ESG & SUSTAINABILITY REPORTING TRAINING COURSE

Toxiconsol Consultancy (Pvt) Ltd

toxiconsol (Pvt) Ltd
t/a African Sustainability Consultants
facilitating environmental health, safety and energy management excellence

Tawanda Collins Muzamwese

4th Floor Bard House, 61 Samora Machel Avenue, Harare,

toxiconafrica@gmail.com

Quality Management | Environmental sustainability | Occupational health and safety | Management Consultancy | Process Improvement





ABOUT US – TOXICONSOL CONSULTANCY (PVT) LTD

- Leading international consulting organisation in the field of Sustainability including (Safety, Health, Environment, Quality - SHEQ), Legal Compliance
- Sustainability Reporting based in GRI Standards
- Auditing, Advisory, Training in SHEQ
- Guidance on certification to standards ISO 14001, ISO 45001, ISO 9001, ISO 50001
- Projects, training, activities, workshops in about 30 countries including Zimbabwe, Netherlands, Egypt, China, South Korea, Germany, Israel, Bahrain, Tanzania, Ethiopia, Mozambique, Uganda, Spain, Ghana, United States of America etc
- **First company in Zimbabwe to be certified as a Licensed Assurance Provider for AA 1000 Sustainability Assurance, by Accountability, United Kingdom for independent evaluation and certification of Sustainability Reports as from April 2018**

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INTRODUCTION

- The world is currently facing a variety of environmental, social and economic challenges
  - Poverty
  - Climate Change
  - Deforestation
  - Malnutrition
  - Health crises e.g. just ended Covid-19 crisis
  - Conflict
  - Hunger
  - Energy Crises
  - Sub-standard products

EMERGING GLOBAL THREATS?

Air pollution fatalities –

7 Million Annually

Every 15 seconds a worker dies due to work related accidents

800 women die every day due to preventable causes related to pregnancy and childbirth related

Emerging global threats

2 degrees, the global temperature increase by 2030

300 000 hactres of forest land lost per year in Zimbabwe

2023, the hottest year in history

Global Sustainability Challenges

- Climate Change
- Water Scarcity
- Pollution (Water, Air, Land)
- Depletion of the Ozone Layer
- Biodiversity Loss
- Land Degradation
- Hazardous Chemicals
- Electronic waste
- Waste
- Deforestation

INTRODUCTION

- Sustainability has become a key element of business strategy.
- **Stakeholder requirements**, **financier requirements**, **legislation, markets** and other factors are influencing adoption of sustainability.
- The rise of concepts such as **Environmental and Social Governance (ESG)**, Green Economy, Green Growth, Green Industry, Sustainability Reporting and Green Industry have steered the urgency of sustainability reporting.
- The need for Sustainability Disclosures and Reporting started as voluntary, but is slowly becoming mandatory to organisations
- For forward looking organisations is beyond compliance and a core element of business strategy.

Introduction to Sustainability

- The world is faced with a plethora of challenges in the 21st Century which have the potential to affect the viability of humankind and prosperity of companies

- Sustainability has become a central aspects of the strategy of companies and is being mainstreamed into the corporate strategy of many companies

- The world population currently at 7 billion people is expected to rise to 9 billion people by the year 2050

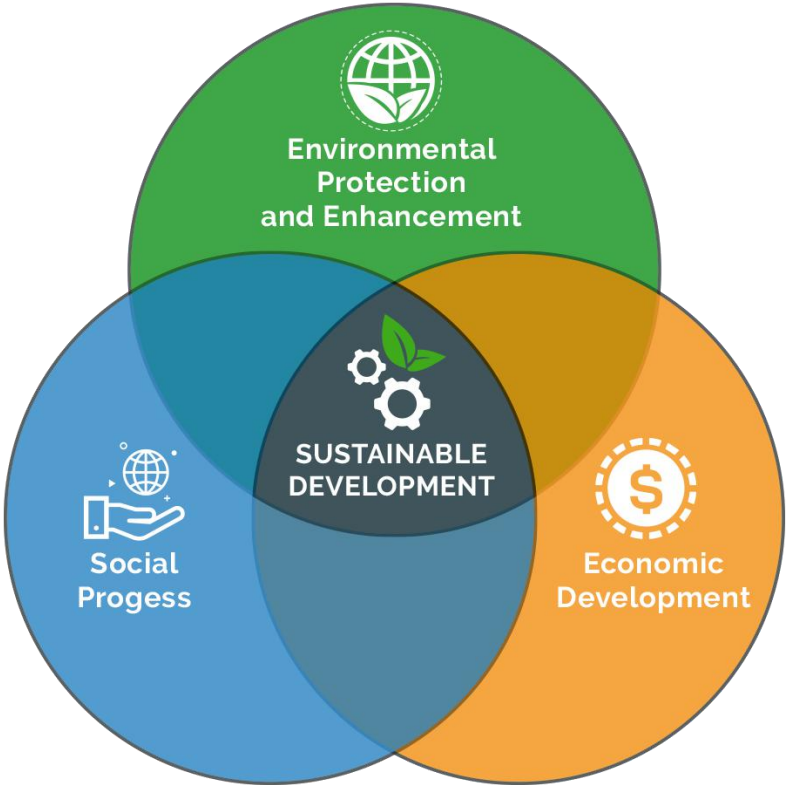
- International markets and stakeholders are now demanding sustainability as a license to operate in order to do business

THE NEED FOR SUSTAINABLE DEVELOPMENT

- In order to address the range of environmental, social and economic challenges, we need to adopt Sustainable Development.

- Anchor our progress on Environment-Society-Economy

- Prioritise 3Ps – People Planet and Profit



WHAT IS ESG?

- Environmental and Social Governance (ESG) is mainstreaming, implementation of measures for environmental protection, social sustainability and operating organisations with high levels of corporate governance.

EXAMPLES OF ESG CONCEPTS

- Responsible Mining
- Circular Economy
- Green Economy
- Prevention of Modern Slavery
- Green Growth
- Green Industry
- Sustainable Consumption and Production
- Ethics and Integrity
- Just Transition
- Corporate Social Responsibility
- Corporate Citizenship

SIGNIFICANCE OF ESG

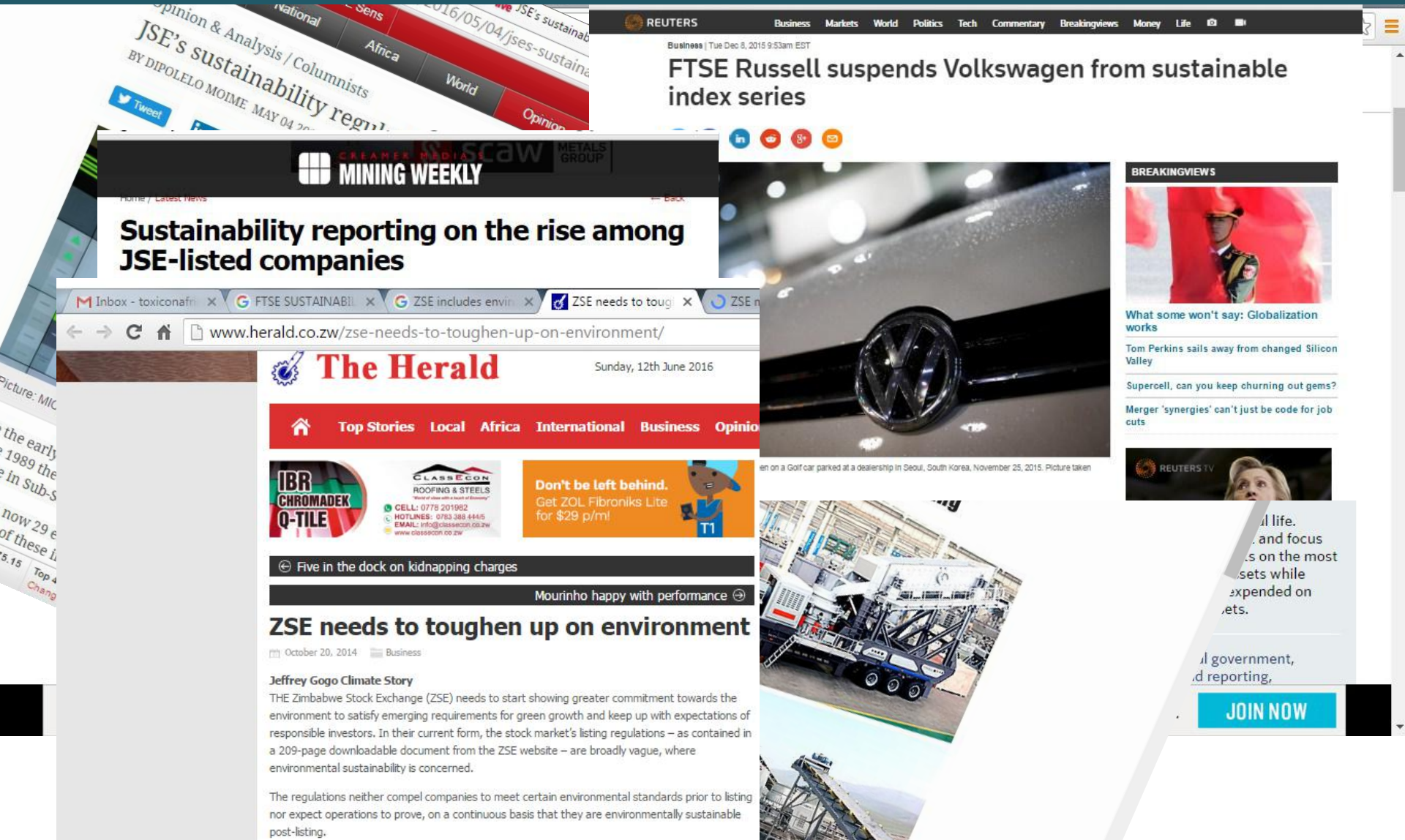
- Investors
- Predict and Manage Risk
- Capital
- Corporate Image
- Cost Savings

Growing investor concern on Sustainability

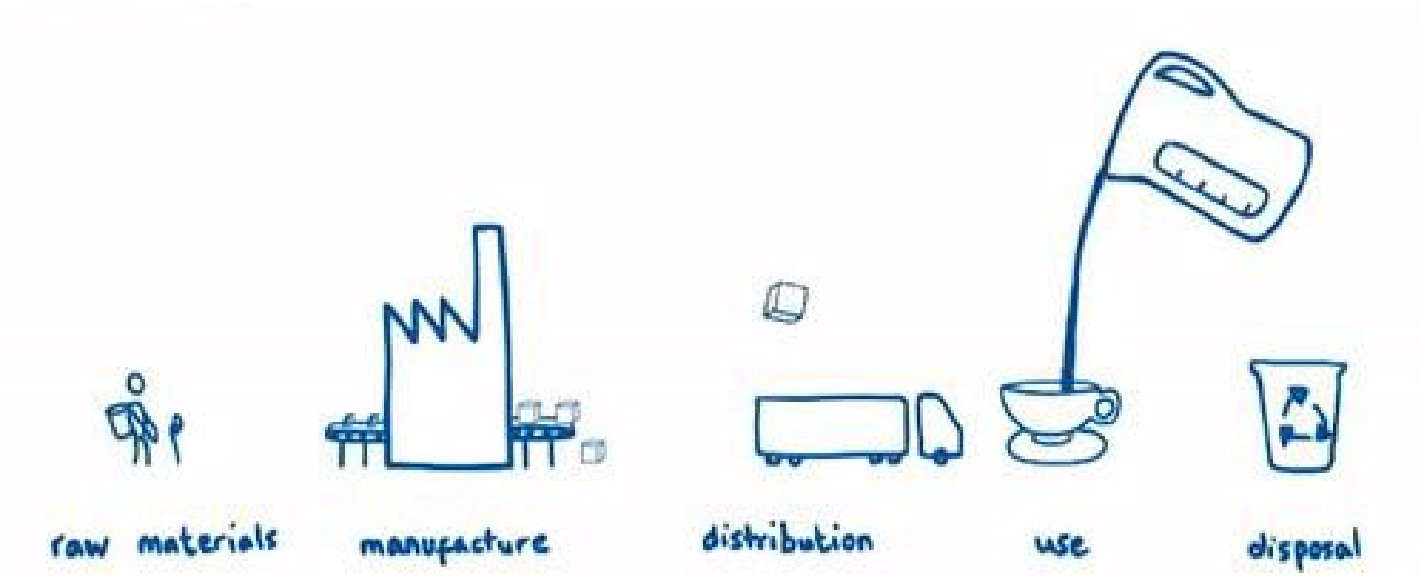
- Global Markets and Investors have also warmed up too sustainability and it is difficult to do business on the world's leading stock markets If you do not address sustainability issues

- Access to finance and the social contract by communities will be compromised if organisations are not seen to be contributing to sustainability

Rise of Sustainability Reporting on Global Stock Markets



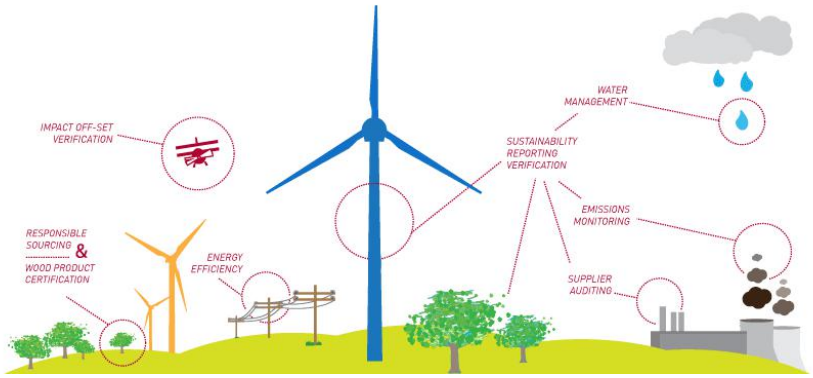
Challenge of a linear Economy



It is getting clear that the world cannot sustain itself based on a linear economic model

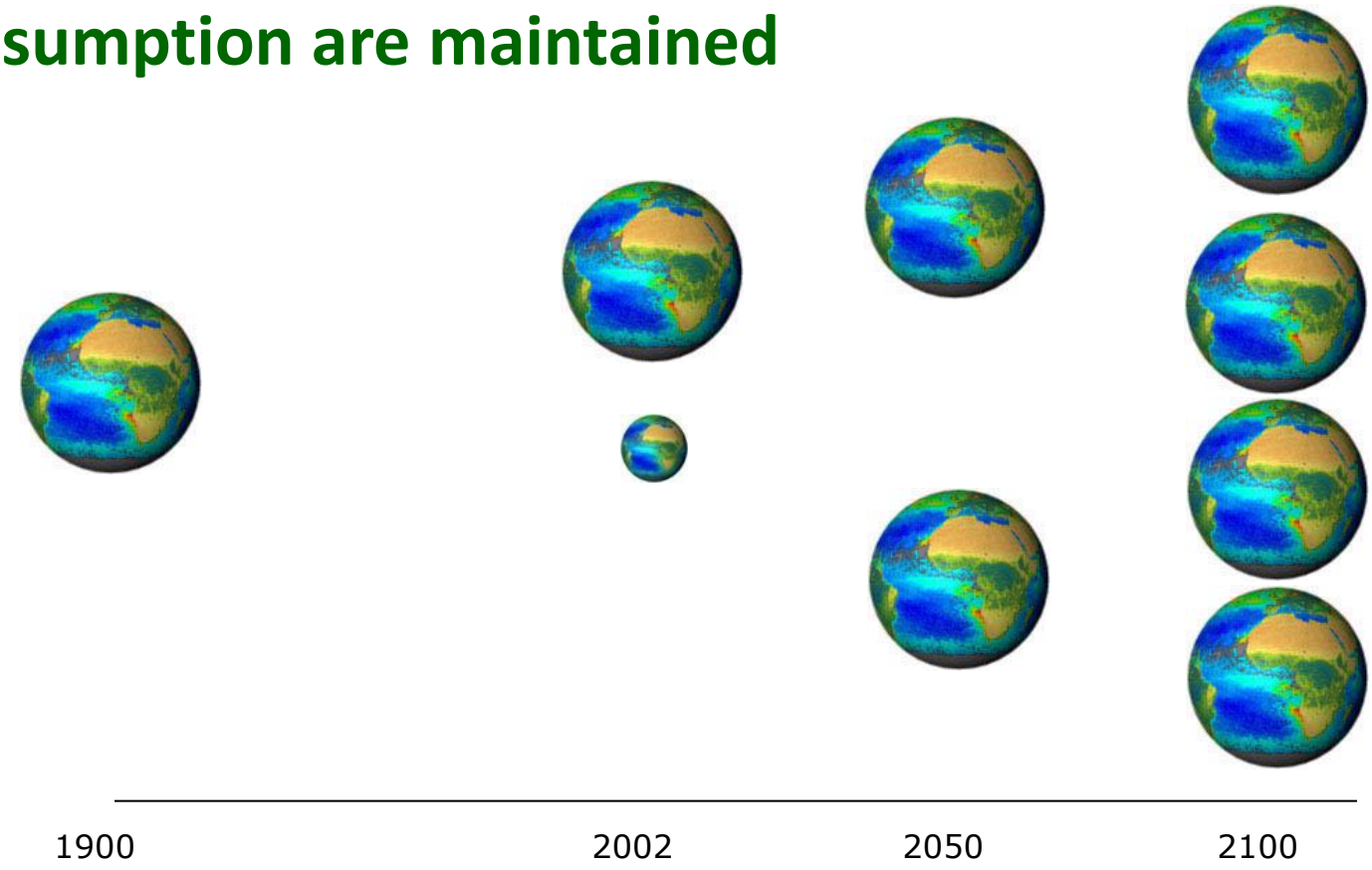
Circular Economy Required

- A circular economy is required that is based on the planetary boundaries
- Minimisation of waste and environmental impacts
- Cost savings due to limited residuals



Two planets by 2050

If current patterns of production & consumption are maintained



Towards Sustainable Development

Sustainable Development is development that meets the needs of the present without compromising future generations to meet their own needs (WCED, 1987).

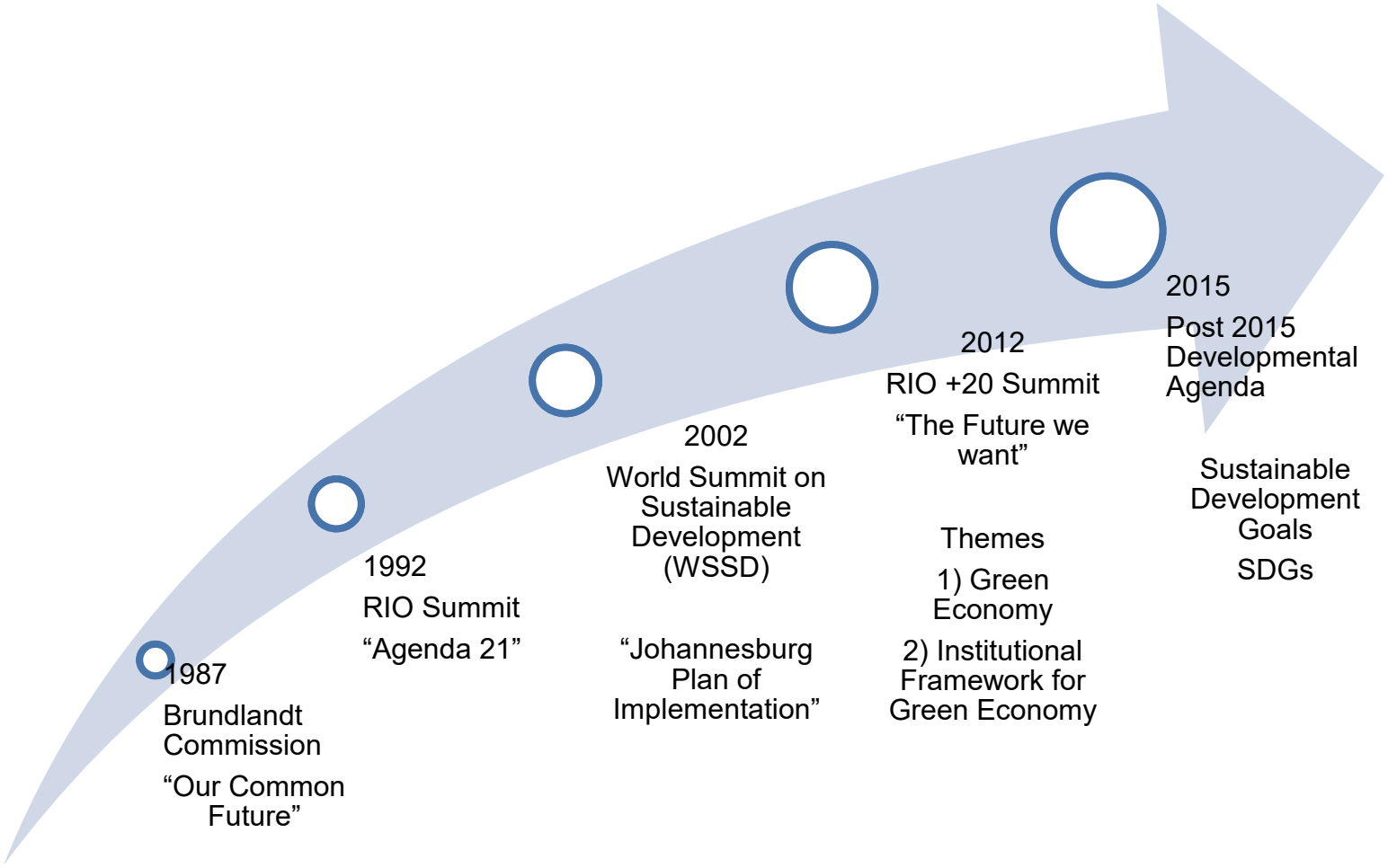
Green Economy – The Future we want

- Results in improved **human well-being** and **social equity** while significantly reducing **environmental risks** and **ecological scarcities**.
  - The Rio+20 Outcome Document, “The Future We Want”, endorsed the green economy as a tool for achieving sustainable development

GREEN economy

Image Source: UNEP; 2015, Muzamwese 2014, MDG Report Zimbabwe, 2010

Sustainable development timeline



Waste generation

"Current global MSW generation levels are approximately 1.3 billion tonnes per year, and are expected to increase to approximately 2.2 billion tonnes per year by 2025." – World Bank, 2012

Image Source: Khisa, 2009); (Muzamwese, 2014)
; Image Source*:* (UNIDO/Microsoft/CPCT/CMPA, 2011)

Water Pollution

- Industrial activities and disposal of **effluent** cause pollution of water bodies.
- Sewage disposal,
- use of **toxic agrochemicals**
- use of mercury and cyanide in artisanal gold mining activities pose risk to water quality.

Images: Leuenberger; 2014

Selected Industrial Sectors and their waste

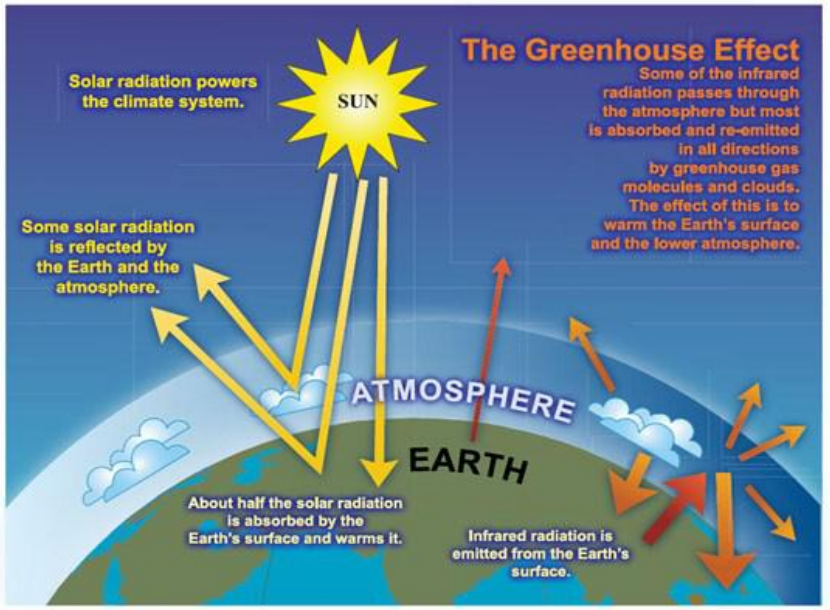
Industrial Sector	Major Waste Products
Leather	Chromium salts, Sulphides, Dyeing chemicals
Steel Making	Metal oxides
Textiles and garment production	Dyeing chemicals; Chlorine
Cement Production	Silica
Mining	Mercury, Cyanide, Emissions, particulate matter
Pulp and paper	Alcohols, lignin, SO2, CO2
Brewing	BOD, COD, Caustic, keisehlough
Dairy	BOD, COD
Pesticides Manufacturing	Volatile Organic Compounds

Global Warming and Climate Change

- The oxides of sulphur, carbon and nitrogen that are produced during combustion processes are the main causes of the **Greenhouse Effect** and **Climate Change**.

- Combustion processes involving fossil fuels are the major sources of Greenhouse Gas Emissions

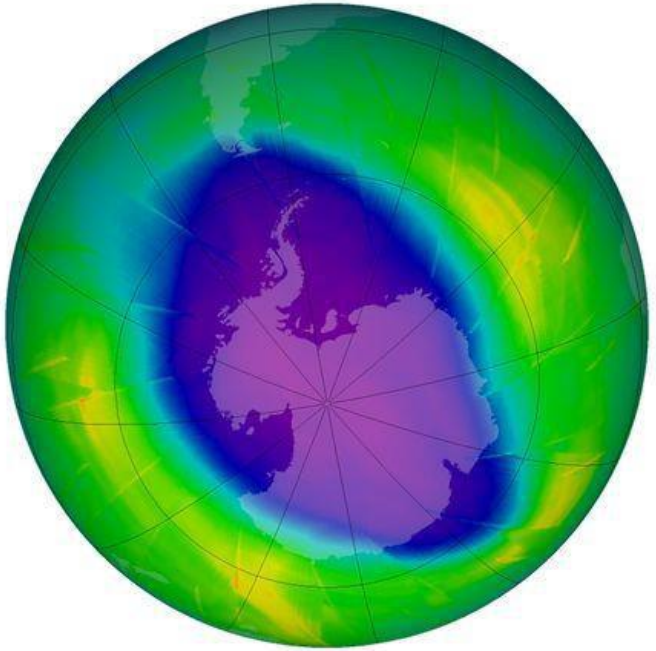
Global warming and climate change



- Increased concentration of greenhouse gas emissions in the atmosphere results in the greenhouse effect and a gradual increase in the earth’s temperatures

Ozone Depletion

- Chlorofluorocarbons (CFCs) CFCs are responsible for the depletion of the ozone layer include the following
  - Aerosol propellants
  - Refridgeration chemicals
  - Dry Cleaning chemicals
  - Organic solvents
  - Volatile Organic Compounds (VOCs)
  - Fast food containers
  - Incineration of vinyl chlorides



Ozone hole caused by reactions with CFCs

Image Source: (Leuenberger, 2014)

Deforestation

- The main drivers of rapid deforestation are:
  - industrial-scale agriculture such as soya and palm oil production and cattle ranching
  - industrial logging driven by international demand for timber
  - poverty and population pressure as people seek farmland,
  - fuel wood
  - building materials
  - infrastructure development, especially for roads, mining and dams

Destruction of rest land causes loss of biodiversity

Image Source: (CCMP, 2009)

Deforestation – impact on non-forest based industries

- Deforestation has the potential to affect the viability of <u>non-forestry based industries</u> e.g. beekeeping, mushroom production and edible worms processing

Image Source: (Mukwazhi; 2014; Katebe; 2013); Mukwazhi 2013; Apiconsult , 2015



Selected solutions to environmental challenges

- Reducing emissions at company level
- Mitigation (low emission development, industrial energy efficiency, renewable energy technologies)
- Adaptation (Improving specific water consumption, adjusting planting dates, climate smart agriculture)
- Treatment of wastewater and sewage
- Substitution of toxic raw materials
- Greening the supply chain

Selected solutions to environmental challenges

- Safe chemicals management (proper labelling, storage, handling, disposal etc) including using the Globally Harmonised System on Chemical Labelling and Classification
- Resource Efficient and Cleaner Production "doing more with less material"
- Afforestation
- Waste recycling and reuse
- Resource recovery
- Implementing Renewable Energy at Company level

Benefits of Sustainability Reporting

- Increased the chances of companies in different parts of the world to achieve economic prosperity.
- Reduced emissions and meeting the requirements of regulators in respective countries.
- Meeting requirements of Sustainable Public Procurement (SPP) /Green Public Procurement (GPP) criteria
- Reduced legal costs and liability due to regulatory compliance
- Lower insurance premiums because of reduced risk

Benefits of Sustainability Reporting

- Better access to credit, loans, investment opportunities and funds from development and financial institutions
- Enhanced chances of project approvals
- Savings in material consumption of water, energy, chemicals and raw materials
- Improved occupational safety health and community health
- New jobs created by the development of green industries

Costs of ignoring Sustainability Reporting and other sustainability initiatives

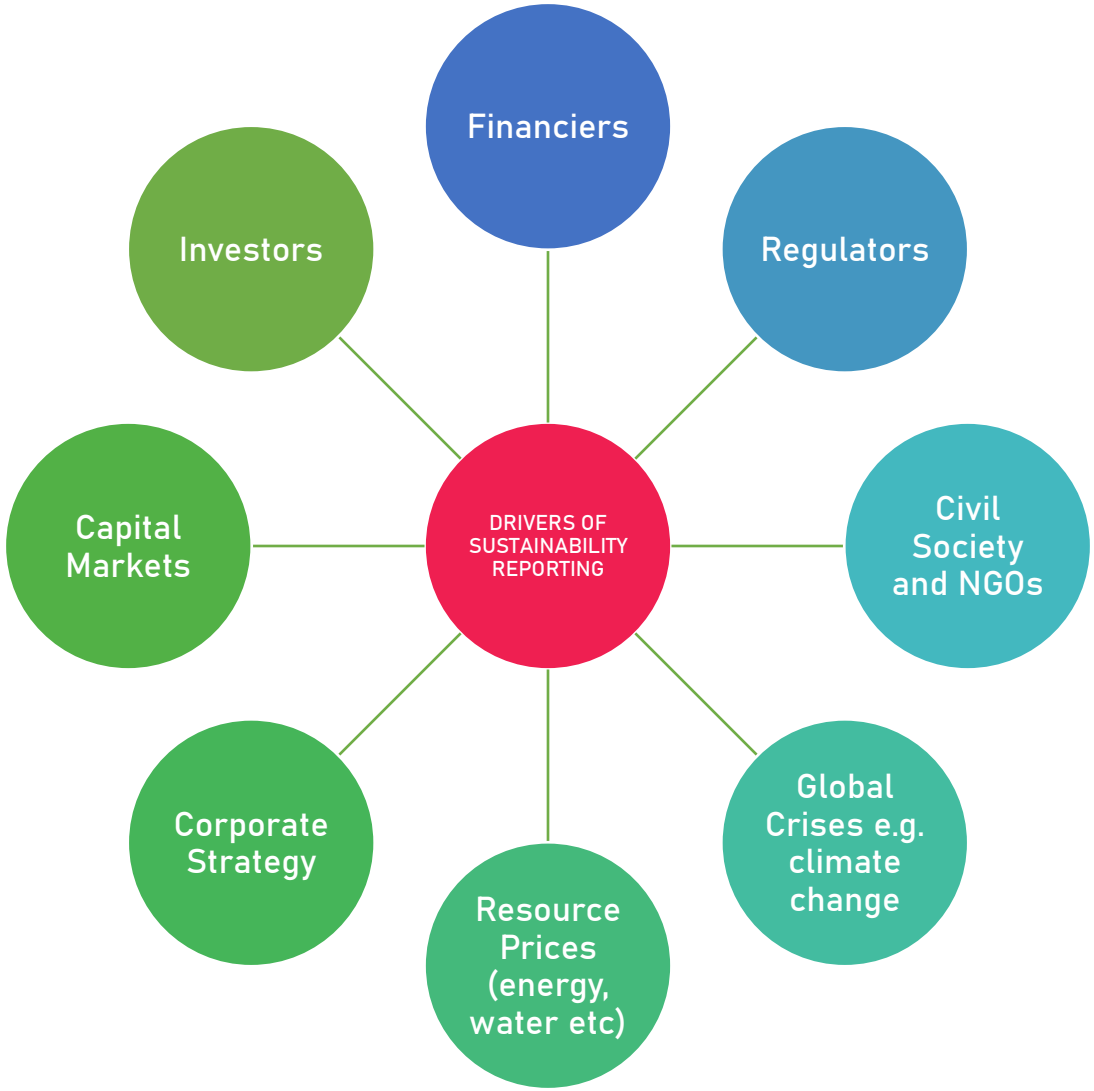
- High cost of material resources (energy, water, chemicals and raw materials)
- Prosecutions, fines, closures and legal liability
- Poor corporate image and damaged reputation
- Discrimination from the supply chain and exclusion from the procurement lists
- Loss of access to global markets
- Loss of competitive position
- Trade barriers
- Higher taxes
- Poor corporate image and reduced goodwill
- Increased health and safety risks
- High remediation & clean-up costs

Discussion/Group Activity

- What are the major factors that influence your business to implement sustainability initiatives

- What initiatives and projects are you currently implementing that reflect commitment to sustainability

WHAT IS DRIVING SUSTAINABILITY REPORTING?



Sustainable Stock Exchanges Initiative

Promotes sustainability within stock markets in 60 countries.

LEGAL FRAMEWORK FOR SUSTAINABILITY REPORTING IN ZIMBABWE

- Zimbabwe Stock Exchange promulgates Statutory Instrument 134 of 2019 cited as:

  - ***Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) Rules, 2019***

SYSTEMATIC APPROACH – SUSTAINABILITY STANDARDS

- Organisations should not implement standards in an ad-hoc manner
- But should implement recognised international standards
- A wide range of standards exists in the world
- They can be used in combination or individually
- Their selection is a strategic decision
- Some are guidance standards whilst some are reporting standards

PLETHORA OF SUSTAINABILITY STANDARDS AND FRAMEWORKS

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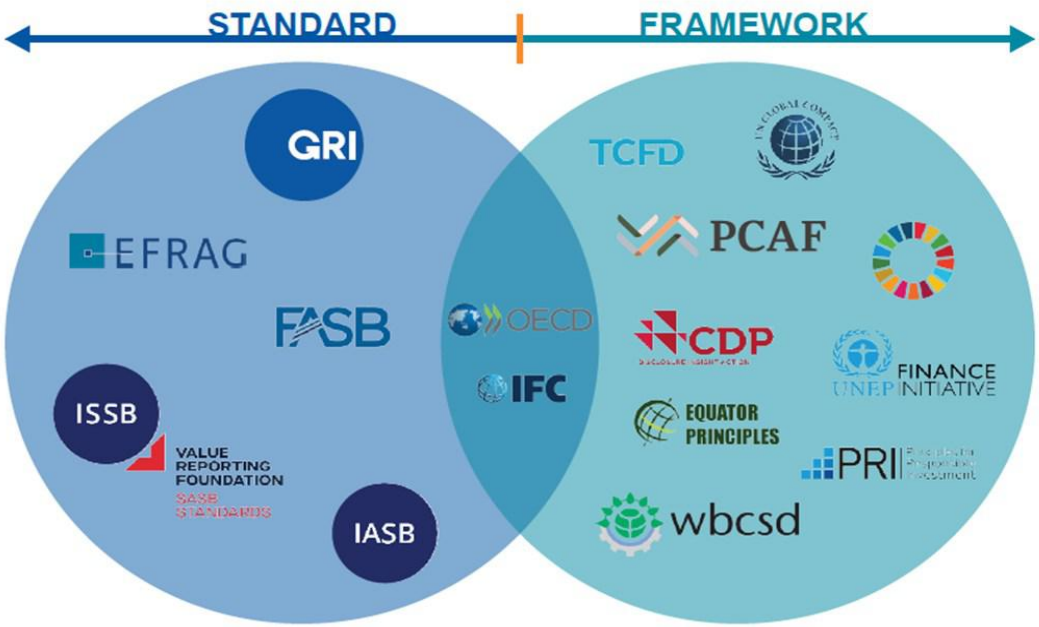


RANKERS & RATERS

World Benchmarking Alliance
MSCI
S&P Dow Jones Indices
A Division of S&P Global
FitchRatings
S&P Global
MORNINGSTAR
Environmental Performance Index
REFINITIV
FTSE Russell
ISS
RepRisk
ecovadis
GGEI
Alliance for Corporate Transparency
Calvert
An Eaton Vance Company
Moody's
GLOBAL100
GRESB
CSRHUB

Sustainable Standards Certification Initiatives

- Governance,
- Management
- Technology,
- Business Models,
- Operations,
- Products,
- Stakeholder Relations
- Human Capital

SSCI is promulgated by the European Organisation on Sustainable Development
In 2018 Reserve Bank of Zimbabwe became a member of SSCI. Signed an MOU in 2019
A couple of banks in Zimbabwe are joining the initiative

SUSTAINABLE DEVELOPMENT GOALS (SDGs) AS A RESPONSE TO GLOBAL CRISES

- ***COMPANY SDG REPORTING IS INCREASING***

- ***ARE YOU TRACKING SDGs IN YOUR ORGANISATION?***

WHAT IS SUSTAINABILITY REPORTING?

Sustainability Reporting

Sustainability reporting is a process of disclosing an organisations, environmental and social performance to its stakeholders

It involves measuring, disclosing and being accountable to external and internal stakeholders

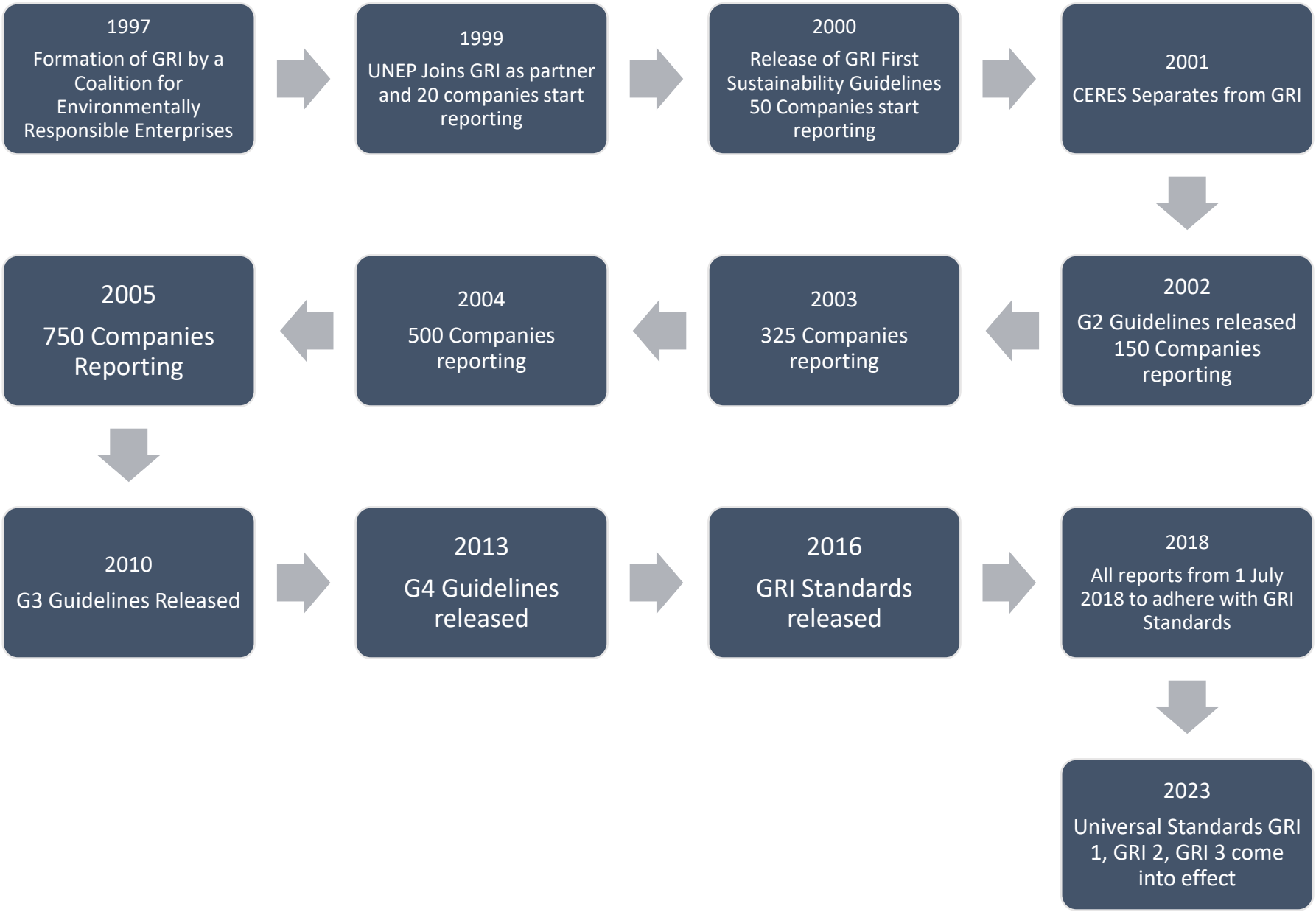
Sustainability Reporting using the Global Reporting Initiative (GRI)

The GRI Standards

- The GRI Standards are the most popular and the most implemented standards for disclosing sustainability information of an organisation.

- The GRI Standards are developed by the Global Sustainability Standards Board (GSSB), which is GRI's independent standard-setting body, in line with its Due Process Protocol

History and Development of GRI

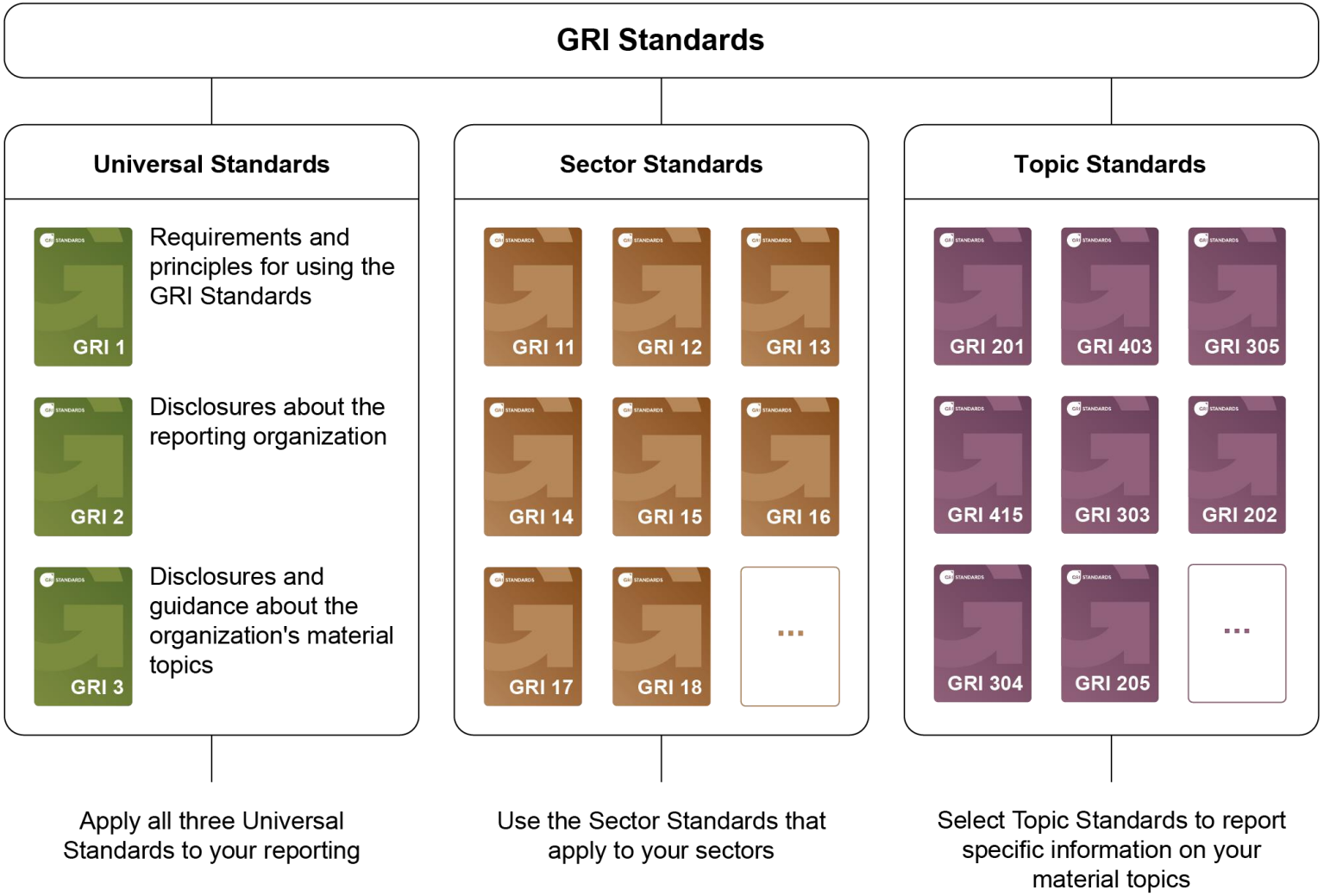


What are GRI Standards?

- Universal Standards – *GRI 1*, *GRI 2* and GRI *3* – and the three series of topic-specific Standards: 200 (Economic topics), 300 (Environmental topics) and 400 (Social topics).

- **Effective Date: 1 January 2023 for Universal Standards**
- **Effective Date: 1 July 2018 for topic specific**

GRI STANDARDS STRUCTURE – NEW 2021 – EFFECTIVE JAN 2023



Structure of GRI Standards

GRI 1 – Foundation

Introduces sustainability reporting. Explains key terms and principles

GRI 2 – General Disclosures

Contains disclosures about an organisation and its reporting practices

GRI 3 – Material Topics

Contains information about the material topics which are relevant to the organisation

GRI 200 – Economic

Topics relevant to the economic performance of the organisation

GRI 300 – Environmental

Topics relevant to the Environmental performance of the organisation

GRI 400 Social

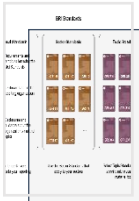
Topics relevant to the Social performance of the organisation

SUSTAINABILITY REPORTING PRINCINPLES

Accuracy

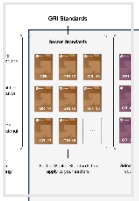
Balance

Clarity



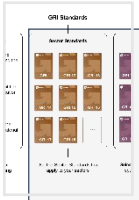
Comparability

Completeness



Sustainability Context

Timeliness



Verifiability

THE CONCEPT OF MATERIALITY

- Material refers to **importance** and **relevance** of an issue or topic to either an organisation or its stakeholders or both. Issues, matters and concerns of high significance are of a high materiality. Some sustainability issues are more material to other organisations than others

REVIEW OF GRI STANDARDS

- ***GO THROUGH THE GRI STANDARDS WITH THE FACILITATOR TO UNDERSTAND HOW TO NAVIGATE AND USE THEM***

- ***ASK QUESTIONS IF YOU REQUIRE CLARIFICATION***

EMERGING ISSUES – SUSTAINABILITY REPORTING

- Climate change
- Energy
- Waste
- Water
- Chemicals

- Responsible Business
- Modern Slavery
- Labour Relations
- Human Rights at Work
- Child Labour
- Sexual Exploitation, Abuse and Harassment (SEAH)
- Gender and Diversity
- Corruption and Bribery
- Corporate Social Responsibility
- Occupational Safety and Health

TO WHAT EXTENT ARE THESE MAINSTREAMED IN YOUR ORHANISATION'S OPERATIONS AND ARE THEY CONSIDERED IN LENDING DECISIONS?

THE GLOBAL REPORTING INITIATIVE (GRI) AND GRI STANDARDS

Universal Standards

- GRI 1
- GRI 2
- GRI 3

- Go through universal standards with the facilitator.

GRI 200 ECONOMIC

Economic Topics

Disclosure number	Information required
GRI 201	Economic Performance
GRI 202	Market Performance
GRI 203	Indirect Economic Impacts
GRI 204	Procurement Practices
GRI 205	Anti-corruption
GRI 206	Anti-competitive behaviour

Examples of Economic information to be disclosed

- Direct Economic Value Generated; Revenue
- Economic Value Distributed
- Economic Value Retained
- Economic contribution
- Wages and salaries
- Financial Assistance Received from government
- Grants, subsidies, awards etc
- Defined benefit plans and retirement plans

Examples of Economic Information to be disclosed

- Market presence
- Procurement Practices
  - Proportion of spending on local suppliers
- Infrastructure investments and services supported (whether commercial, in-kind or pro-bono)
- Anti-corruption (Operations or percentage of operations assessed for anti-corruption. Action taken to prevent anti-corruption activities; training on anti-corruption; incidents of corruption and action taken)

Group Exercise/Discussion

- Do you believe that your organisation is an “employer of choice”?
- Who are the key stakeholders of your organisation
- What are the 5 areas that that the organisation addresses the needs and expectations of its stakeholders?

ENVIRONMENTAL TOPICS

What are typical environmental topics?

- According to GRI standards environmental topics essential in reporting and can be covered for example are covered under GRI 300 Series
- The environmental dimension of sustainability reporting concerns an organization's impacts on living and non-living natural systems, ecosystems, land, air, and water.
- Environmental Indicators cover performance related to
  - inputs (e.g., material, energy, water)
  - outputs (e.g., emissions, effluents, waste).
  - Impacts (e.g on environmental systems)
  - biodiversity,
  - environmental compliance, and other relevant information such as environmental expenditure and the impacts of products and services.

Environmental Topic Categories

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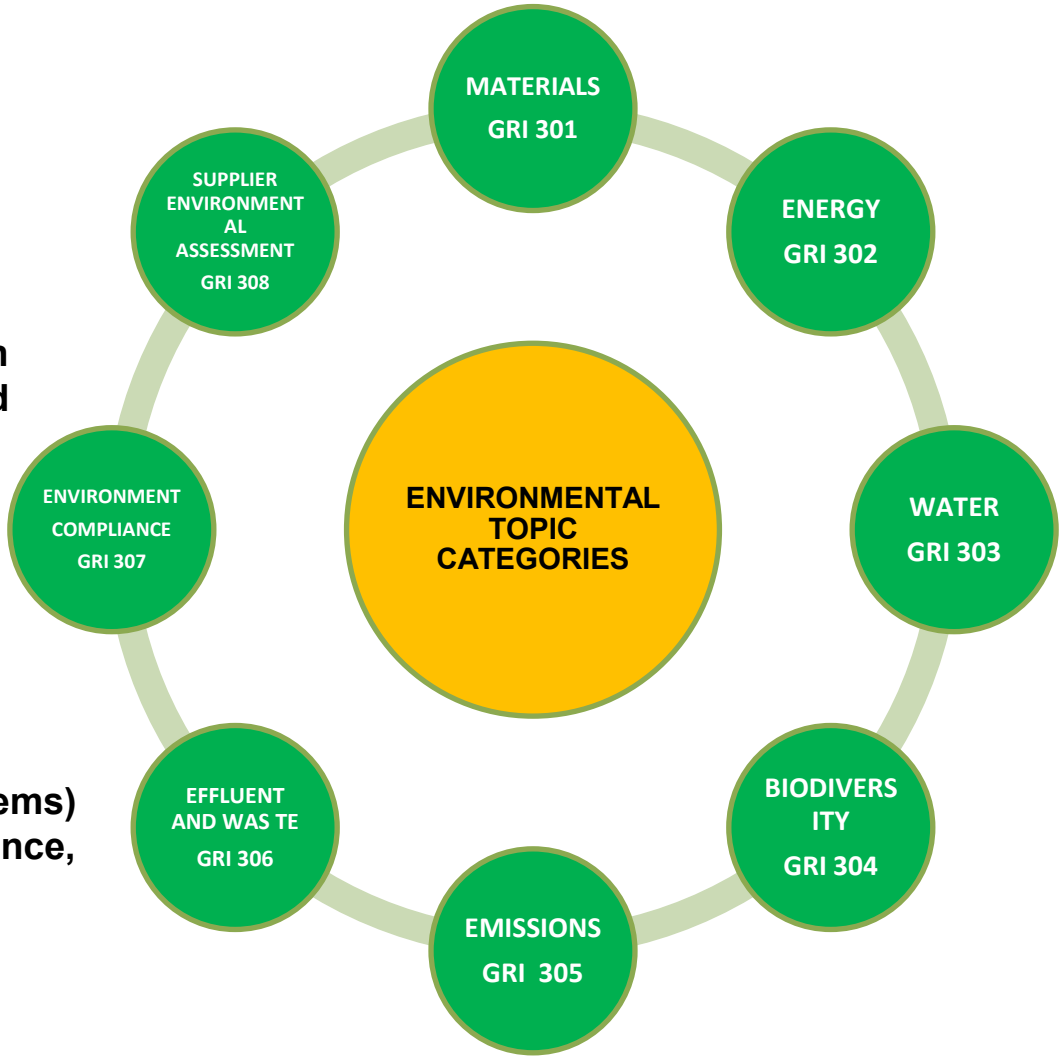
outputs (e.g., emissions, effluents, waste).
Impacts (e.g on environmental systems) biodiversity, environmental compliance, and other relevant information



MATERIALS

- Typical indicators required for reporting
  - Materials used by weight or volume.
  - Recycled input materials.
  - Reclaimed materials

NB: Type and amount of materials used can give an indication of the dependence of the organisation on natural resources. This varies depending on the industry sector or the type of economic activities.

- ***Could include raw material that are renewable or non-renewable***
- ***Materials as input to production process***
- ***Materials as associated to the process e.g lubricants***
- ***Materials for packaging e.g paper, plastic*** *etc*

ENERGY

- ***Typical Indicators required in reporting***
  - Energy consumption within the organisation
  - Energy consumption outside the organisation
  - Energy Intensity
  - Reduction of energy consumption
  - Reduction in energy consumption of certain products and services

- ***The energy consumption indicators should factor in all energy types including coal, oil, gas, electricity etc***
- ***For some companies electricity is the significant source whilst for some coal can be the most significant source***
- ***Progressive companies are moving towards incorporating renewable energy in their operations and processes***
- ***Energy intensity should give information of energy consumption per unit product***
- ***Some companies even generate their own energy e.g through cogeneration***
- ***Procurement practices can also influence the level of energy consumption e.g through procuring energy efficient appliances***

Water

- Typical indicators required in reporting
  - Water withdrawal by source
  - Water sources significantly affected by withdrawal
  - Water recycled and water re-used

- ***Companies are also free to track the specific water intake or specific water consumption e.g litres of water/litre of product for example dairy, food and beverages***
- ***When reporting on sustainability benchmarking is also encouraged with best practice***
- ***Water withdrawn could be surface water, groundwater , municipal supply and also consideration of rainwater harvesting***

Biodiversity

- Typical indicators in reporting
  - Sites owned near or within protected areas
  - Impact of activities, products and services on biodiversity
  - IUCN Red List species (endangered, vulnerable, near threatened
  - Habitats protected or restored

- ***Activities in the habitat can result in habitat conversion***
- ***Reporting should also factor in species richness and changes in species distribution***

Air Emissions

- Typical Indicators in reporting
  - Direct (Scope 1) GHG Emissions
  - Indirect (Scope 2) GHG Emissions
  - Other (Scope 3) Indirect Emissions
  - GHG Emissions intensity
  - Reduction of GHG Emissions
  - Emissions of Ozone Depleting Substances
  - NOx, SOx and other significant air emissions

- ***The company should consider emissions arising directly from its process, indirectly from related processes***
- ***In order to generate effective indicators the company may consider to monitor air emissions arising from its processes that generate GHG e.g furnaces, boilers, kilns***
- ***Reduction initiatives can include fuel switching, behavioural change, process improvement***
- ***Selected GHGs can include***
  - ***Carbon dioxide (CO2)***
  - ***Methane (CH4)***
  - ***Nitrous oxide (N2O)***
  - ***Hydrofluorocarbons (HFCs)***
  - ***Perfluorocarbons (PFCs)***
  - ***Sulphur hexafluoride (SF6)***
  - ***Nitrogen trifluoride (NF3)***

  - ***There is need to establish a baseline and base year and determine the rational for using it.. Baselines ensure a platform for comparing future performance***

Effluent and Waste

- Typical indicators in reporting
  - Waste discharges by quality and destination
  - Waste by type and disposal method
  - Significant spills
  - Transport of hazardous waste
  - Water bodies affected by discharges

- ***Waste generation should be considered based on volume discharged or generated and quantified where practicable***
- ***Companies can also use already existing tools for managing hazardous waste***

Environmental Compliance

- ***Typical indicators to be reported on***
  - Non compliance with environmental laws and regulations

- ***There is need to report on the company's level of compliance with respect to environmental laws***
- ***Tis can includes aspects such as fines and breaches in laws (national, regional international)***
- ***Actions taken to address legal requirements***

Supplier Environmental Assessment

- Typical indicators in reporting
  - New suppliers that were screened using environmental criteria
  - Negative environmental impacts in the supply chain

- ***Managing suppliers can minimise a lot of environmental aspects through eliminating toxic products, preventing energy inefficient products and services***
- ***The sustainability report should mention whether or not suppliers are subjected to sustainability criteria when purchasing decisions are made.***

GRI 400 SOCIAL

Social Topics

- GRI 401 Employment
- GRI 402 Labour management and relations
- GRI 403 Occupational Safety and Health
- GRI 404 Training And Education
- GRI 405 Diversity and Equal Opportunity
- GRI 406 Non-Discrimination
- GRI 407 Freedom of Expression and Collective Bargaining

Social Topics

- GRI 408 Child Labour
- GRI 409 Forced or compulsory labour
- GRI 410 Security Practices
- GRI 411 Rights of Indigenous people
- GRI 412 Human Rights Assessment
- GRI 413 Local Communities
- GRI 414 Supplier Social Assessment
- GRI 415 Public Policy
- GRI 416 Customer Health and Safety
- GRI 417 Marketing and Labelling

Developing Sustainability Reports

- Get Management commitment
- Set up a team of champions
- Engage stakeholders
- Define Indicators
- Collect Data
- Compile the report
- Assure Report
- Communicate the report to key stakeholders

Discussion/Group Exercise

- What are this risks and opportunities of your organisation in the context of sustainability reporting?

- What Actins could be done to address the risks?

Barriers associated with generating indicators

- Availability of data
- Measurement capabilities required to generate data
- Integrity of equipment
- Reliability of indicators
- Fear of regulation based on sustainability disclosure
- Lack of coordination amongst departments
- Lack of clearly defined responsibilities in collecting sustainability data
- How to define boundaries
- The cost of generating indicators

Opportunities for generating indicators

- Make maximum use of already existing initiatives in the organisation that already generate data which are interdependent e.g. ISO 14001:2015 Environmental Management Systems, ISO 45001:2018, ISO 9001:2018, ISO 50001:2018 Energy Management Systems
- Develop your measurement capabilities as an organisation and where necessary seek expert analysis for determining specific indicators depending on availability of resources
- Use a lot of the existing knowledge in the organisation including historical resource consumption and utility bills

Role of Sustainability Indicators?

- Indicators play a role of tracking progress in an organisation
- The consist of a set of either quantitative or qualitative variables that can be measured practically, indirectly tracked and derived in order to ascertain the attainment of a particular goal

Function of Indicators

- As used in this report, indicators have two defining characteristics:
  - indicators quantify information so its significance is more readily apparent;
  - indicators simplify information about complex phenomena to improve communication

How to generate indicators and collect data

- Use of established tools e.g DEFRA, Ecometrica
- Metering (energy, water)
- Utility bills – historical analysis of resource consumption (however needs to be supplemented by onsite measurements)
- Energy Audits
- Procurement records (e.g. amount of raw material purchased)
- Quantification of waste (e.g volume, weight)
- Water quality analysis (e.g laboratory, real-time)

How to generate indicators and collect data

- Interviews with stakeholders
- Surveys of stakeholder e.g employee satisfaction surveys, customer surveys
- Employment and human resources records e.g indicators on gender, staffing levels, working hours, labour practices, prevention of child labour, number of jobs provided by the company directly or indirectly
- Review of financial performance

CASE STUDIES

Prevention of Sexual Exploitation Abuse and Harassment (SEAH)

Most development Banks have developed a Zero Tolerance stance to Sexual Exploitation Abuse and Harassment (SEAH) in all Bank Financed Projects

All Bank Financed projects are screened for SEAH and also continually monitored

Dire consequences are defined for any breaches of SEAH

- **Suspension of projects**
- **Suspension of disbursement of funds**
- **Prosecution under national law**
- **Termination of employment contracts**
- **Termination of projects**

Prevention of Gender Based Violence (GBV) at Work

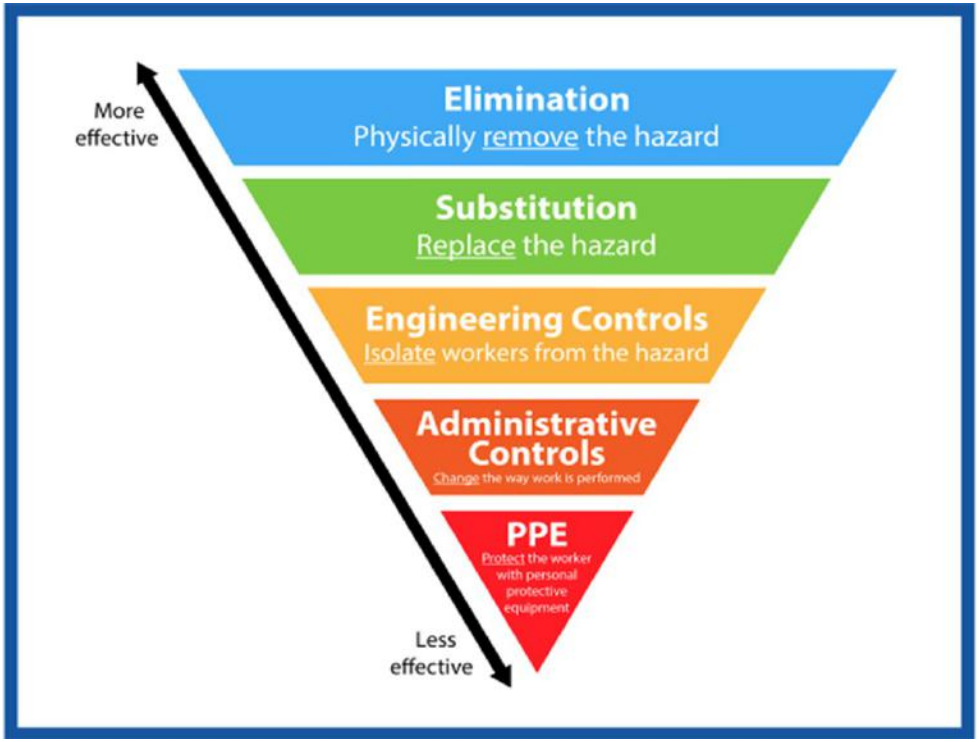
Gender Based Violence (GBV) is becoming a rampant vice in the workplace. It can be physical, verbal or emotional. In some organisations, this illegal practice is becoming institutionalised. It has potential impacts and risks on health of employees

Most financiers are becoming strict on GBV issues arising from projects with clearly defined consequences

- **Suspension of projects**
- **Suspension of disbursement of funds**
- **Prosecution under national law**
- **Termination of employment contracts**
- **Termination of projects**

HIERARCHY OF CONTROL

- More financier requirements are promoting the usage of the Hierarchy of Control as a means for eliminating Occupational Accidents



EXTERNAL ASSURANCE OF SUSTAINABILITY REPORTS

Introduction to Sustainability Assurance

- Many companies produce sustainability Reports around the world
- However the reliability of these reports cannot be ascertained due to different motives that companies have in compiling the report
- The primary objective of a sustainability report is to accurately inform stakeholders about the environmental, social and economic performance of the organisation

Why external assurance?

- **“Any sustainability report developed by an organisation without independent assurance can be considered as claims”**

- Assurance helps to verify the claims that are made by companies thereby providing confidence to stakeholders

STAKEHOLDER ENGAGEMENT AND STAKEHOLER MANAGEMENT

What is a Stakeholder?

- Stakeholders can be thought of as any group or individual who can affect, or who can be affected by, a corporation or its activities.

- We can also think of stakeholders as groups or individuals who define value propositions for the company and who therefore must be attended to as part of a sound commercial approach to building loyalty with customers, employees and investors.

- Some stakeholders can be statutory or provided by law in which case the organisation has no choice but to consider them as a stakeholder.

What is a Stakeholder Management?

- **Stakeholder engagement** is the process used by an organisation to engage relevant stakeholders for a clear purpose to achieve agreed outcomes.

- It is now also recognised as a **fundamental accountability mechanism,** since it obliges an organisation to involve stakeholders in identifying, understanding and responding to sustainability issues and concerns, and to report, explain and answer to stakeholders for decisions, actions and performance.

Paradox of Stakeholders

- ACTUAL OR PERCIEVED INTRESTS
- INDIVIDUAL OR COMMON INTEREST
- PERSONAL OR SURROGATE INTRESTS
- GENUINE OR RENT SEEKING INTEREST
- DIPLOMATIC OR AGGRESSIVE INTEREST

These scenarios demonstrate the complexity of stakeholder engagement and different approaches are therefore needed to address the multi-faceted forms of stakeholder issues

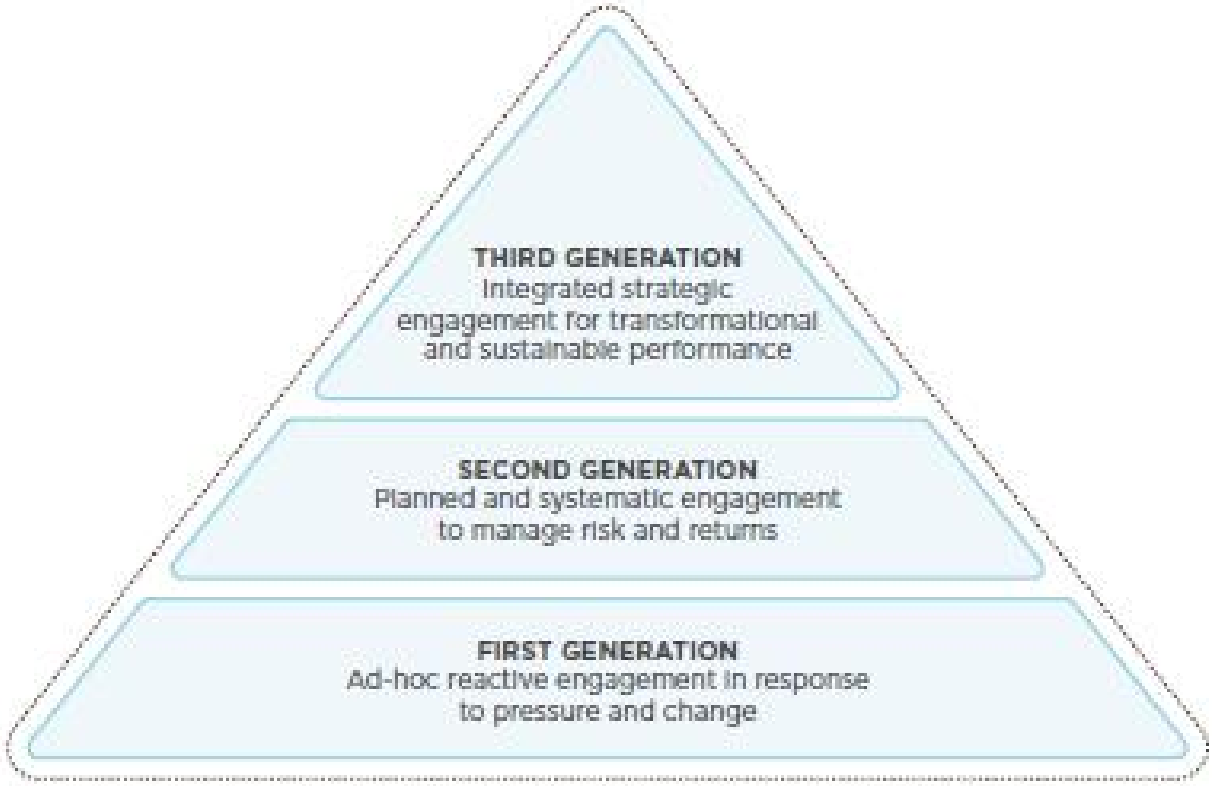
AA 1000 SES

- The first international standard for stakeholder engagement

AA1000
STAKEHOLDER
ENGAGEMENT
STANDARD 2015

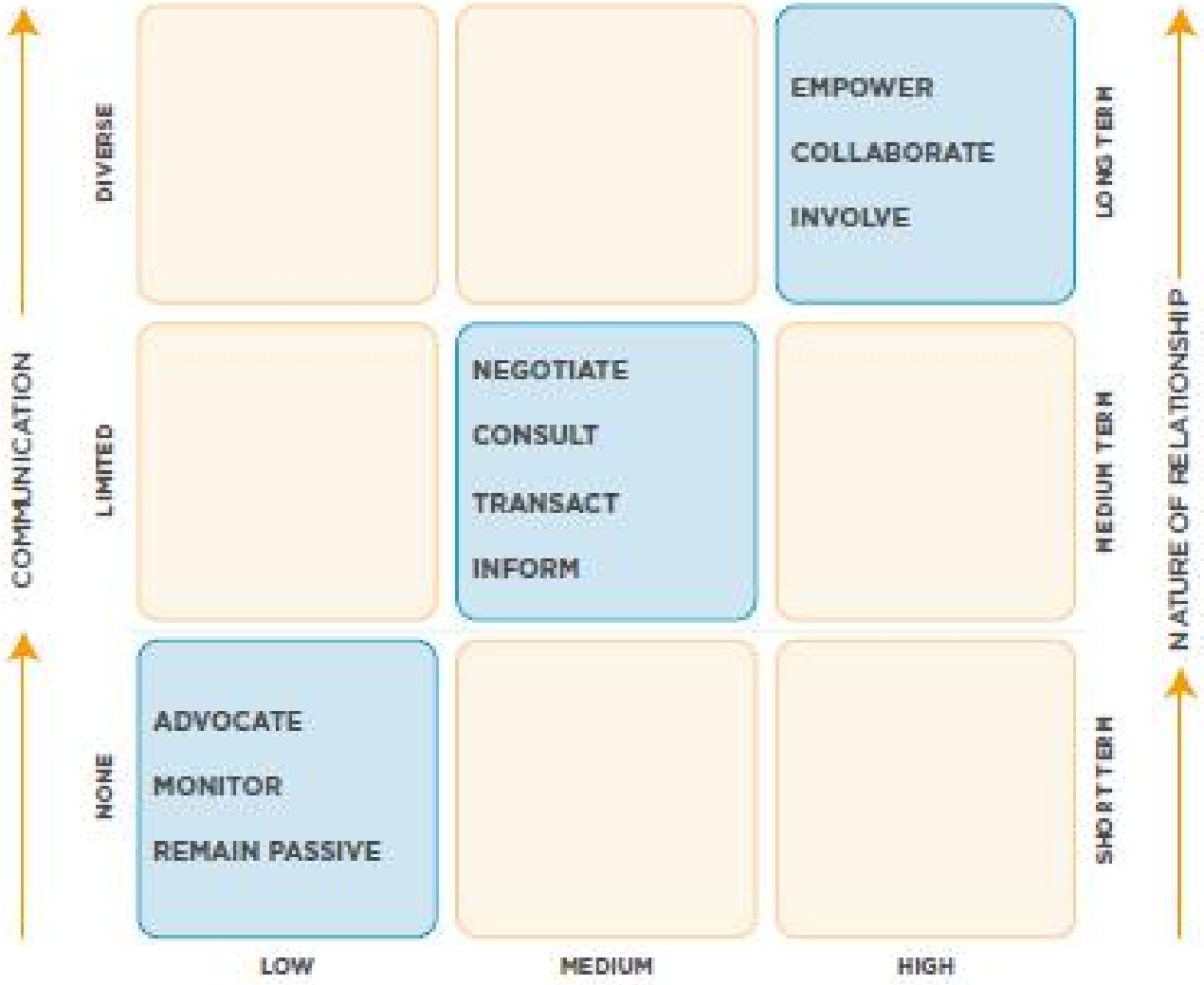
Generations of Stakeholder Engagement

Figure 1: Generations of Stakeholder Engagement

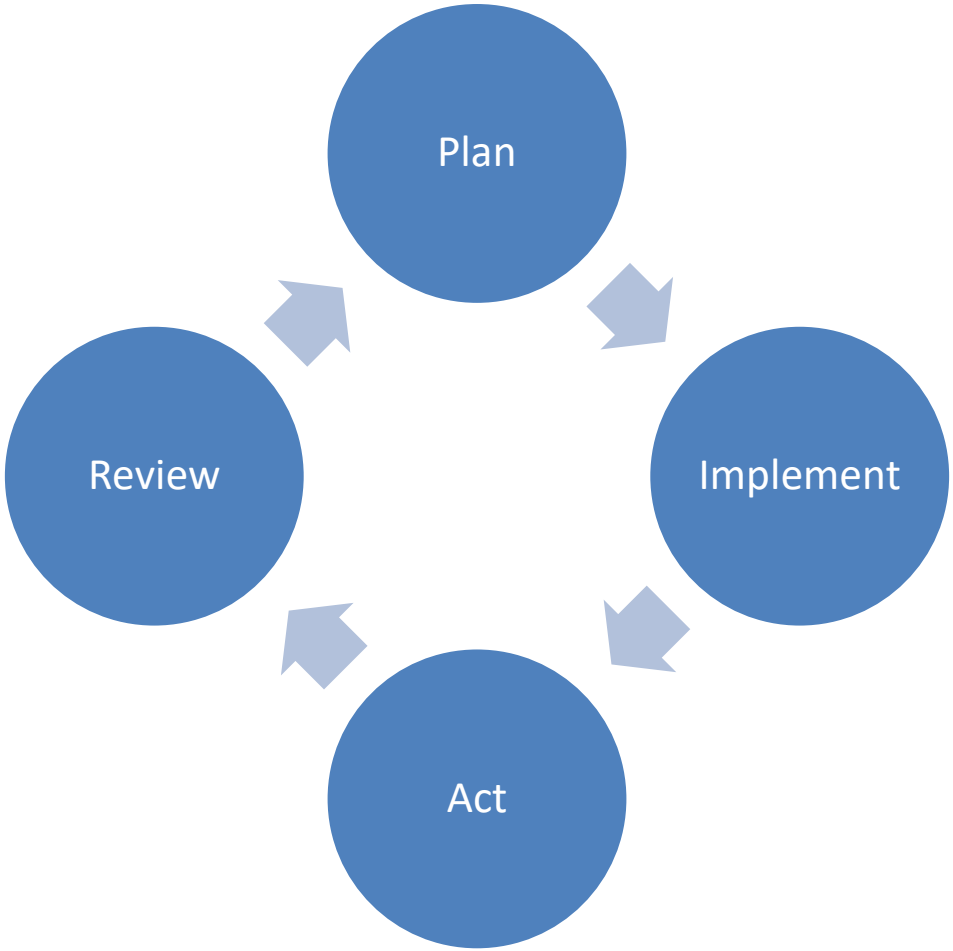


Source: AA 1000 Stakeholder Engagement

Different Levels to Stakeholder Engagement



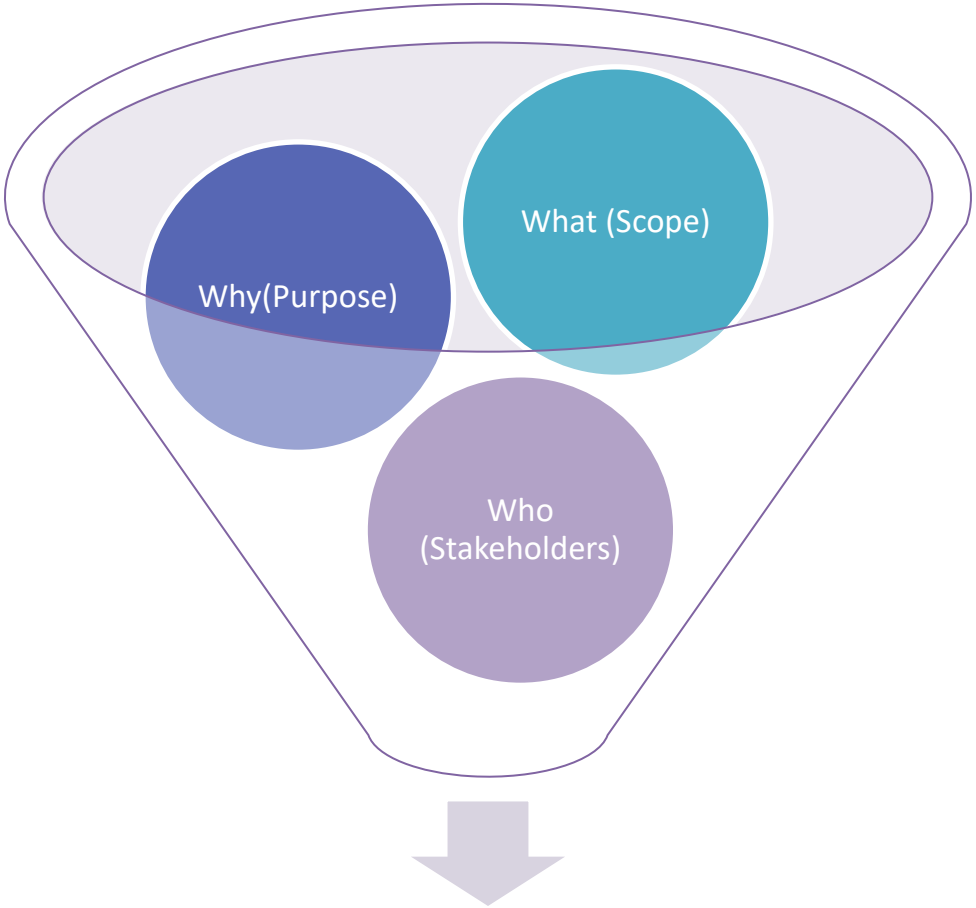
Pillars of Stakeholder Engagement



Methods of Stakeholder Engagement

COMMUNICATION	CONSULTATION	DIALOGUE	PARTNERSHIPS
• Information sharing	• Questionnaire surveys	• Multi-stakeholder forums	• Joint ventures
• Employee training	• Focus groups	• Advisory panels	• Local sustainable development projects
• Project bulletins and letters to targeted audiences	• Workplace assessments	• Leadership summits	• Multi-stakeholder initiatives
• Company brochures and reports	• Ad hoc stakeholder advisory meetings (e.g., community consultations)	• Virtual engagement on intranets and the Internet	• Alliances
• Internal and external newsletters	• Standing stakeholder advisory forums		
• Web sites	• Online feedback and discussion forums		
• Technical briefings			
• Speeches, conference presentations, displays, handouts and videos			
• Open houses and town hall meetings			
• Tours			
• Press releases, press conferences, media advertising			

Stakeholder Management Plans



Input into Stakeholder Management Plan and increased sustainability performance

Stakeholder Management Plans

- **Why** (Purpose) – The organisation must define why it is engaging the stakeholders. The purpose should be linked to the strategy of the organisation

- **What** (Scope) – The organisation should define the boundaries of the stakeholder engagement (Subject matter, parts of the organisation, region, branches, time etc)

- **Who** (Stakeholders) – The organisation must identify who is the stakeholder

Exercise: Stakeholder Management Plan

- Develop a Stakeholder Management Plan with the Following
  - Purpose
  - Scope
  - Stakeholders
  - Engagement Levels and Methods
  - Indicators
  - Timeline

CARBON FOOTPRINTING

- **Carbon footprinting** is a process of accounting for an organization’s emissions
- There are 3 scopes of emissions
  - **Scope 1**: Direct emissions from sources owned or controlled by a company
  - **Scope 2**: Indirect emissions from the generation of purchased energy
  - **Scope 3**: All other indirect emissions that occur in the company's value chain

CARBON FOOTPRINTING

- **Scope 1**: Burning fuel in a company's fleet of vehicles
- **Scope 2**: The emissions caused when generating the electricity used in a company's buildings
- **Scope 3**: The emissions that occur when a company buys, uses, and disposes of products from suppliers

CARBON FOOTPRINTING

- Formula for Carbon Footprinting is as follows

Carbon Footprint = Activity Data X Emission Factor

Units of carbon footprint are in $kgCO_2e$ or tCO_2e

Where CO_2e means carbo dioxide equivalent

THANK YOU

Chief Sustainability Consultant
Toxiconsol t/a African Sustainability Consultants
toxiconafrica@gmail.com
tmuzamwese@gmail.com
www.toxiconsol.co.zw

Facebook: Toxiconsol Consultancy
Twitter: Toxiconsol_SHEQ
+263 773 472 697

toxiconsol (Pvt) Ltd
t/a African Sustainability Consultants
facilitating environmental health, safety and energy management excellence