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ECOLOGICAL,
SOCIAL,
ECONOMIC, SUSTAINABLE?

ESG FITNESS CHECK TO INCREASE
SUSTAINABILITY PERFORMANCE

Bregenz, March 2022

WILL AND SKILL

The companies that seriously deal with questions about the sustainable company will survive

Awareness of social responsibility, the environment, resources, ethically and morally correct thinking and acting has grown more and more in recent years¹. A fast growing number of companies are forced to present and disclose their thoughts and actions accordingly. The increasing social, media, political and economic pressure makes it necessary to question and present the entrepreneurial "footprint", the effects of entrepreneurial activity, products and processes on the environment.

The Sustainability Report of the auditing firm Deloitte - Survey of 2000 board members in 21 countries on the climate crisis:

- 89% agree with global climate crisis
- 97% of companies have already felt the effects directly
- out of 10 board members have been personally affected in the last 12 months
- Despite external pressure, sustainability measures are still hardly integrated into the core business

PEOPLE ASK QUESTIONS

Stakeholders - employees, customers, suppliers, media, authorities, banks, insurance companies, investors, residents, interest groups - put companies to the test on a wide variety of topics and ask questions: How do you think about compliance with laws? What are you doing about air pollution? Can your employees make a good living from the income they earn from your company? How do you avoid/dispose of the waste produced? How do you reduce energy consumption?

With these and many similar topics and questions, you will probably be confronted more and more frequently and persistently. The underlying concerns of the various stakeholder groups, as well as the resulting goals and demands are not new.

WHAT ARE YOUR ANSWERS?

In 2020, the World Economic Forum, in cooperation with the major auditing firms Deloitte, EY, KPMG and PwC and many representatives of various stakeholder groups, published the White Paper "Measuring Stakeholder Capitalism"², in which the Sustainable Development Goals (SDGs) of the United Nations were categorised into four pillars and equipped with measures.

The results and recommendations of this White Paper are most valuable but are too abstract and practically inapplicable for most unlisted, small and medium-sized enterprises. Inner conviction and agility as a team is much more important than external influence and finger pointing.

¹ <https://www2.deloitte.com/at/de/seiten/wirtschaftspruefung/artikel/sustainability-report.html>

² <https://www.weforum.org/stakeholdercapitalism>

ESG³ FITNESS CHECK - PRACTICAL EVALUATION

We have therefore developed a practicable set of valuation tools with companies for

- assessing their status in relation to their sustainability performance,
- developing strategies to increase them and
- being able to provide answers to stakeholders' questions.

The Four Pillars - Sustainable Development Goals of the United Nations (Sustainable Development Goals - SDG)




Source: World Economic Forum and Big Four analysis. Definitions for Planet, People and Prosperity taken from the UN’s 2030 Agenda for Sustainable Development

³) ESG is the acronym for environmental, social and (corporate) governance, the three broad categories or areas of interest to what is called 'socially responsible investors' who consider it important to include their values and concerns (e.B. environmental concerns) in their investment choices, rather than just considering the potential profitability and/or risk of an investment opportunity.

Collective Assessment in the management team

The 4 pillars for assessing sustainability performance

The statements serve to reflect on the personalization as well as the subsequent discussion for collective evaluation by a most possible representative group of managers and experts possible, the "critical mass," which represents all essential aspects, knowledge, experiences and approaches on important topics of the present and future of the organization. This ensures that the individual insights and the "organizational knowledge" flow into the analyses and solutions that are supported by the management team.

 Principles of Governance	 Planet	 People	 Prosperity
<ol style="list-style-type: none"> 1. Purpose and ethic values 2. Quality of leadership and organization 3. Stakeholder engagement – cooperation within and in the environment of the organization 4. Ethical behavior 5. Risk and opportunity management 	<ol style="list-style-type: none"> 1. Climate change – contributions to climate goals 2. Natural losses and damage, soil erosion 3. Air pollution Emission of nitrogen oxides 4. Solid waste, plastic waste and recycling 	<ol style="list-style-type: none"> 1. Human dignity and equal opportunities 2. Health and well-being 3. Skills and qualifications required in the future 	<ol style="list-style-type: none"> 1. Employment and wealth accumulation 2. Innovation – product and service development for the benefit of customers, society and the environment 3. Community and social vitality

SURVEY FOR INDIVIDUAL EVALUATION

The first step is to collect and then collate the individual views to describe the status quo:

a) How relevant are the categories?

For example, the statement on air pollution may not appear as relevant for a gardener as it is for the manufacturer of building materials. Statements that do not appear relevant can be marked as such in the questionnaire.

	Not relevant	does not apply	does rather not apply	rather applicable	fully applicable	I don't know
5.1) The meaning and purpose of the company, its contribution to economic, social and environmental development are clear and publicly available.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

b) How accurate are the statements offered?

It is very important for the development of a common strategy that the participants in the survey give their individual, highly personal assessment. Where the assessments between the participants differ greatly, the reasons for the deviation should be discussed in a first step to obtain a common, comprehensive picture of

the sustainability performance of a company / organization that is understood and accepted by all functions and levels. The ESG FITNESS CHECK deliberately does not aim to measure sustainability performance, as at this point in time only the relevant topics and corresponding practicable measurement methods are determined. These are discussed later in the survey analysis and action planning.

WORKSHOP - ANALYSIS AND STRATEGIC ACTION PLANNING

The key question for monitoring sustainability performance:

How good is our sustainability performance and what can we do to increase it?

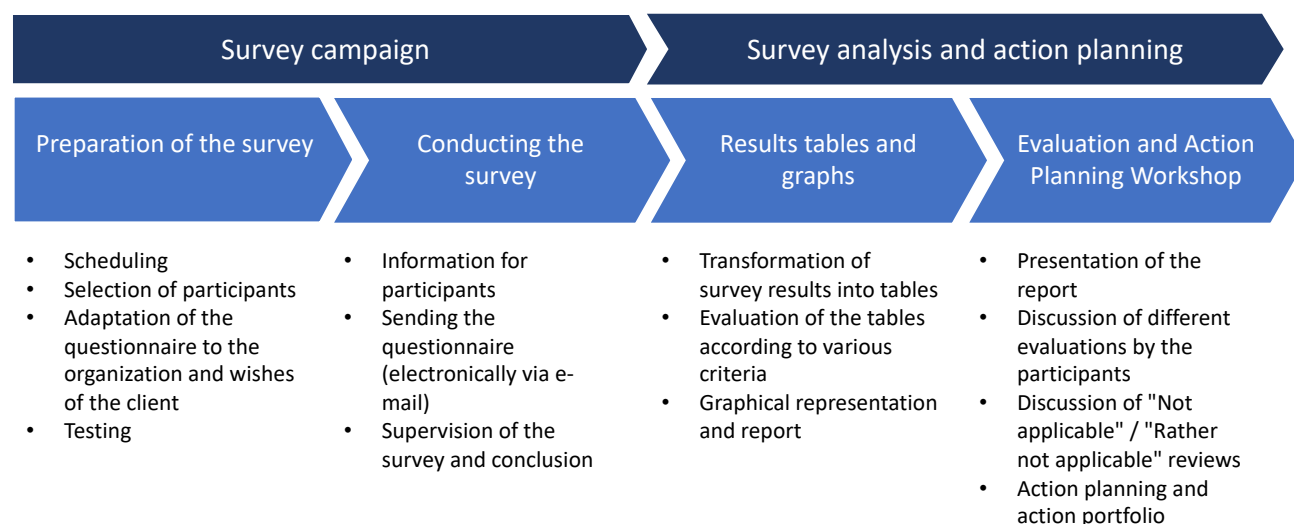
Objectives and expected results of the workshop

- Knowledge of the status quo in terms of sustainability performance
- Joint assessment of strengths and weaknesses in terms of sustainability performance,
- Knowledge and assessment of expected developments
- Action plan and portfolio of measures

Participants in the workshop

all members of the management group, participants from 2, if possible 3 management levels + selected experts

STEPS FOR THE ASSESSMENT AND ACTION PLANNING

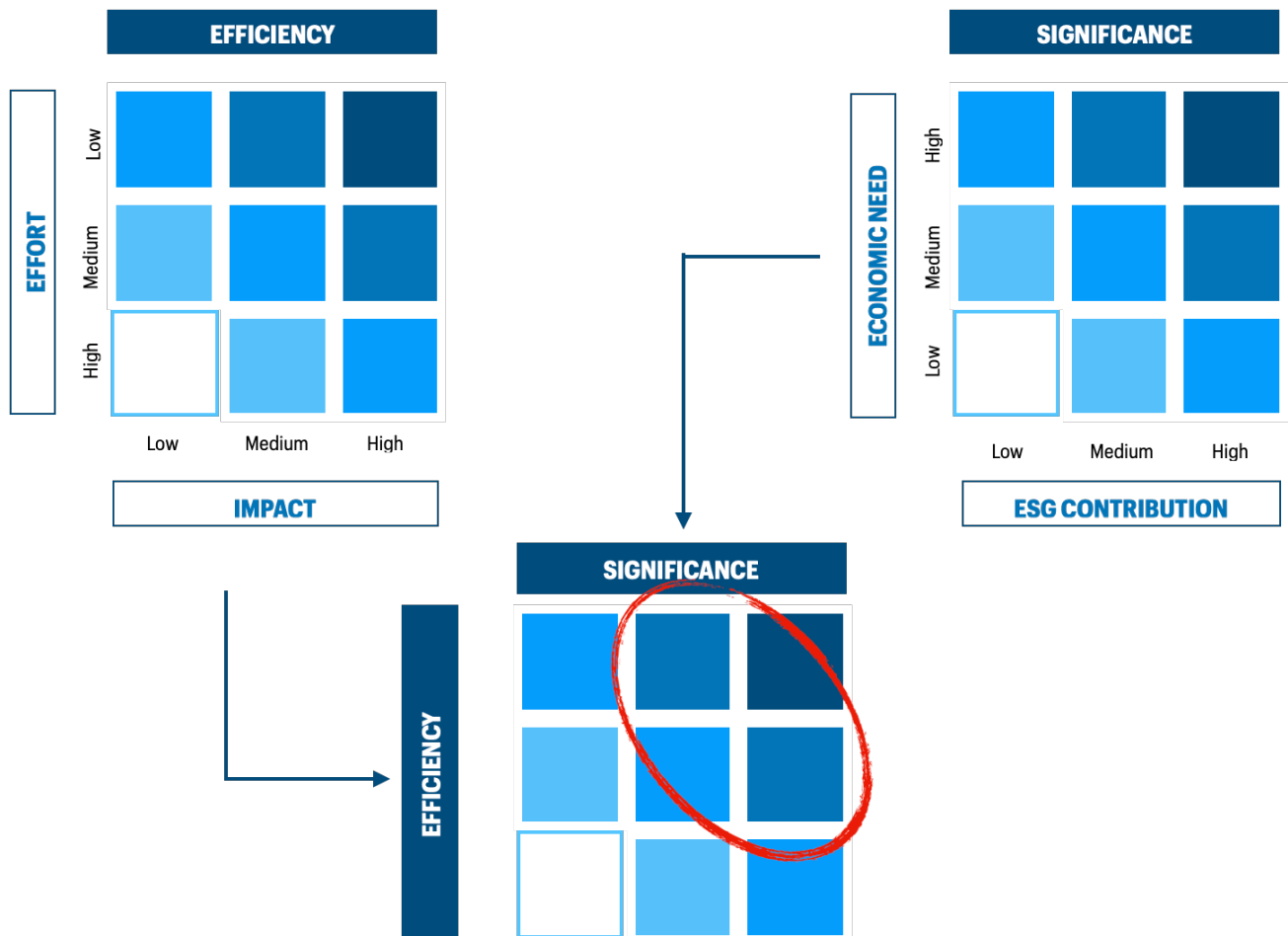


RESULTS OF THE ASSESSMENT AND ACTION PLANNING – DO THE RIGHT THINGS

The action portfolio serves to prioritize the actions according to their contribution to sustainability performance. This prevents from the development of measures with low efficiency (effort and impact) in relation to their economic and eco-social significance.

The evaluation of the significance and the relative effort is initially based on a collective assessment by the workshop participants. Wherever measurement data is available, it should be used in the interest of an evidence-based decision. In order to avoid unnecessary complexity and thus effort, a more precise evaluation is only carried out for the strategic and operational actions selected for implementation.

But again: the most important thing for successful action is the collective conviction - taking the right and feasible measures.



WOULD YOU LIKE TO KNOW MORE?

We look forward to your call, letter or e-mail.
We are happy to answer your questions and
show you the

ESG FITNESS CHECK

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Driving change is our business