



8 Reasons Why Businesses Must Focus on ESG

PWR Advisory

Why ESG Matters

- The ESG (Environmental, Social, and Governance) framework is a tool for businesses to assess their impact and sustainability, and drive long term value.
- Businesses are required to take responsibility for the ways in which their operations impact the environment, their stakeholders and wider society, and to be willing to account for the outcomes resulting from their operations.
- Using the framework allows businesses proactively manage what are considered to be some of the most pressing challenges the world faces today. Some of these challenges also present emerging opportunities which they can exploit to create added value.
- Here are 8 specific reasons why businesses should care about ESG.



8 Reasons Why Businesses Must Focus on ESG

1. Regulatory Requirements

The recent release of the IFRS S1 and IFRS S2 disclosure standards by the International Sustainability Standards Board imposes new reporting requirements on businesses and invites regulatory scrutiny on how ESG factors are managed.

2. Innovation and New Opportunities

Businesses can drive innovation and develop new products and services by identifying new market opportunities arising due to ESG factors. Some examples are green buildings, reusable packaging and solar devices.

3. Risk Management

Integrating ESG factors will help businesses identify and mitigate ESG-related risks. By addressing these risks proactively, companies can enhance their resilience and long-term viability.

4. Stakeholder Expectations

Employees, customers and investors, are increasingly interested in ESG credentials. They want to know what organisations are doing to drive sustainability both inside the business and externally in the wider world. Strong ESG credentials gives businesses a 'license to operate'.

5. Access to Capital

Many investors are integrating ESG considerations into their investment decisions. Businesses with strong ESG performance are more likely to attract investment from socially conscious investors which almost all investors are today

6. Cost Reduction and Efficiency

A focus on ESG considerations can help businesses reduce operating expenses by as much as 60% according to Mckinsey & Co. Reducing energy costs through the use of energy efficient bulbs or recycling waste are some examples.

7. Financial Performance

ESG has been found to have a positive effect on long-term company financial performance. Studies by McKinsey show, that companies with strong ESG performance report improved equity returns.

8. Corporate Reputation

A robust ESG regime and package of practices will enhance a company's reputation and boost its brand value. Businesses demonstrating strong governance and transparency plus social and environmental responsibility will accrue some differentiation and competitive advantage.

PWR Advisory is an ESG consulting firm. We operate across Africa

We work with clients to deliver ESG solutions customised for their businesses, investors and other stakeholders.

We help our clients incorporate ESG into their strategy and operations and meet regulatory reporting requirements.

We demystify ESG

Our ESG Services

- Sustainability/ESG strategy development and implementation
- Stakeholder analysis and engagement
- Materiality assessments
- Baseline assessments
- Emissions mapping and reporting
- Energy transition consulting
- Board ESG training

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