



Information Sheet 1

What is ESG?

ESG Stands for **Environmental**, **Social** and **Governance**. These are the three pillars that measure the sustainability and ethical impact of any business.

Why is ESG important for my business?

You may have noticed that tenders and quotes in both the public and private sector now ask about the ESG activities of a business. This is being driven by International climate and sustainability reporting standards adopted globally in 2023. These standards apply to all members of the supply chain. This means alongside larger organisations, micro, small and medium sized businesses in Queensland will need to demonstrate their commitment and capacity to meet these requirements.

Developing an understanding of ESG is important for your business going forward. Being able to identify the strengths in your business, alongside the practices that could be improved, is an important first step in setting up a more sustainable and ethical business.

Businesses in Queensland will need to demonstrate their commitment and capacity to meet ESG requirements.



Environmental



(E) Environmental relates to the physical impact of any business. Categories will often detail how efficient a business is in participating in actions that will assist in minimising harm to the environment through a reduce, reuse and recycle approach. This may include areas such as:

- **Resource Conservation** - using resources efficiently and effectively
- **Waste Management** - preventing, reducing, reusing and recycling waste
- **Energy Efficiency** - identifying and implementing workplace practices that minimise energy use
- **Carbon footprint** - identifying and measuring the greenhouse gas emissions across all aspects of the business.

Social



(S) Social highlights how a business manages the relationships and well being of its employees, as well as in its supply chain. This also takes into account the relationships a business has with their local community and their commitment to diversity and inclusion. There are also a range of social and ethical business practices that underpin this pillar including:

- Employee safety and well being
- Identifying and implementing diversity and inclusion practices
- Being involved and contributing to the local community
- Supporting and building employment opportunities for Indigenous communities
- Establishing and maintaining ethical supply chains
- Supporting and protecting human rights.

Governance



(G) Governance looks at how a business effectively manages internal processes to comply with Federal and State laws related to ESG activities and reporting, as well as their ability to be open and transparent in these practices. There is a legal requirement for businesses to conduct their operations in an honest and ethical manner. Areas of focus may include:

- Compliance with Federal and State laws
- ESG awareness, reporting and data collection
- Ethical business practices
- Effective stakeholder engagement
- Established risk management and business continuity practices.

Want to know more?



To assess your level of understanding and capacity to implement these social practices, go to the online assessment tool and start your journey towards better ESG practices.

www.statedevelopment.qld.gov.au/esg-where-are-we



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