

SIMMA & PARTNER CONSULTING

ECOLOGICAL,
SOCIAL AND
GOVERNMENTAL
ASSESSMENT

ESG - FITNESS CHECK[©]

TO INCREASE
SUSTAINABILITY PERFORMANCE

Bregenz, July 2023

ECOLOGICALLY, SOCIALLY AND FAIR?

The companies that seriously address issues of sustainable business will survive

D Growing environmental awareness and social responsibility are welcome developments due to rising concerns about climate change, environmental problems and social injustices. People, companies and governments are increasingly recognizing their responsibility to act sustainably and make a positive contribution to society.

This leads to an increased focus on sustainable practices, social fairness and environmentally friendly decisions at the individual and societal level. By acting together, we can create a more hopeful future for our planet and all people.

The sustainability report of the consulting 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
- 8 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.

ANNOYING DUTY OR OPPORTUNITY?

The SDGs (Sustainable Development Goals)¹ of the United Nations offer companies a wide range of opportunities and possibilities. The SDGs are a set of 17 global goals to be achieved by 2030 to promote sustainable development on an economic, social and environmental level.

The EU Taxonomy Regulation 2020/852 of the European Parliament and the corresponding Directive of the European Commission on corporate due diligence oblige even relatively small companies with more than 250 employees and an annual net turnover of EUR 40 million worldwide to promote sustainable and responsible corporate behavior in all global value chains and to include concrete Information to substantiate. Companies are obliged to identify, prevent, remedy or reduce the negative impacts of their activities on human rights and the environment. The mandatory sustainability reporting will apply from 1 January for the 2023 financial year and for SMEs from 2026 due to the pandemic.

For companies, the SDGs create a number of opportunities - apart from the reporting obligations:

- New business opportunities for innovative sustainable solutions
- Stronger customer loyalty due to increasing demand for sustainable products.
- Risk minimization through environmentally friendly and socially fair behavior
- Access to finance that is increasingly tied to sustainable corporate governance.

¹ SDG is the acronym for Sustainable Development Goals of the United Nations













- Employee motivation – Employees are looking for meaningful work and identification with the values of their employer.
- Increased efficiency – optimization of products and processes – as a consequence of sustainable goals
- Strengthening the company's reputation as a responsible company
- Partnerships and collaboration with different stakeholders to exploit synergies (circular economy)

WHAT IS OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS (SDG'S)?

The development of guidelines for sustainable, social and legal action began as early as the 60s and gained enormous importance through the postulation of the SDGs. ESG stands for "Environmental, Social Governance" and refers to an approach to assessing and reporting sustainability factors in companies and investments.

EFRAG² develops recommendations and standards for non-financial reporting, helping investors, regulators and the public to make informed decisions and to better manage and develop companies' sustainability performance.

With regard to reporting the sustainability performance of companies, EFRAG is developing a reporting structure that is aligned with the United Nations SDGs:

															
															
															
															
															
															
 E - Environment				 S - Social				 G - Governance							
<p>The environmental aspect of ESG assesses a company's impact on the environment and its efforts to address environmental challenges.</p> <ol style="list-style-type: none"> (1) Climate change (2) Pollution (3) Water and marine resources (4) Biodiversity and ecosystems (5) Resource use & circular economy 				<p>By analyzing the "S" in ESG, investors, stakeholders, and the public can gain insights into how a company addresses and manages social issues, its commitment to responsible and ethical business practices, and its overall impact on society and the people it interacts with.</p> <ol style="list-style-type: none"> (6) Own workforce (7) Workers in the value chain (8) Consumers and end-users (9) Affected communities 				<p>The governance aspect of ESG evaluates how a company is managed, controlled, and governed. It focuses on the systems and processes in place to ensure transparency, accountability, and adherence to ethical principles.</p> <p>By analyzing the "G" in ESG, investors, stakeholders, and regulators can gain insights into the company's corporate governance practices, its</p> <ol style="list-style-type: none"> (10) Business Conduct 							

² EFRAG stands for the European Financial Reporting Advisory Group and is an organization dedicated to the development and promotion of high-quality, globally recognized accounting standards in Europe.

We use the ESG structure developed by EFRAG as a basis for assessing our own sustainability performance and have developed a process and tool for this purpose, the

ESG - FITNESS CHECK[®]

We believe that companies and their employees can and should first review and evaluate their own ESG performance themselves. They want to decide for themselves whether, when, for what and to what extent they want and need to use external support. The ESG FITNESS CHECK[®] is the tool to:

- Structured alignment with the sustainability report required from 2026
- Active participation and integration of managers and employees in the evaluation and development of measures to increase sustainability performance
- Cost-effective evaluation procedure that can be repeated at regular intervals
- Documentation of the comprehensive sustainability assessment and measures

The ESG FITNESS CHECK[®] helps you to:

1. assess their status in relation to their sustainability performance,
2. develop strategies to increase them, and
3. create the basis for your sustainability report as well as for your public relations work.

JOINT ASSESSMENT IN THE LEADERSHIP TEAM

The ESG - FITNESS CHECK[®] provides statements for the evaluation in the three categories E, S and G, which serve to reflect on the personal assessment as well as the subsequent discussion on collective evaluation.

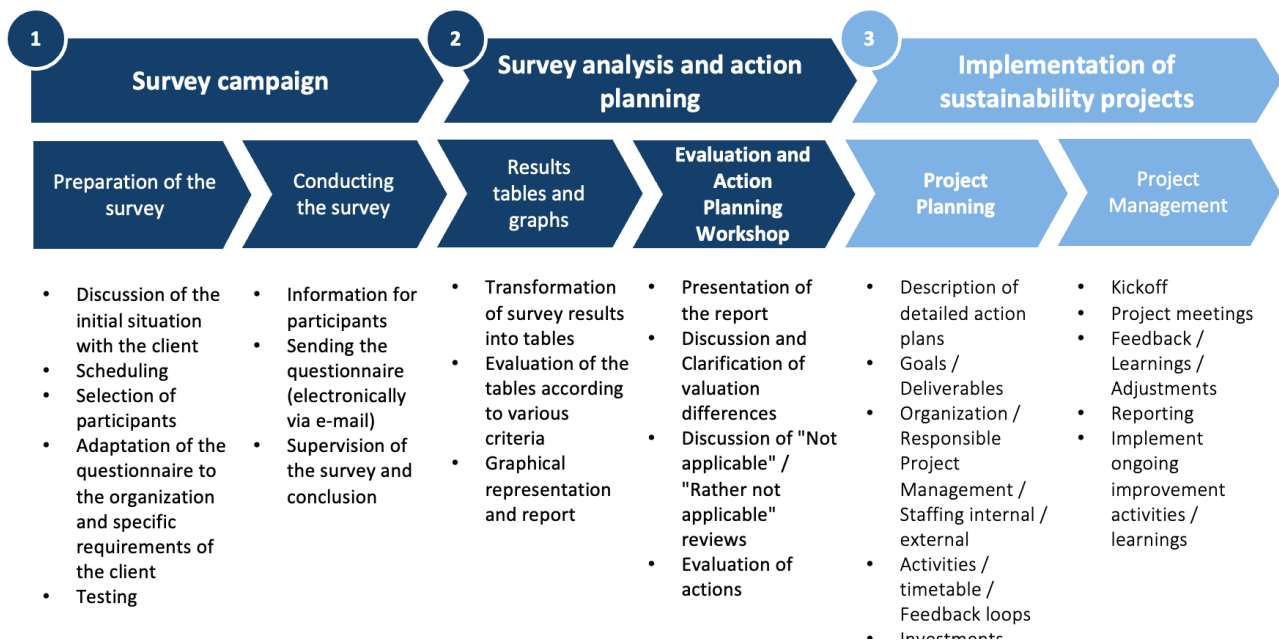
This evaluation is carried out by a group that is as representative as possible, representing the "critical mass"³ of an organization and thus all essential aspects, knowledge, experiences and approaches to important topics of the present and future. This ensures that the "organizational knowledge" flows into the analyses and solutions that are supported by the management team.

OVERVIEW OF THE STEPS OF ESG - FITNESS CHECK[®]

The self-assessment process includes:

- the planning and implementation of a survey campaign by means of an electronic questionnaire for the evaluation of the given statements, and
- the analysis of results and action planning based on the results of the survey.

³ The term "critical mass" refers to the point at which a system reaches a certain threshold, beyond which significant changes or reactions occur in its behavior or structure. It's the point where a minor alteration or the addition of another component to the system leads to a sudden or nonlinear transformation, e.g. towards ecologically and socially sustainable behavior and performance.



The total duration of the evaluation and analysis process is 4 to a maximum of 6 weeks.

INDIVIDUAL ASSESSMENT BY MEANS OF ELECTRONIC SURVEY

The first step is to survey the individual point of view and evaluate the status quo:

- **How relevant are the categories?**

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

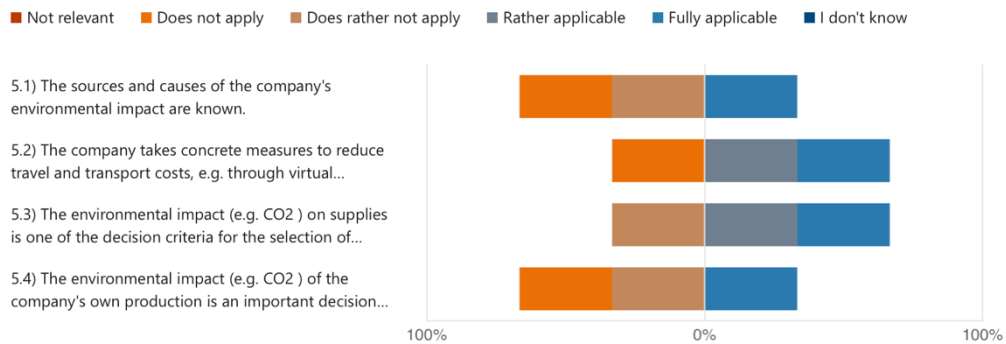
- **How accurate are the statements offered?**

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 individual assessments differ greatly, the reasons for this different assessment can be discussed in a first step. Only in this way is it possible **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 following picture shows an example of the graphical representation of the evaluation.

5. Resource use & circular economy

[Weitere Details](#)



The ESG FITNESS CHECK® deliberately does not aim to "measure" sustainability performance, as the relevant topics and practicable measurement methods are only determined at this point in time. In this way, unnecessary measurement effort is avoided and focuses on measuring those ESG criteria that are subsequently considered relevant for increasing one's own sustainability performance.

WORKSHOP ON DIAGNOSIS AND 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 with regard to the requirements of sustainability reporting according to the Corporate Sustainability Reporting Directive (CSRD),
- 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 circle, participants from 2, if possible 3 management levels – the so called "critical mass" of the organization.

Duration of the workshop

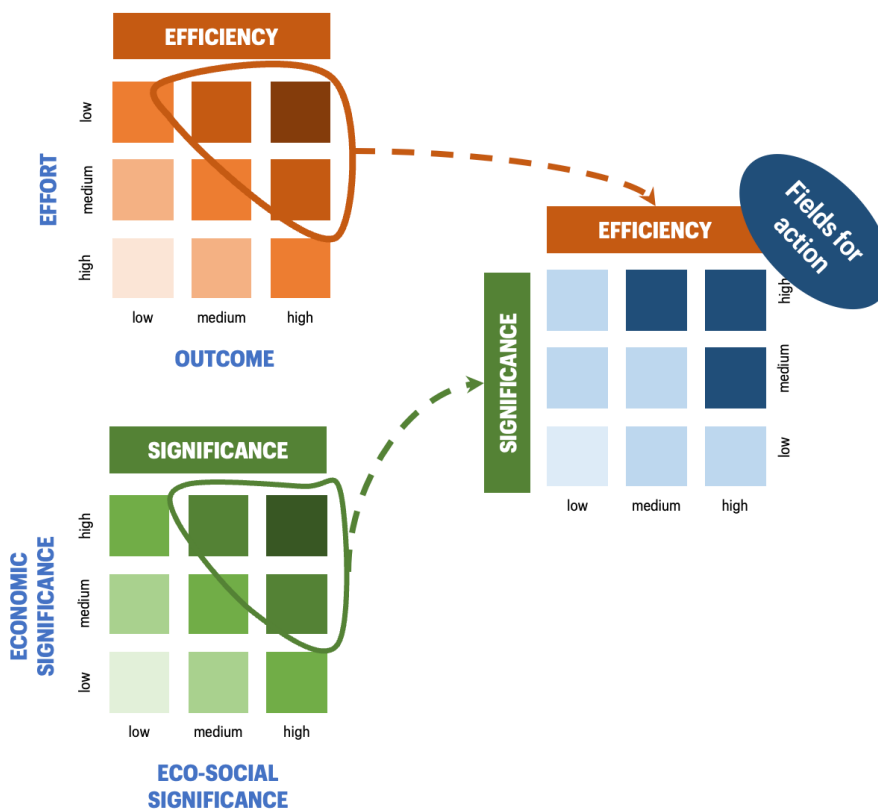
Standard

- Standard procedure 1 working day, depending on the requirements, the workshop can also be extended to 2 days.

RESULT OF DIAGNOSIS AND ACTION PLANNING: THE ACTION PORTFOLIO

The action portfolio serves to prioritize the actions according to their contribution to sustainability performance - importance and effectiveness. This avoids developing measures in which the efficiency (effort and effect) and / or significance (economic / eco-social) do not appear to be worthwhile or meaningful.

The evaluation of the importance and effectiveness is first carried out after a collective assessment by the workshop participants. Wherever measurement data is available, it should be used in the process of evidence-based decision-making. However, in order to avoid unnecessary complexity and thus effort, a more precise, data-based evaluation is only carried out for the strategic and operational actions selected for implementation.



The planning and implementation of projects for the targeted and effective increase of sustainability performance is no longer the subject of action planning and the action portfolio.

HAVE WE PIQUED YOUR INTEREST?

We are looking forward to your call or e-mail.

We would be happy to show you how the

ESG - Fitness Check[®] works.

SIMMA & PARTNER CONSULTING
Driving Change is our Business

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