

Module	Environment, Social and Governance (ESG)
Jurisdictions	Global

Module Application

Is your organisation legally required to report environmental, social or governance (ESG) information? Does your organisation voluntarily prepare an annual ESG report? Is your organisation interested in commencing ESG reporting?

Has the organisation reviewed the gamut of possible disclosures in relation to each ESG issue? Has the organisation considered the ESG impacts of its business partners and other parties within its supply chain?

Has the organisation considered the international legal framework that impacts ESG reporting, including relevant treaties and non-binding guidelines from international bodies such as the United Nations, Organisation for Economic Co-operation and Development, and International Labour Organization? Has the organisation considered reporting on its level of compliance with the requirements of these instruments?

Has the organisation reviewed its approach to preparing and publishing the ESG report? Has the organisation assessed the different frameworks and methodologies that can be referenced and applied in preparing an ESG report? Does the organisation have processes and procedures to ensure the accuracy and timely release of the ESG report? Has the organisation considered seeking assurance of its ESG report by an auditor?

Module Scope

The *Environmental, Social and Governance (ESG)* module provides an overview of the information that may be included in an ESG report. ESG reporting is an important form of non-financial disclosure. It encourages the organisation to establish and work toward its sustainability goals. It also provides accountability and transparency for the organisation's stakeholders.

The information that may be disclosed in an ESG report can vary substantially from organisation to organisation depending on the industry, size, structure, and location of the business. This module summaries the ESG topics that can be addressed in the ESG report and proposes specific disclosures for each topic.

Topics include, but are not limited to, greenhouse gas emissions, climate change, biodiversity, waste, human rights, labour conditions, privacy, community engagement, organisational governance and ownership, board composition, regulatory compliance, business ethics, and responsible investment.

This module also sets out an approach for ESG report preparation. Guidance is provided with reference to the many international frameworks currently adopted. This includes considerations relating to the adoption of an ESG reporting framework, and the assurance of the final report by an auditor.

Finally, this module includes guidance on the international legal framework that impacts ESG reporting. It lists relevant international treaties that cover ESG issues as well as information about additional non-binding guidelines.

The module references a range of international law instruments, including, but not limited to:

- › Convention on Biological Diversity (1992)
- › Kyoto Protocol (1997)
- › Paris Agreement (2015)
- › International Covenant on Civil and Political Rights (1966)
- › Forced Labour Convention (1930)
- › Convention on the Rights of the Child (1989)
- › Convention on the Elimination of all Forms of Discrimination against Women (1979)

The module also lists a range of soft law instruments, including standards, guidelines and codes of practice. For example:

- › UN Sustainable Development Goals, 2015
- › OECD Guidelines for Multinational Enterprises, 2011
- › G20/OECD Principles of Corporate Governance, 2015
- › UN Guidelines for Consumer Protection, 2016

The specific questions and answers the module covers are:

- › What issues and topics can be addressed in an ESG report?
- › What information can be disclosed in relation to each ESG issue?
- › What considerations are important in relation to assuring the accuracy, reliability and consistency of the ESG report?
- › What are the consequences if the organisation does not meet its reporting obligations?

The specific topics the module covers relating to **environmental impact disclosure** include:

- › Emission of greenhouse gases
- › Contributions to climate change or loss of biodiversity
- › Participation in the carbon market
- › Use of non-renewable materials
- › Impacts associated with water use, land use, pollution and waste generation
- › Environmental harm caused by parties in the supply chain

The specific topics the module covers relating to **social impact disclosure** include:

- › Working conditions and protections (including occupational health and safety, workplace discrimination, and modern slavery)
- › Privacy protections and consumer rights
- › Impact on the local community
- › Social harm caused by parties in the supply chain

The specific topics the module covers relating to **corporate governance and integrity disclosure** include:

- › Executive remuneration
- › Composition of the organisation's governing bodies
- › Organisational ownership
- › Conflicts of interest
- › Stakeholder management
- › Responsible investment
- › ESG incident management and supply chain management
- › Corruption and anti-competitive practices
- › Taxation
- › Regulatory compliance
- › Business ethics

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