

# How to create ESG metrics for your company?

## ESG



### ENVIRONMENTAL

Climate change strategy,  
Biodiversity,  
Water efficiency,  
Energy efficiency,  
Carbon intensity,  
Environmental management system



### SOCIAL

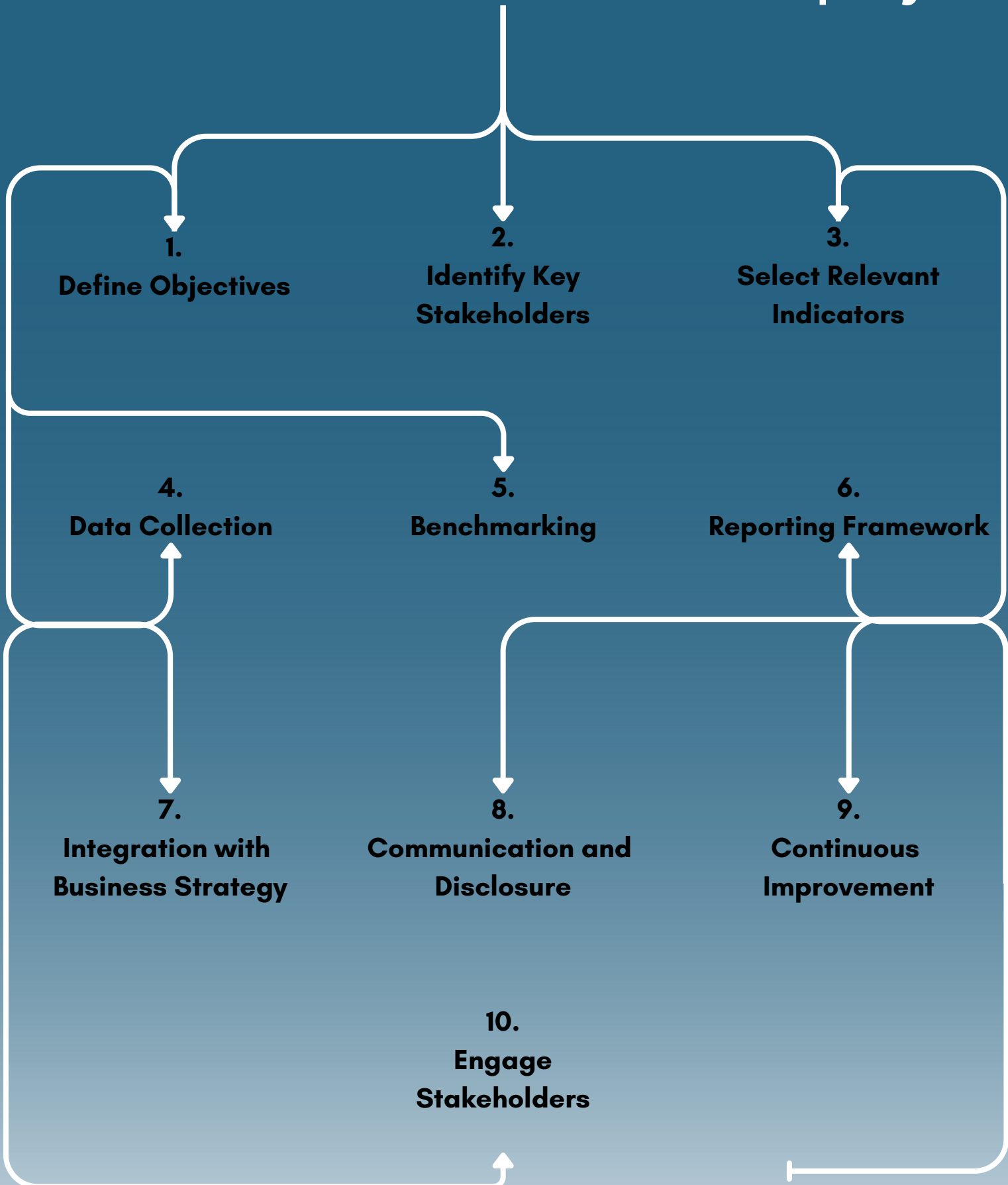
Equal opportunities,  
Freedom of association,  
Health and safety,  
Human rights,  
Customer & products responsibility,  
Child labour



### GOVERNANCE

Business ethics,  
Compliance,  
Board independence,  
Executive compensation,  
Shareholder democracy

# Here's a walkthrough scenario to establish ESG metrics for ZD company:



## Define Objectives:

- **Objective: "ZD aims to lead in sustainable technology while minimizing environmental impact, promoting social responsibility, and ensuring strong governance practices."**

## Identify Key Stakeholders:

- **Stakeholders: Investors, customers, employees, local communities, environmental organizations.**

## Select Relevant Indicators:

- **Environmental:**
  1. **Carbon emissions per product.**
  2. **Percentage of recycled materials used.**
  
- **Social:**
  1. **Diversity index in the workforce.**
  2. **Employee satisfaction surveys.**
  
- **Governance:**
  1. **Number of board members with sustainability expertise.**
  2. **Transparency of executive compensation.**

## Data Collection:

- **Implement systems to track carbon emissions and material sourcing.**
- **Conduct regular diversity surveys and employee feedback sessions.**
- **Establish transparent financial reporting practices.**

## Benchmarking:

- **Compare carbon emissions against industry averages.**
- **Evaluate diversity metrics against peer companies.**
- **Assess governance practices using industry standards.**

## Reporting Framework:

- **Adopt the Global Reporting Initiative (GRI) framework for comprehensive sustainability reporting.**
- **Use key performance indicators (KPIs) aligned with sustainability goals.**

## Integration with Business Strategy:

- **Embed sustainability goals into product development.**
- **Ensure executive decisions consider ESG impacts.**

## Communication and Disclosure:

- **Develop an annual sustainability report.**
- **Create a dedicated section on the company website for ESG disclosures.**
- **Engage with stakeholders through webinars and community events.**

## Continuous Improvement:

- **Regularly review and update ESG metrics based on technological advancements and industry trends.**
- **Seek feedback from stakeholders to enhance sustainability efforts.**



## **Engage Stakeholders:**

- **Host town hall meetings to gather community input.**
- **Conduct regular investor calls with ESG updates.**
- **Encourage employee participation in sustainability initiatives.**

**By following these steps,  
ZD can establish  
meaningful ESG metrics,  
fostering transparency,  
and demonstrating a  
commitment to  
sustainability in the  
fictional scenario.**

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