



Module 4

Environment and Social Governance (ESG) and Sustainability Practices	
Duration:	6 hours
Learning objectives:	<ol style="list-style-type: none"> 1. Understanding of ESG standards, principles, and their relevance in the South African and global business context. 2. Familiarity with key ESG compliance frameworks and their application in small business operations. 3. Comprehension of the structure, purpose, and ethical underpinnings of environmental management programs. 4. Capacity for implementing sustainable practices related to waste, energy, and hazardous substances. 5. Awareness of continuous improvement models (e.g., Deming's PDCA) in environmental program planning.
Sub-Modules:	<ul style="list-style-type: none"> ● 4.1 Understanding ESG Standards: Latest trends and standards in ESG, with a focus on practical compliance strategies. ● 4.2 Environmental Programs: Implementing programs for waste reduction, energy conservation, and hazardous substance management
Resources and devices:	<ul style="list-style-type: none"> ● ESG case studies from South African SMEs ● Presentations on ESG frameworks and environmental program planning ● Videos and imagery related to waste management and energy practices ● The Deming PDCA model and supporting handouts ● Group work templates, compliance

	<p>checklists, and planning tools</p> <ul style="list-style-type: none"> ● UN SDGs and NEMA (National Environmental Management Act) references ● Online resources and materials.
<p>Assessment approach:</p>	<p>Assessment methods across the module are designed to reinforce applied understanding through:</p> <ul style="list-style-type: none"> ● Case-based group activities to connect ESG principles with real business challenges ● Reflection and short written exercises to support individual contextualization ● Workshop outputs such as compliance action plans and implementation strategies ● Formative feedback during discussions and group tasks.
<p>Skills/abilities developed:</p>	<ol style="list-style-type: none"> 1. ESG and ESG standards literacy and application of global and local ESG frameworks. 2. Ability to identify and interpret ESG compliance requirements within both global and South African contexts. 3. Capacity to relate ESG principles to practical, cost-effective actions in small business environments through strategic alignment of ESG principles with profitability and growth objectives 4. Program planning skills for environmental sustainability, particularly for implementing basic environmental management programs, including waste, energy, and hazardous materials. 5. Application of critical sustainable thinking and decision-making in selecting cost-effective, ethical compliance measures 6. Ability to apply continuous improvement tools (e.g., Deming PDCA model) to environmental and sustainability initiatives. 7. Confidence in integrating ESG and environmental practices into daily business operations with stakeholder awareness and long-term vision.

Submodule 4.1

Understanding ESG Standards: Latest trends and standards in ESG.

→ **Skills:**

1. ESG knowledge
2. ESG compliance

UNDERSTANDING ESG STANDARDS
Activity 1: Introduction to ESG Standards and Compliance
Duration: 1.5 hours
Specific Learning Objectives <ol style="list-style-type: none">1. Understand the fundamental concepts and importance of ESG (Environment, Social, Governance) standards.2. Identify the latest global and South African trends and regulations related to ESG compliance.
Methodology, Resources and Devices <p>Lecture-style presentation followed by group discussions to explore practical implications of ESG standards.</p> <p>Use of case studies from South African businesses aligning with ESG principles. ESG frameworks such as the Global Reporting Initiative (GRI) and South Africa's King IV Report on Corporate Governance.</p>
Description of the activity and Key Concepts <p>Participants will learn the basics of ESG standards, focusing on how businesses can integrate these practices into their operations. The session will provide an overview of major frameworks like GRI, the United Nations Sustainable Development Goals (SDGs), and the King IV Report, emphasizing their relevance in the South African context. Through case studies, participants will explore how SMEs can align with ESG trends to meet compliance requirements, enhance transparency, and attract investors. Discussions will encourage participants to relate these standards to their own businesses.</p>
Assessment <p>Short Group Activity: Participants identify one ESG principle most relevant to their business and outline a simple action plan to align with it.</p>
Skills/Abilities developed <ol style="list-style-type: none">1. ESG knowledge and understanding of compliance frameworks.2. Ability to connect ESG principles with practical applications in their own business.

Further readings, activities, materials, best practices

GRI webpage: <https://www.globalreporting.org/>

South Africa's King IV Report on Corporate Governance:

- Various options to access the report:

<https://www.iodsa.co.za/page/king-iv-report>

- Summary guide:

<https://assets.kpmg.com/content/dam/kpmg/za/pdf/2016/11/King-IV-Summary-Guide.pdf>

- Youtube video: https://youtu.be/aup_jXhG_y8?si=kYNRGH_eP-t1H_3T

Materials below: Presentation "Introduction to ESG Standards"



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Introduction to ESG Standards

- ESG Standards: definitions, principles, and pillars.
- ESG trends in South Africa and at the international level.
- Discussing about applying EGS standards to SMEs.





Definition

ESG stands for Environmental, Social, and Governance.
⇒ A framework to measure a company's sustainability and ethical practices.



Why ESG Matters for SMEs

- Builds trust with stakeholders (investors, customers, and regulators).
- Enhances business resilience and competitiveness.
- Aligns with global trends and local South African regulations.



The 3 Pillars of ESG

ENVIRONMENTAL

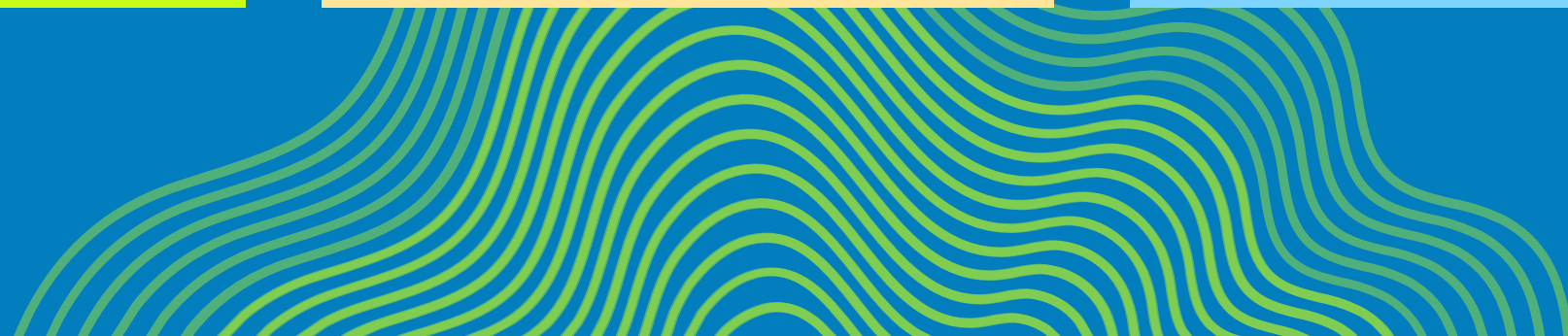
Focus on reducing resource consumption, emissions, and waste.

SOCIAL

Commitment to fair labor practices, community development, and equality.

GOVERNANCE

Transparent decision-making, accountability, and compliance with legal standards.



Latest ESG Trends and Frameworks at the International level and in South Africa

Global Trends entail:

- Increasing focus on climate change mitigation and biodiversity protection.
- Demand for corporate transparency through ESG reporting.
- The rise of investor-driven ESG initiatives (e.g., green bonds).

ESG Frameworks:

Global Reporting Initiative (GRI):

The most widely used standard for ESG reporting.

Provides guidelines for measuring and reporting on ESG impacts.

[Learn more about GRI.](#)

ESG aligns with the National Development Plan and King IV Report.

Increasing emphasis on social equity and energy transition in line with national climate goals.

King IV Report:

- Focuses on corporate governance and ethical leadership.
- A key guide for companies operating in South Africa.



Understanding ESG Principles

Pillar	Key Principles	Example for SMEs
Environment	Reducing emissions, conserving water, and managing waste.	Installing solar panels, tracking carbon emissions, or switching to sustainable packaging.
Social	Promoting employee well-being, diversity, and community engagement.	Offering fair wages, partnering with local communities, or supporting education programs
Government	Ensuring accountability, transparent decision-making, and compliance with legal requirements.	Publishing annual reports, ensuring diverse leadership, or adhering to local regulations.



Group Activity: Applying ESG Standards to Your Business

Objective: Identify an ESG principle most relevant to your business and outline a simple action plan to align with it.

Step 1: Choose one pillar (Environmental, Social, or Governance) that addresses a key challenge in your business.

Step 2: Discuss strategies to improve in this area.

Example: For "Environmental," consider adopting energy-efficient practices.

Step 3: Outline a basic action plan, including steps, resources, and timelines.

Discussion Questions:

- a. Which ESG principle is most relevant to your business?
- b. How can aligning with this principle support profitability and growth?
- c. What challenges might arise, and how would you address them?

Where to Learn More About ESG Standards

Frameworks and Guidelines:

- [Global Reporting Initiative \(GRI\)](#): ESG reporting guidelines.
- King IV Report (South Africa): Corporate governance framework.

Case Studies and Tools:

- [GreenCape](#): Case studies on ESG practices in South Africa.
- [Carbon Trust](#): Tools for environmental impact assessment.

Books and Articles:

- *Practical ESG for Small Businesses: A Guide to Compliance.*
- Articles on ESG practices in South African SMEs (search via Google Scholar or GreenCape).

Templates and Handouts:

- ESG summary sheets and impact assessment templates from GRI Resources.

UNDERSTANDING ESG STANDARDS

Activity 2: Workshop on Practical ESG Compliance

Duration: 2 h

Specific Learning Objectives

1. Explore two key ESG principles (e.g., environmental impact and transparency) in detail.
2. Learn how to identify practical, cost-effective strategies to achieve compliance with these principles.
3. Develop the ability to align ESG compliance with business goals for profitability and growth.

Methodology, Resources and Devices

Brief introductory lecture on the selected ESG principles.

Group brainstorming session to explore compliance strategies.

Guided discussion with examples of profitable ESG initiatives.

Use of case studies of South African SMEs implementing ESG principles.

Description of the activity and Key Concepts

This workshop will focus on two critical ESG principles: environmental impact reduction and transparency in stakeholder communication. Participants will gain insights into what these principles entail and why they are crucial for small businesses. They will explore real-life examples of SMEs that achieved compliance in a cost-effective way, such as by implementing waste reduction programs that simultaneously cut costs or improving transparency to attract investors.

The group will brainstorm practical compliance strategies, guided by a short checklist. Participants will learn to identify initiatives that align ESG requirements with their financial goals, ensuring ESG compliance becomes an asset rather than a burden.

Assessment

Group Exercise: Participants work in small groups to outline a strategy for complying with one of the ESG principles discussed, focusing on convenience, cost-effectiveness, and profitability.

Reflection Task: Each participant writes a brief note on how they plan to apply the workshop insights to their business.

Skills/Abilities developed

1. Practical understanding of key ESG principles.
2. Ability to design compliance strategies aligned with profitability.
3. Confidence in integrating ESG principles into business operations.

Further readings, activities, materials, best practices

Materials below: Presentation "Practical ESG Compliance → Workshop".



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Practical ESG Compliance → Workshop

- ESG Standards: definitions, principles, and pillars.
- ESG trends in South Africa and at the international level.
- Discussing about applying ESG standards to SMEs.





Definition

ESG Compliance is about ensuring that a business meets environmental, social, and governance responsibilities. Aligning with frameworks like GRI and King IV to enhance transparency.



Why ESG Compliance Matters for SMEs

- **Risk Reduction:** Avoid fines and penalties.
- **Financial Growth:** Investors and banks favor ESG-compliant businesses.
- **Market Reputation:** Consumers prefer companies with ethical operations.

Key ESG Principles for Businesses - Workshop

2 Focus Areas

Environmental Impact Reduction

- Reducing waste, emissions, and energy consumption.
- Implementing water and resource efficiency measures.

Example: A clothing brand switching to sustainable fabrics.

Transparency in Stakeholder Communication

- Clear reporting on ESG commitments and progress.
- Engaging with customers, investors, and regulators honestly.

Example: A company publishing an annual sustainability report.



Finding Cost-Effective ESG Strategies → Making ESG Compliance Work for Your Business

- Prioritize High-Impact, Low-Cost Initiatives

Use existing tools (e.g., energy tracking apps) instead of expensive audits. Focus on small, scalable changes (e.g., switching to LED lighting).

- Leverage External Support

Apply for government grants supporting ESG programs. Use industry resources like GreenCape for guidance.

- Find Revenue-Generating ESG Actions

Offer sustainable products to attract eco-conscious customers. Reduce costs through energy efficiency (e.g., solar power, insulation).



Group Discussion Activity

→ Brainstorming ESG Strategies

Step 1: Select one ESG principle (environmental impact or transparency).

Step 2: Identify a compliance strategy that aligns with profitability.

Step 3: Outline an action plan:

What steps will be taken?

What resources are needed?

How will success be measured?



Case Study – A Small Business Example: How an SME Benefited from ESG Compliance

Case Study (Hypothetical Example)

- Business: A small food manufacturer.
- Problem: High energy costs and lack of transparency on sourcing practices.
- Solution:
 - Installed solar panels to reduce energy expenses.
 - Implemented clear supplier audits to ensure ethical sourcing.
- Outcome:
 - 30% cost savings on energy.
 - Increased investor interest due to transparent supply chain reporting.

Reflection and Next Steps

How Can You Apply ESG Compliance?

- *Which ESG principle is most relevant to your business?*
- *What simple ESG strategy could you implement next?*
- *What challenges might you face, and how could you overcome them?*

Submodule 4.2

Environmental Programs Implementation

→ **Skills:**

1. Environmental management
2. Program implementation
3. Sustainable practices

ENVIRONMENTAL PROGRAMS IMPLEMENTATION
Activity 1: Exploring the Concept of Environmental Management
Duration: 1.5 hour
Specific Learning Objectives <ol style="list-style-type: none">1. Distinguish the concepts of “environment” and “management”2. Understand green and brown perspectives on environmental issues3. Introduce key elements of environmental program planning and ethics
Methodology, Resources and Devices <p>This activity follows a lecture-based and participatory approach, incorporating short conceptual input, visual media, and structured peer group interaction. Learners are introduced to foundational concepts of environmental management through guided explanation, real-world examples, and imagery. They then engage in structured group discussion to consolidate key takeaways and apply them to simple problem-solving scenarios.</p> <p>Resources include:</p> <ul style="list-style-type: none">● Video: Waste Management in South Africa (YouTube)● Visual aids: images of landfills, recycling, and waste management sites● PowerPoint presentation with conceptual overviews and visuals● Legal and academic sources:<ul style="list-style-type: none">○ National Environmental Management Act (RSA, 2009)○ <i>Environmental Management: An Introduction</i> (Nel & Kotzé, 2009)○ <i>Environmental Management: Concepts and Practical Skills</i> (Lame & Marcantonio, 2022).
Description of the activity and Key Concepts <p>This activity introduces environmental management as a process that balances ecological, social, and economic concerns in SME and policy contexts. It unpacks</p>

“environment” from both green (ecological) and brown (social-economic) perspectives and links these to ethical practices and program implementation.

Part 1 – Concept Introduction
Through short lecture and visuals, participants explore key terms: “environment,” “management,” and “environmental program.” They are introduced to major concerns such as waste, energy, and hazardous substances.

Part 2 – Group Exercise
In small groups, learners debate selected environmental issues using prior knowledge and content introduced. Facilitators prompt discussion through questions related to key environmental challenges in South Africa. Groups report back and consolidate understanding with facilitator guidance.

Key Concepts: Environmental management, green and brown issues, program planning, environmental ethics, sustainability, waste and energy policy.

Assessment

Assessment method and conduction lie on formative and summative components:

- Formative: Small group tasks and scenario discussions to reinforce learning
- Summative: Written assignment – Design and implement a basic environmental program in your local area.

Skills/Abilities developed

1. Ability to define and distinguish “environment” and “management” in sustainability contexts
2. Recognition of ecological and socio-economic dimensions of environmental issues
3. Conceptual grounding in environmental ethics and program design
4. Collaboration and critical thinking through issue-based group debate

Further readings, activities, materials, best practices

Conceptualizing the circular economy: An analysis of 114 definitions. Julian Kirchherr, Denise Reike, Marko Hekkert; Innovation Studies Group, Copernicus Institute of Sustainable Development, Utrecht University, The Netherlands.

The Commercialisation of Waste Management in South Africa, 2001.
Qotole, Xali and Barchiesi: Municipal Services Project.

Resilience, Flexibility and Adaptive Management – – Antidotes for Spurious Certitude? Author(s): Lance Gunderson Source: Conservation Ecology, Jun 1999, Vol. 3, No. 1 (Jun 1999) Published by: Resilience Alliance Inc. Stable URL: <https://www.jstor.org/stable/26271703>

The SDGs: <https://sdgs.un.org/goals>

Materials below: Presentation “GSMESKILL Module 4.4 Environmental Management Programs”

Activity 2: Applying the Deming Model to Environmental Program Implementation

Duration: 1 hour

Specific Learning Objectives

1. Apply Deming's PDCA (Plan-Do-Check-Act) model to environmental program implementation
2. Embed sustainable practices for social and environmental improvement
3. Understand continuous improvement and quality management in program execution

Methodology, Resources and Devices

This activity adopts a strategic and systems-based learning approach, introducing learners to structured quality improvement techniques. It includes lecture input, model-based illustration, and individual reflection tasks. Learners analyze the PDCA model and apply it to real-world sustainability planning using examples and worksheets.

Resources include:

- Video: [PDCA Model Explained \(YouTube\)](#)
- Reading: [Deming's 14 Points – FourWeekMBA](#)
- Web Resource: [ASQ Deming Points](#)
- Presentation content: slides introducing PCDA and ABCD models in sustainability.

Description of the activity and Key Concepts

This activity introduces the PDCA model as a continuous improvement tool for environmental program design and implementation. The model is situated within broader strategic frameworks such as the ABCD model and ESG-SDG alignment.

Part 1: Concept Introduction
A short lecture provides an overview and concept clarification of quality and continuous improvement as key concepts in environmental management and explanations on sustainability programs. Then it provides an introduction of Deming's PDCA model and its relevance to SME sustainability practices. Facilitators highlight how to integrate the model into a community or business-based environmental initiative. Embed strategy (Awareness, Baseline, Compelling Vision and Decision) to underpin the model for implementation) = ABCD + PCDA

Part 2: Application Exercise
Participants apply the PDCA cycle to design a local sustainability intervention (e.g., waste or energy-saving program). They map project phases to the PDCA cycle and reflect on success indicators.

Key Concepts: PDCA cycle, ABCD framework, continuous improvement, sustainability planning, quality management.

Assessment

Assessment method and conduction lie on formative and summative components:

- Formative: PDCA model task – mapping cycle phases to a program proposal;
- Summative: Written strategy for sustainable living – implementation plan and evaluation.

Skills/Abilities developed

1. Application of PDCA as a continuous improvement model
2. Strategic thinking for sustainable program development
3. Ability to plan, execute, and evaluate environmental programs
4. Insight into ESG alignment and SDG-based planning

Further readings, activities, materials, best practices

[Deming's 14 Points – FourWeekMBA](#)

[ASQ Deming Points](#)

Materials below: Presentation “GSMESKILL Module 4.2 Environmental Management Programs”



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GSMESKILL

Developing VET Entrepreneurial Green Mindset
and skills for Small-Business Development



CONTENTS

- ESG: Environmental management programs
 - Overview
 - ESG and Sustainability
 - Key concepts
 - SDGs 12 and 15
 - Environmental management
 - Enhancing the environment
 - Alignment UNSDGs and ESG
 - Managing conflicts in ESG integration processes



ENVIRONMENTAL

Bearable

Viabile

SUSTAINABLE

SOCIAL



ECONOMIC

Equitable





Overview

- The UN SDGs 12 and 15 provide frameworks for sustainable consumption, production, and ecosystem management.
- Aimed at mitigating climate change and to balance environmental, social and economic goals.
- Hence, the implementation of environmental programs to reduce waste and conserve energy and manage hazardous substance fallout, constitute sustainable practices that will reduce environmental impact and promote a more sustainable future.

The South African government passed the National Environmental Management Waste Act in 2009 (NEMWA), to reform the law regulating waste management to protect health and the environment by providing reasonable measures for the prevention:

- of pollution and ecological degradation
- for securing ecologically sustainable development;
- to provide for institutional arrangements and planning matters



ESG and SUSTAINABILITY

Environmental considerations:

- efficient resource utilization,
- carbon emissions,
- waste management,

Social factors:

- labour practices,
- community involvement,
- product responsibility

Governance criteria

- how organizations manage risks,
- ensure transparency,
- enforce ethical behavior throughout their operations



Concept clarification

- **Environmental program:** a structured intervention to address environmental issues and promote sustainable practices. Aims to protect the natural resources, reduce pollution, conserve biodiversity, and promote environmental awareness and education
- **Waste reduction:** refers to minimising the amount of waste generated by individuals, businesses, and communities through sustainable practices such as reusing, recycling.
- **Energy conservation:** the practice of reducing energy consumption through the use of energy-efficient devices and appliances, using renewable energy sources and smart technologies.
- **Hazardous substance management:** implies handling and disposing of hazardous materials in a safe and responsible manner to prevent accidents and reduce environmental impact.



SDGs 12 and 15

SDG 12: Responsible consumption and production:

Ensure sustainable consumption and production patterns.

SDG 15 Life on land:

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.



SDG 12: 11 Targets

1. IMPLEMENT THE 10-YEAR SUSTAINABLE CONSUMPTION AND PRODUCTION FRAMEWORK
2. SUSTAINABLE MANAGEMENT AND USE OF NATURAL RESOURCES
3. HALVE GLOBAL PER CAPITA FOOD WASTE
4. RESPONSIBLE MANAGEMENT OF CHEMICALS AND WASTE
5. SUBSTANTIALLY REDUCE WASTE GENERATION
6. ENCOURAGE COMPANIES TO ADOPT SUSTAINABLE PRACTICES AND SUSTAINABILITY REPORTING
7. PROMOTE SUSTAINABLE PUBLIC PROCUREMENT PRACTICES
8. PROMOTE UNIVERSAL UNDERSTANDING OF SUSTAINABLE LIFESTYLES
9. SUPPORT DEVELOPING COUNTRIES' SCIENTIFIC AND TECHNOLOGICAL CAPACITY FOR SUSTAINABLE CONSUMPTION AND PRODUCTION
10. DEVELOP AND IMPLEMENT TOOLS TO MONITOR SUSTAINABLE TOURISM
11. REMOVE MARKET DISTORTIONS THAT ENCOURAGE WASTEFUL CONSUMPTION



SDG 15: 12 Targets

1. CONSERVE AND RESTORE TERRESTRIAL AND FRESHWATER ECOSYSTEMS
2. END DEFORESTATION AND RESTORE DEGRADED FORESTS
3. END DESERTIFICATION AND RESTORE DEGRADED LAND
4. ENSURE CONSERVATION OF MOUNTAIN ECOSYSTEMS
5. PROTECT BIODIVERSITY AND NATURAL HABITATS
6. PROMOTE ACCESS TO GENETIC RESOURCES AND FAIR SHARING OF THE BENEFITS
7. ELIMINATE POACHING AND TRAFFICKING OF PROTECTED SPECIES
8. PREVENT INVASIVE ALIEN SPECIES ON LAND AND IN WATER ECOSYSTEMS
9. INTEGRATE ECOSYSTEM AND BIODIVERSITY IN GOVERNMENTAL PLANNING
10. INCREASE FINANCIAL RESOURCES TO CONSERVE AND SUSTAINABLY USE ECOSYSTEM AND BIODIVERSITY
11. FINANCE AND INCENTIVIZE SUSTAINABLE FOREST MANAGEMENT
12. COMBAT GLOBAL POACHING AND TRAFFICKING

Industrial revolution: concerns for the environment





The concept of environmental management

“When we see land as a community to which we belong, we may begin to use it with love and respect” (Aldo Leopold 1949).

- Environmental management, in the broadest meaning, refers to how to keep **nature in balance** in terms of what humans put into the ecosystem and take out. Environmental management is most often taught in terms of **pollution**, how humans unbalance the **ecosystem** by what they put into it, whereas natural resource management is taught in terms of how humans unbalance the ecosystem by what they take out of it. In general, the issues, trends, and human management in each are the same and there is much overlap.
- Environmental Management: Marc Lame , Richard Marcantonio. 2022.
- (Cambridge University Press & Assessment)

Change the way we consume and use goods and services

LINEAR ECONOMY

Take
↓
Make
↓
Use
↓
Waste



RECYCLING ECONOMY

Take
↓
Make
↓
Use
↓
Waste

Recycle

Arrows show a loop from 'Waste' back to 'Recycle', which then feeds into 'Make'.



CIRCULAR ECONOMY

Take
↓
Make
↓
Use
↓
Waste

Recycle

Return

Repair

Reuse

Arrows show a circular flow: 'Waste' leads to 'Recycle', 'Return', 'Repair', and 'Reuse', all of which feed back into 'Make'.





The concepts 'environment' and 'management'

ENVIRONMENT: Two perspectives:

- (1) **Exclusively green:** refers to the biotic (living) and abiotic (non- living) elements of the earth :

The environment is the complex of biotics, climatic, soil and other conditions which comprise the immediate habitat of an organisms; the physical, chemical and biological surroundings of an organism at any time.

- (2) **Green issues with social, cultural and economic aspects (brown issues)**

Human beings are an integral and indivisible part pf the earth and social (brown) issues may not be separated from the environment:

Legal definition: Environmental Conservation Act 73 of 1989: "... the aggregate of surrounding objects, conditions and influences that influence the life and habits of man or any other organism or collection of organism "

Source: Environmental management: An introduction. (Authors: JG Nel, LG Kotze, 2009, page 1-15)



The concepts ‘environment’ and ‘management’

Management: Deming Management Model:

- ISO 14001 (2004)
- Management process should include planning, doing, checking and acting

Management thus include the identification or planning of issues, implementation of the planning outcomes and checking and reviewing:

“Management is defined as the process of planning, organising, actuating, and controlling of an organisation’s operations in order to achieve coordination of the human and material resources essential in the effective and efficient attainment of objectives.”– Trewelly and Newport

Source: Environmental management: An introduction. (Authors: JG Nel, LG Kotze, 2009, page 1-15)

Enhancing environmental management: Deming Model

- PDCA Cycle
 - Plan: Set objectives and propose changes.
 - Do: Implement the changes.
 - Check: Measure the results.
 - Act: Take appropriate action based on the result





Who manages the environment?

A complex mix of players/ actors are at work in environmental management
All human beings are ultimately environmental managers

- Public sector: Government: executive, legislative and judiciary as well as agencies
- Private sector companies, agencies.
- Non- profit sector

- Focus on environmental managers:
Manage and control human - induced environmental impacts and to deal with diversity and complexity







Management strategies to enhance the environment

- **Quality management:** Quality management ensures that an organization, product or service consistently functions well and has four main components: quality planning, quality assurance, quality control, and quality improvement. It focused both on product and service quality and the means to achieve it.
(https://en.wikipedia.org/wiki/Quality_management)
- **Continuous improvement:** the ongoing practice of refining processes, systems, and products over time. (https://ideascale.com/blog/what-is-continuous-improvement/#toc_7_Steps_of_Continuous_Improvement_Process)
- **Sustainability programs:** sustainable practices and principles necessary to build a more sustainable future for all eg. reduce waste, conserve resources and improve efficiency and profitability



Management strategies to enhance the environment

- **Managing complexity and the evolving environment:** is a business methodology that deals with the analysis and optimization of complexity in enterprises and the evolving environment.
- **Strategic foresight:** is detailed and systematic analysis of driving forces and trends of change before the development of strategies or plans. It is aimed at finding solutions and responses that are likely to best suit the (evolving) mission and/or organization.

- **Think! Rethink!**

Foresight is a set of approaches to identify and explore potential challenges and opportunities in the future (WEF):

Types of thinking:

Future, systems and exponential

(<https://www.weforum.org/stories/2023/02/strategic-intelligence-why-foresight-key-future-readiness/>)

TYPES OF THINKING NEEDED



FUTURE THINKING

THE ABILITY TO EMBRACE
UNCERTAINTY AND TO
EXPLORE, THINK ABOUT AND
PERCEIVE ALTERNATIVE
FUTURES



SYSTEM THINKING

THE ABILITY TO EXPLORE
THE BIGGER PICTURE, TO
ANALYSE FACTORS AND
INTERACTIONS THAT COULD
CONTRIBUTE TO A POSSIBLE
OUTCOME



EXPONENTIAL THINKING

THE ABILITY TO FULLY
COMPREHEND THAT
SOMETHING VERY MARGINAL
AND/OR SMALL TODAY COULD
BECOME VERY PROMINENT AND
IMPACTFUL
VERY QUICKLY

Alignment of UNSDGs and ESG





UN 2030 Agenda for sustainable development

- 2030 Agenda for Sustainable Development
- Adopted by all United Nations Member States in 2015
- Provides a shared blueprint for peace and prosperity for people and the planet, now and into the future.
- 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing
- A global partnership.
- Ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.
- Source:
<https://sdgs.un.org/goals#:~:text=Learn%20about%20the%2017%20%E2%80%80SDGs,%E2%80%81%20a%20global%20blueprint>



ESG

- ESG first came to prominence in a 2004 report titled "**Who Cares Wins**",
- A joint initiative of financial institutions at the invitation of the United Nations (UN)
- By 2023, the ESG movement had grown from a UN corporate social responsibility initiative into a global phenomenon representing more than US\$30 trillion in assets under management.
- ESG are standards used to measure an organization's **impact on the environment, its social responsibilities, and the quality of its governance practices.**
- ESG standards are crucial for investors who want to ensure their investments are not only profitable but also **sustainable and ethical** (Module 4.4)
- Companies with strong ESG performance are often seen as more **resilient** and better prepared for long-term success.
- Compare triple bottom line/ social capital

²⁴Source: https://en.wikipedia.org/wiki/Environmental,_social,_and_governance



Managing conflicts in ESG integration processes

- Integration of corporate responsibility, collaborative problem solving, Leadership shield, Communication, etc.
- The adoption of environmental, social, and governance (ESG) principles has pressured firms to change their internal operations, **creating conflicts regarding meeting sustainability standards**
- Steps to resolve conflicts (Case of Ricoh group)
 - Identify conflicts for ESG factors
 - Adopt a synthesis strategy for conflict resolution of all ESG issues
 - ESG conflicts were resolved by emphasizing that ESG practices are a global requirement



Managing conflicts in ESG integration processes (continued)

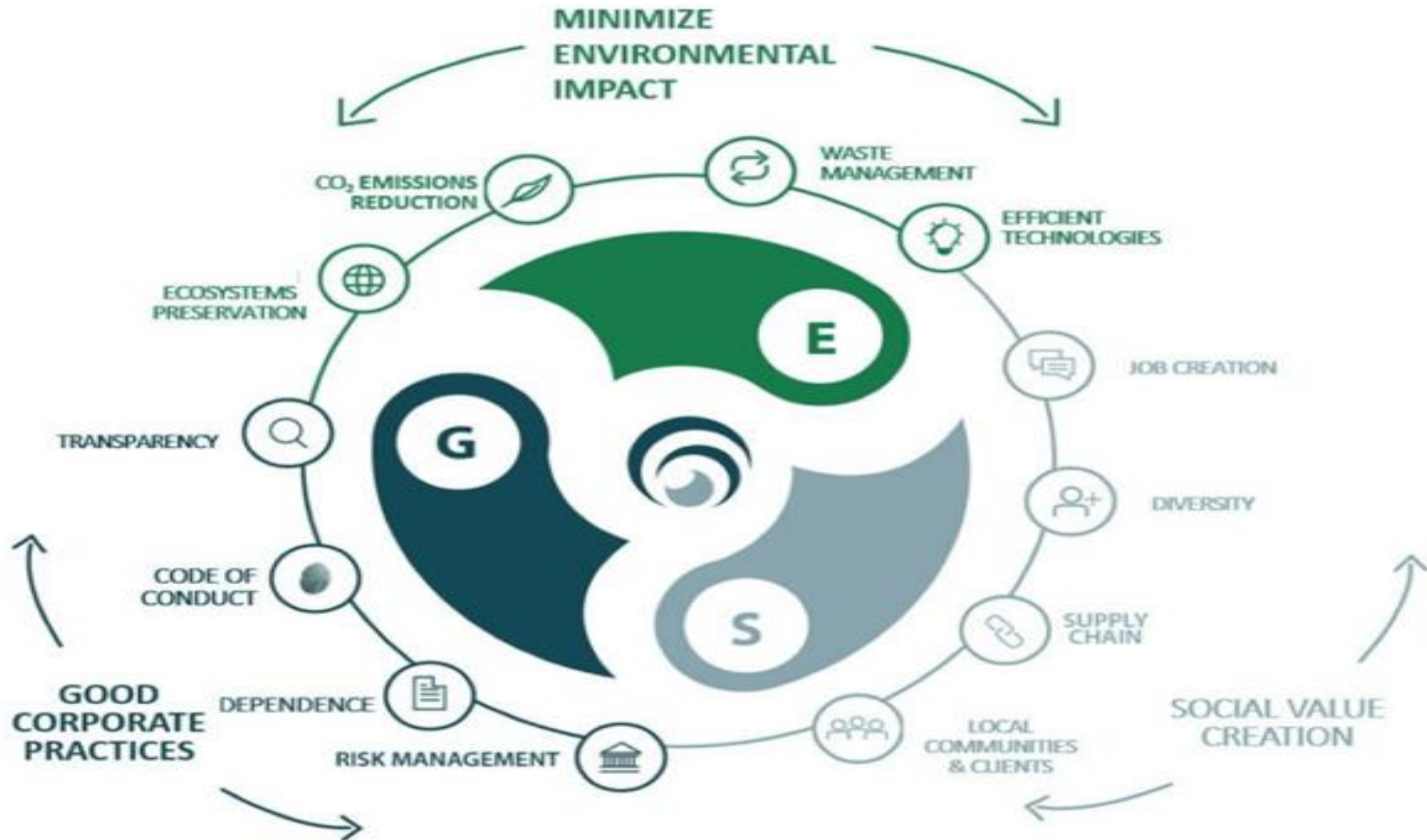
- ESG department support and management power
- Environmental conflicts were resolved through shifting from cost-of-capital-centric to market-competitiveness-centric
- Social conflicts were resolved through feedback on market needs.

Source: How to Manage Conflicts in the Process of ESG Integration? A Case of a Japanese Firm Alaa Aldowaish 1,* , Jiro Kokuryo 1 , Othman Almazyad 2 and Hoe Chin Goi

SKILLS for managing conflicts:

Communication, collaboration, collaborative problem solving, systems thinking, ethical and sustainability thinking, leadership, etc.

ESG value chain





Thank you

