan Department of Environment, Great Lakes and Energy (EGLE) released the MI Healthy Climate Plan in April 2022 to reduce greenhouse gas (GHG) emissions to avert the adverse impacts of climate change and enable Michigan to become carbon neutral by 2050.
- Currently the large original equipment manufacturers (OEMs) are requiring their suppliers to develop and communicate their ESG programs.
- In many instances counties, cities, municipalities and tribes applying for Grants and Funding require an ESG/sustainability/climate report to apply for the Grants.
- This is a pivotal moment in time when there is huge focus on ESG from all different sources and sectors.

Three Pillars of ESG



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Environmental Topics Examples

- Green House Gas Emissions (GHG)
- Criteria Pollutant Emissions
- Carbon Neutrality
- Waste Management
- Water Usage
- Zero Waste to Landfill
- Energy Use
- Pollution Control



Social Topics Examples

- Anti-Discrimination
- Anti -Harassment
- Workplace Diversity
- Community Involvement



Governance Topics Examples

- Corporate Management
- Corporate Policies
- Anti-Corruption
- Business Ethics

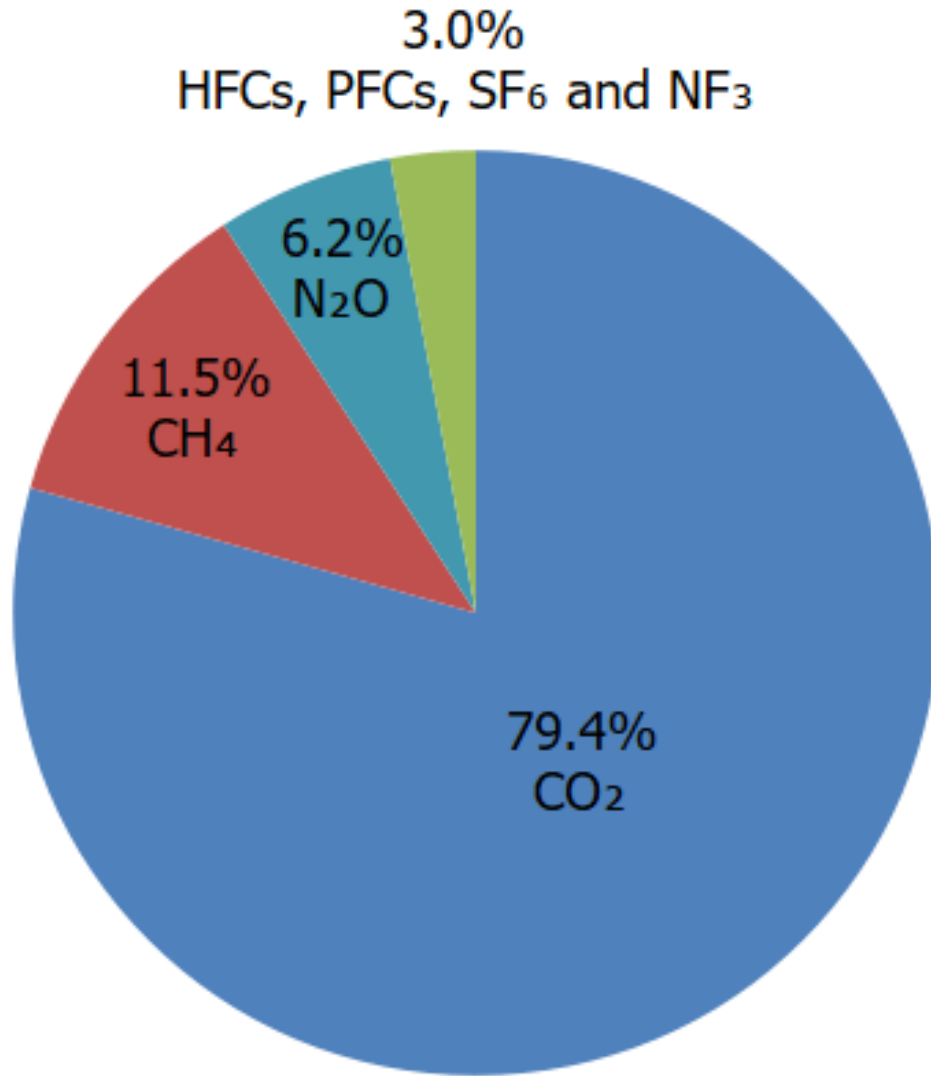
Creating an ESG Program

- Assemble a team be it internal persons or external or both that will work on the Program
- Identify Topics and Metrics that are most relevant to your organization
- Collect and compile the information
- Set Targets and Goals
- Develop an ESG/Sustainability/Climate Report
- Identify stakeholders that will receive the Report
- Select the platform for Report sharing, such as your website, individual emails, printed copies
- Communicate effectively

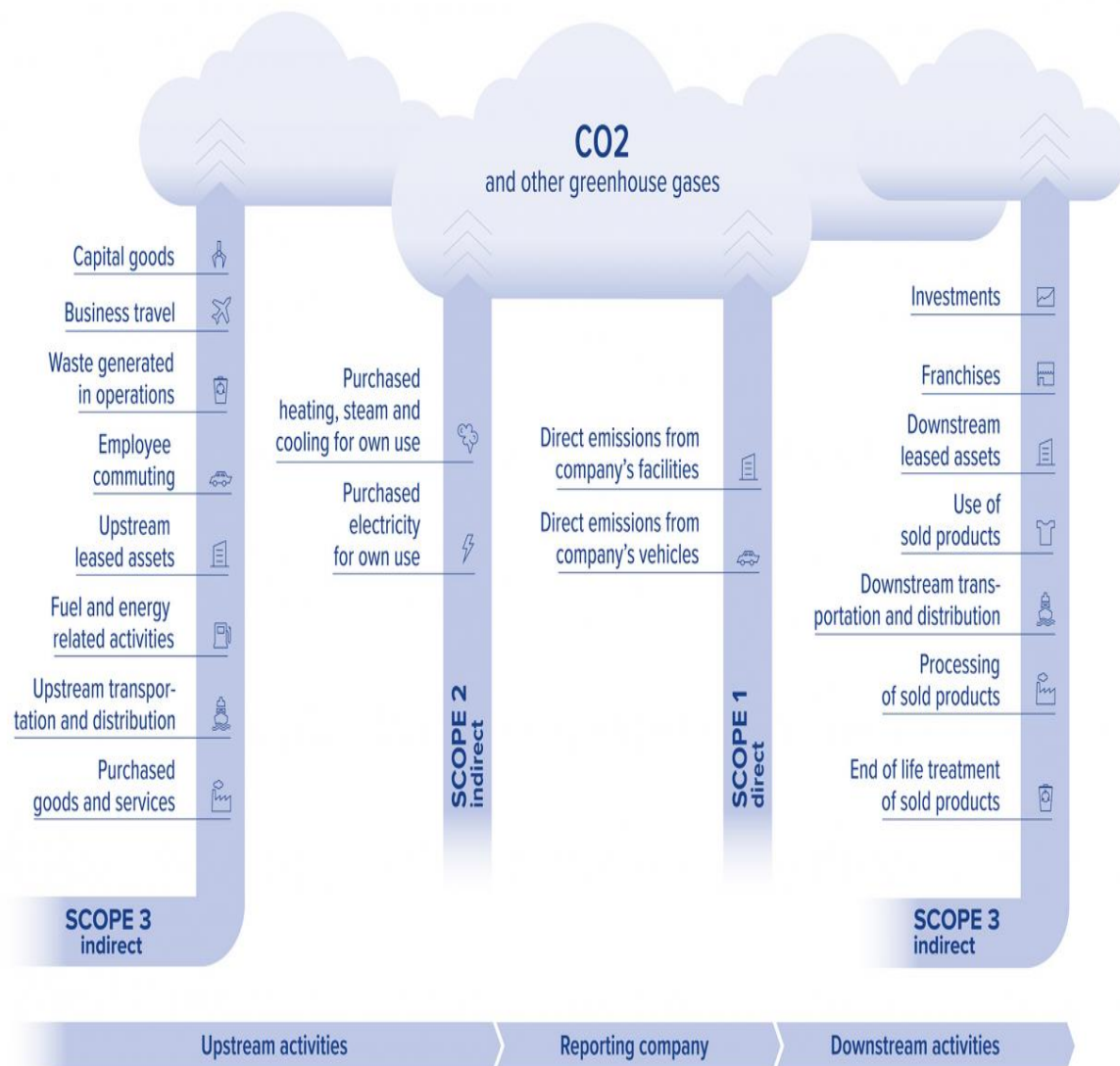
Green House Gases (GHG)

Gases that trap heat in the atmosphere are called greenhouse gases. They include:

- Carbon dioxide
- Methane
- Nitrous Oxide
- Fluorinated Gases (hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and nitrogen trifluoride)



Source: USEPA – Inventory of US Greenhouse Gas Emissions and sinks:1990-2021

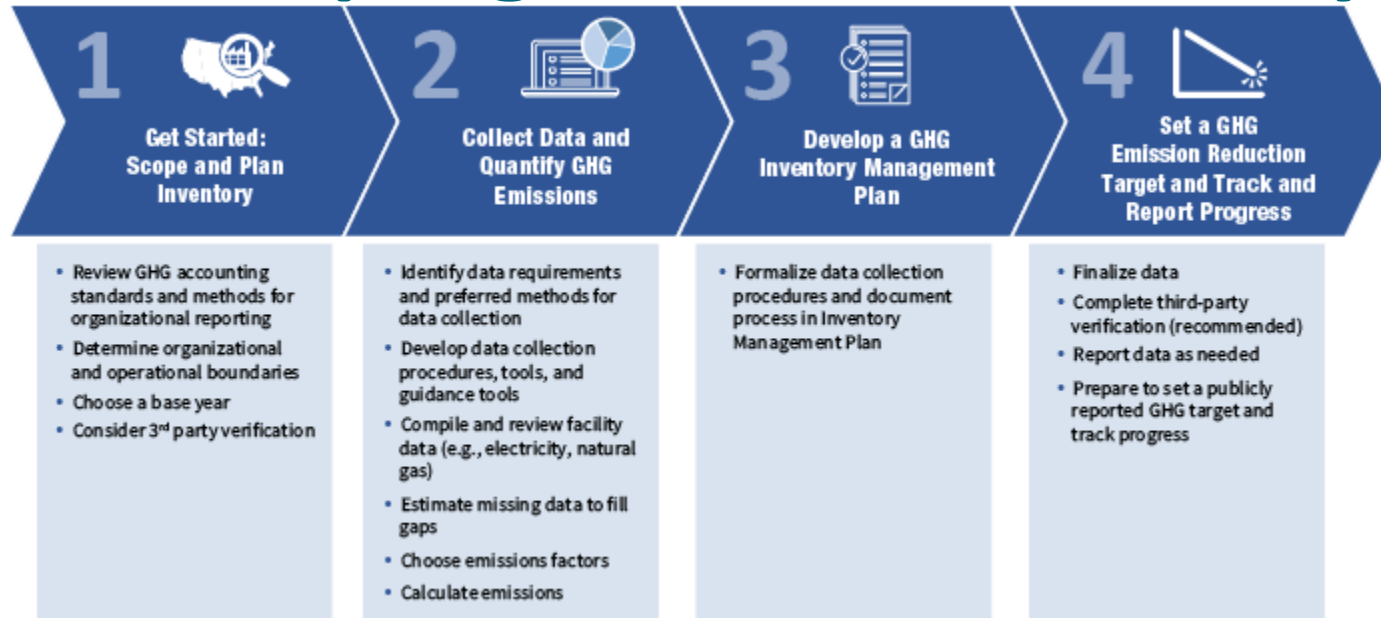


GHG Inventory

Integral part of most ESG Reports

- **Scope 1** – Direct emissions typically from combustion of fuels, such as natural gas in building boilers or from fleet vehicles.
- **Scope 2** – Indirect emissions, typically from purchased electricity, steam heating or cooling.
- **Scope 3** – Indirect emissions, value chain emissions produced by the subject organization's suppliers and customers

Developing a GHG Inventory



Source: USEPA – GHG Inventory Development Process

1. Collecting the basic data needed for the GHG inventory and identifying the organization's emission sources.
2. Identifying and documenting sources of the necessary data.
3. Reconciling energy use and internal reports with external invoices
4. (e.g., utility bills, fuel use records).
5. Developing a workbook, in a Microsoft Excel-based spreadsheet, that collects into one tool the original data, methodology applied, emission factors selected, and a summary of GHG emission results.

Holistic ESG Services

Fishbeck can provide holistic Environmental Social and Governance (ESG) consulting services

There is an expectation for all organizations to communicate their ESG goals, metrics, practices and performances to their stakeholders.

Fishbeck will identify topics and metrics that are most relevant to your organization

We will collect and compile the information, develop your ESG program and

Help you to communicate it effectively, through a well written ESG (Sustainability) Report

We will help you tell your story

Thank you!

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