
ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) STRATEGY

GABRIEL LONDE MEDEIROS

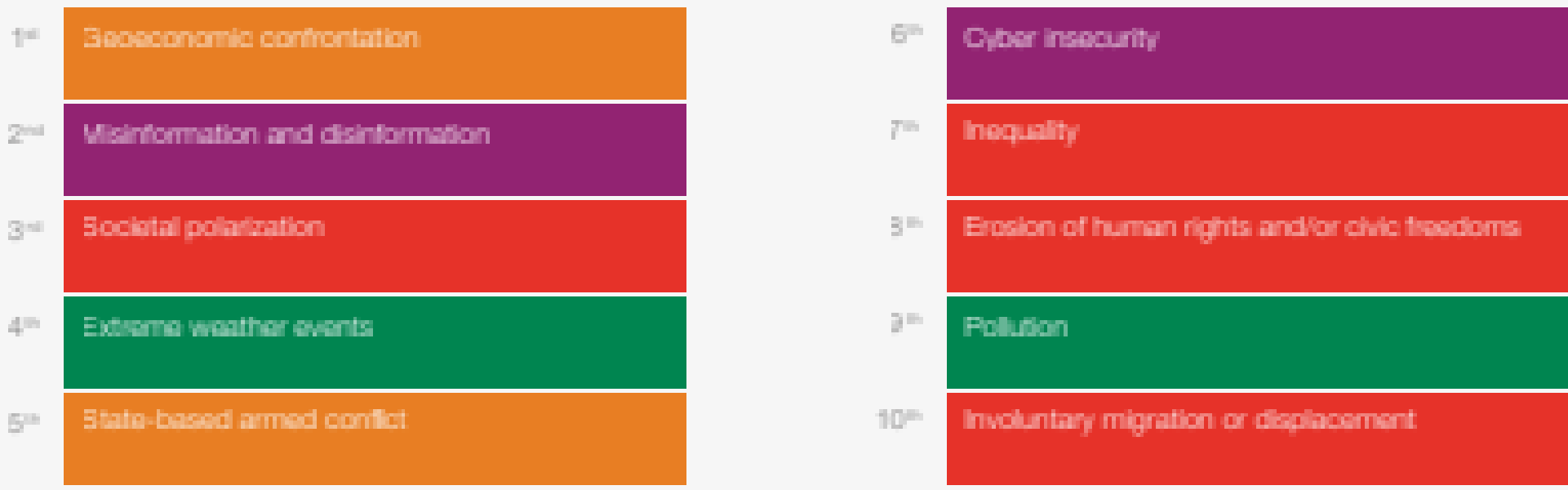


Lisbon School
of Economics
& Management
Universidade de Lisboa



Global risks ranked by severity over the short term (2 years)

"Please estimate the likely impact (severity) of the following risks over a 2-year period."



Source
World Economic Forum Global Risks Perception Survey
2025-2026

Risk categories
■ Economic ■ Environmental ■ Geopolitical ■ Societal ■ Technological



FIGURE 3 Global risks ranked by severity, short term (2 years) and long term (10 years)

"Please estimate the likely impact (severity) of the following risks over a 2-year and 10-year period."

Short term (2 years)

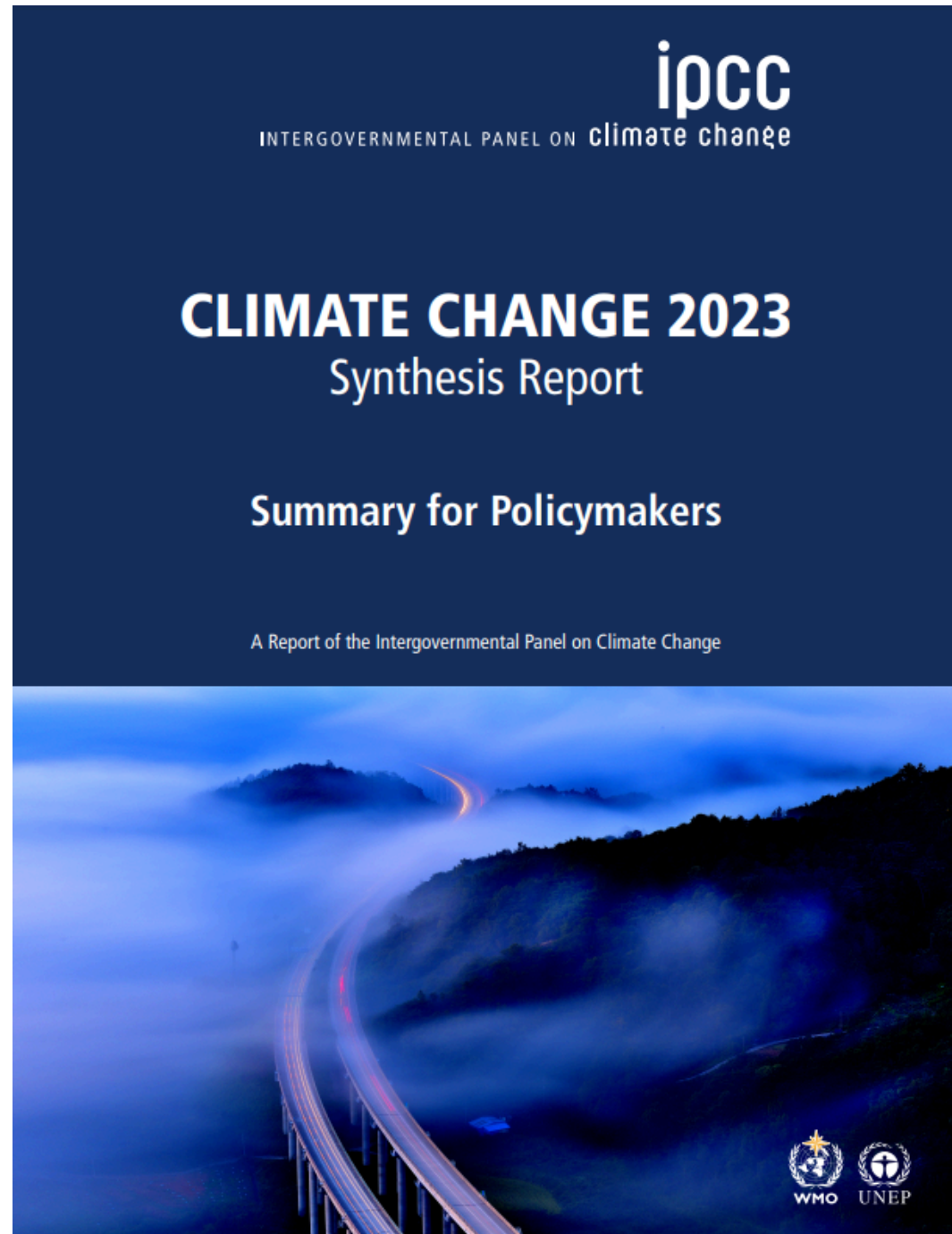
1. Geoeconomic confrontation
2. Misinformation and disinformation
3. Societal polarization
4. Extreme weather events
5. State-based armed conflict
6. Cyber insecurity
7. Inequality
8. Erosion of human rights and/or of civic freedoms
9. Pollution
10. Involuntary migration or displacement

Long term (10 years)

1. Extreme weather events
2. Biodiversity loss and ecosystem collapse
3. Critical change to Earth systems
4. Misinformation and disinformation
5. Adverse outcomes of AI technologies
6. Natural resource shortages
7. Inequality
8. Cyber insecurity
9. Societal polarization
10. Pollution

Source
World Economic Forum Global Risks Perception Survey
2025-2026

Risk categories
■ Economic
 ■ Environmental
 ■ Geopolitical
 ■ Societal
 ■ Technological



What science says about it:

This Synthesis Report (SYR) of the IPCC Sixth Assessment Report (AR6) summarises the state of knowledge of climate change, its widespread impacts and risks, and climate change mitigation and adaptation.

ESG Definition

ESG refers to a set of criteria used to evaluate a company's operations and performance in three key areas:

- Environmental: How a company manages its impact on the environment.
- Social: How a company manages relationships with employees, suppliers, customers, and communities.
- Governance: How a company is governed, including its leadership, executive pay, audits, internal controls, and shareholder rights.

Is a formalized strategy that includes measurable goals and processes for tracking, managing and publicly report on them.



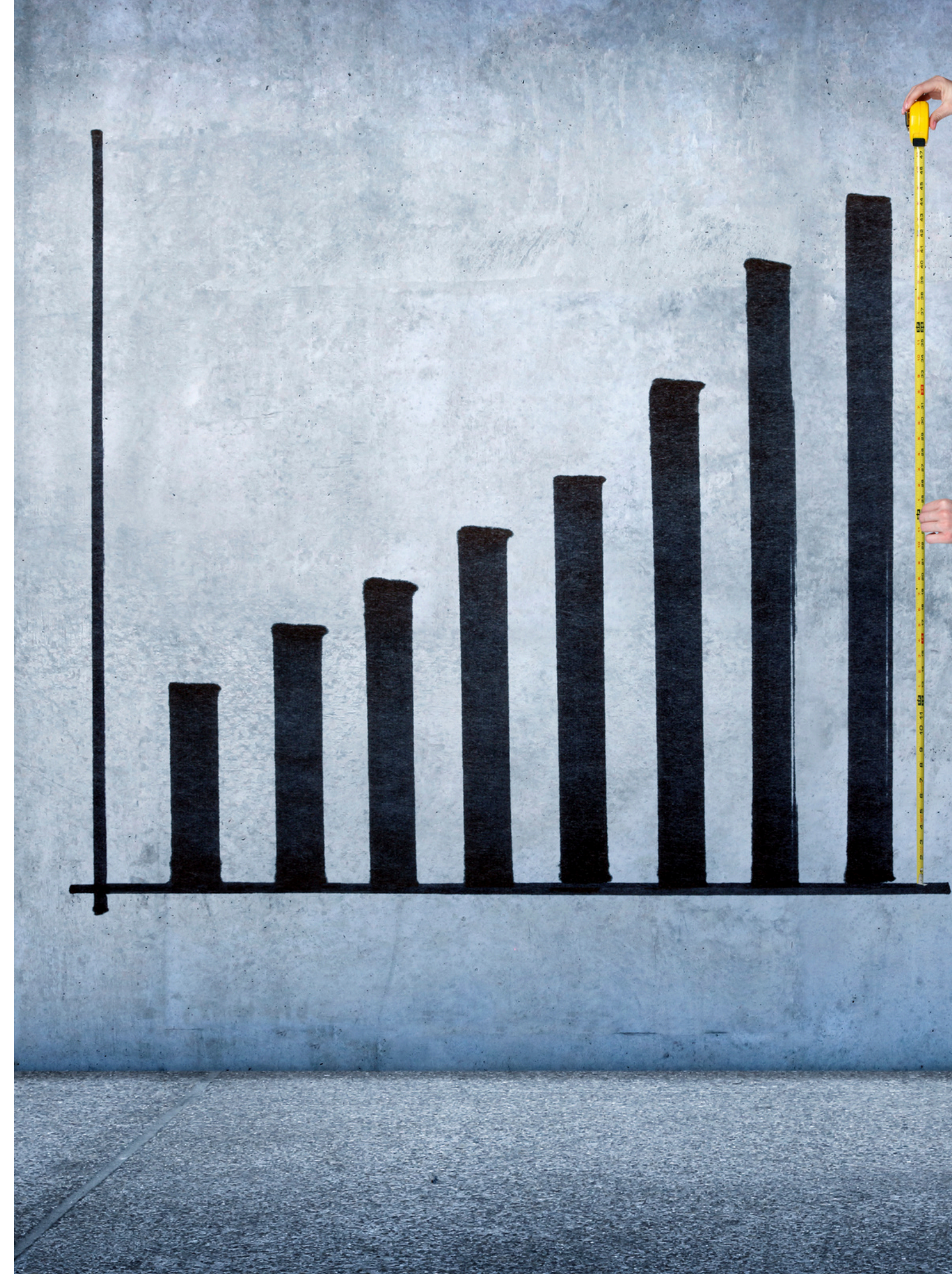
Importance:

- ESG is increasingly recognized as essential for sustainable business practices and long-term success.
- It helps companies manage risks and opportunities related to environmental and social issues, which can impact their financial performance (profit) and reputation.
- Investors and stakeholders use ESG metrics to assess a company's sustainability and ethical impact, influencing investment decisions, corporate strategies and profit.

Effective ESG disclosure can enhance a company's reputation, build stakeholder trust, and align with regulatory requirements.

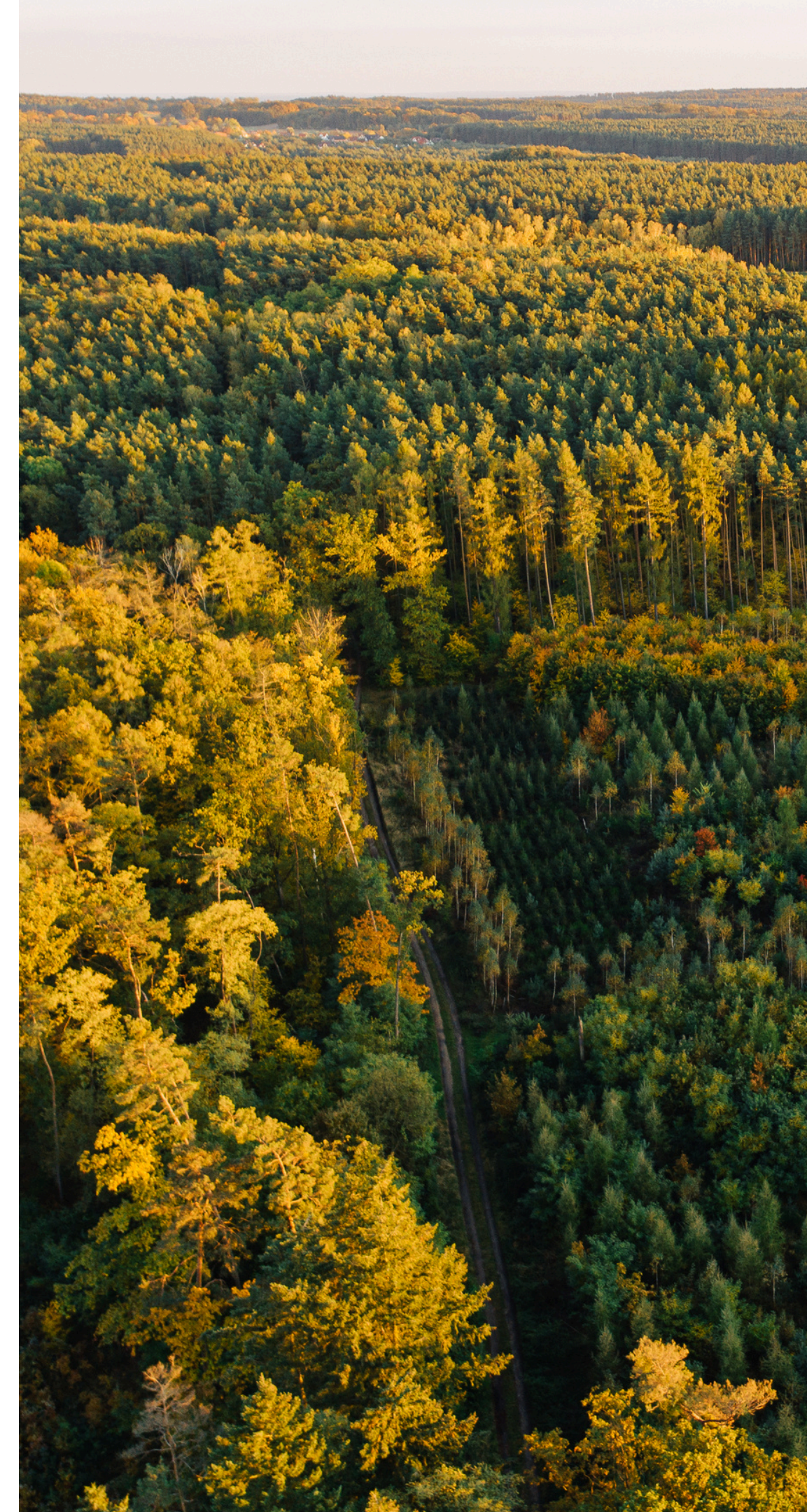


What Companies
should measure?



Environmental Metrics

- Climate Change and Carbon Emissions: Metrics related to greenhouse gas emissions, carbon footprint, and efforts to reduce carbon emissions are commonly reported.
- Water Management: Companies report on water usage, water efficiency, and water management practices, especially in industries like oil and gas.
- Waste Management: Metrics include the amount of waste generated, recycling rates, and efforts to reduce plastic waste (product design).
- Biodiversity and Land Use: Reporting on the impact of business operations on biodiversity and land use, including efforts to mitigate negative impacts.



Social Metrics

- Diversity and Inclusion: Metrics related to workforce diversity, gender equality payment, and inclusion practices are increasingly prioritized .
- Employee Health and Safety: Reporting on workplace safety incidents, health and safety programs, and overall employee well-being .
- Community Engagement: Metrics that reflect a company's involvement in community development, philanthropy, and social impact initiatives .
- Human Rights: Reporting on policies and practices to prevent human rights abuses and ensure fair labor practices.

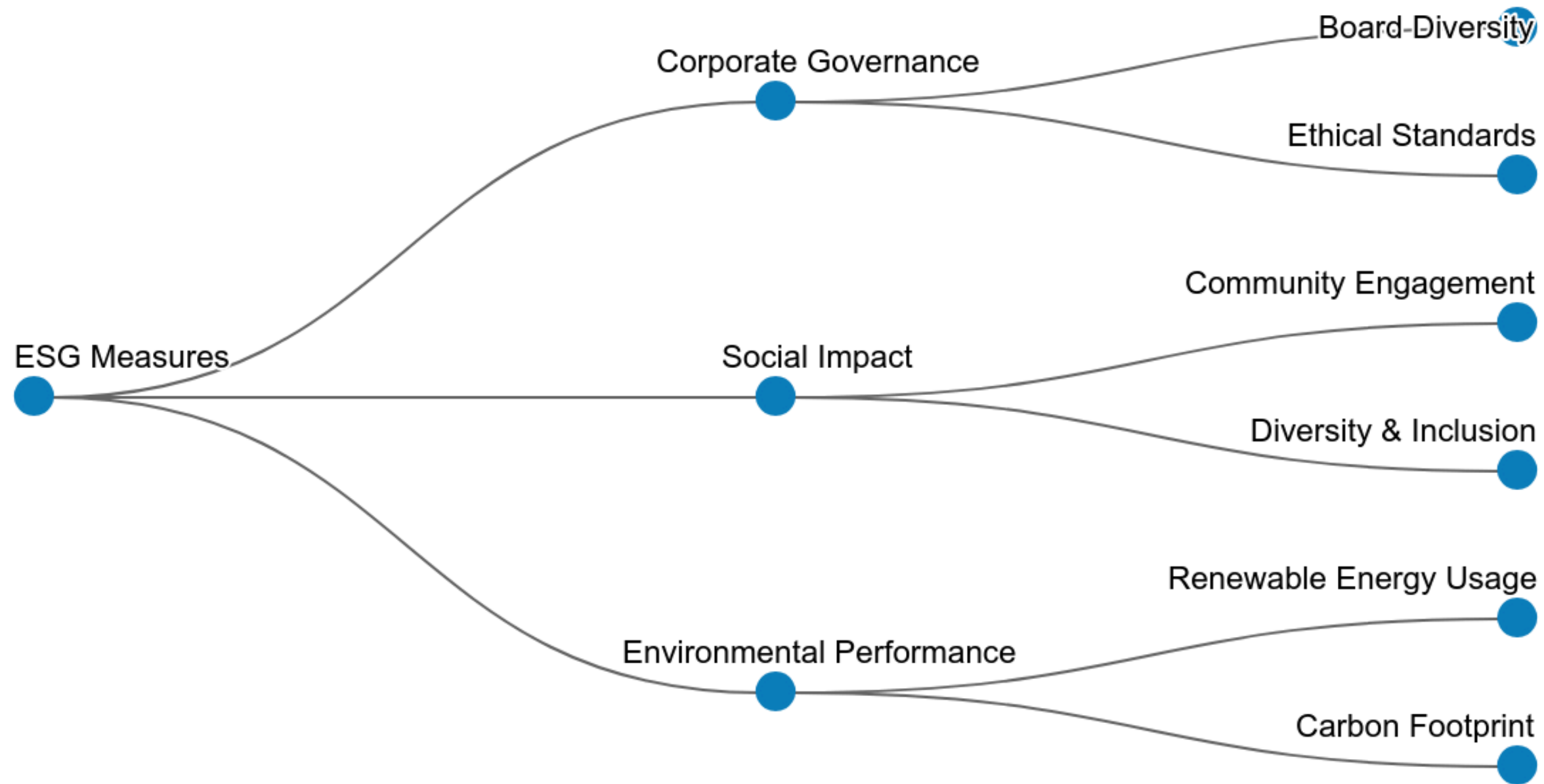


Governance Metrics

- Board Diversity and Structure: Metrics related to the composition of the board of directors, including diversity and independence.
- Ethical Business Practices: Reporting on anti-corruption measures, ethical business conduct, and compliance with laws and regulations .
- Executive Compensation: Metrics that link executive pay to ESG performance and overall company sustainability goals .
- Transparency and Reporting: The extent and quality of ESG disclosures, including adherence to standards.



Concept Map



An aerial photograph of a vineyard at sunset. The rows of grapevines are illuminated by the warm, golden light of the setting sun. In the background, a small village with several houses is visible, and further back, a line of wind turbines stands against the horizon. The overall scene is peaceful and represents sustainable agriculture.

Examples of ESG Integration Strategies Used by Leading Companies



Video link: https://www.youtube.com/watch?v=oyMJQXLW_e8

Environmental Strategies

- Greenhouse Gas Emissions Management: Companies are increasingly focusing on managing their direct and indirect emissions of greenhouse gases. This includes adopting **renewable energy sources**, improving energy efficiency, and setting emission reduction targets by using the **GHG Protocol**. **The need of new clean technology.**
- Regenerative Agriculture and Circular Economy: Companies like Unilever and Danone have adopted regenerative agriculture practices and circular economy models to minimize environmental impact and promote sustainability.
- Water Management: In water-stressed areas, companies in sectors like oil and gas and mining are implementing strategies to reduce water withdrawal and improve water use efficiency.





Corporate Carbon Footprint - Understanding Scope 1, 2 and 3 Greenhouse Gas (GHG) Emissions



The Sustainability Speaker - S...
734 inscritos

Inscrever-se

474



Compartilhar



Link do video: <https://www.youtube.com/watch?v=nWxly5ej25M>

Example - CMG



Reciclagem e gestão de resíduos

A preocupação com o ambiente é uma constante na empresa. Os fluxos de gestão de resíduos permitem o controlo e o adequado processamento de resíduos. Entendemos que o planeta deve ser preservado e devemos realizar o melhor dos nossos esforços para o nosso impacto seja neutro.

A Casa MG conseguiu valorizar 75,2% dos resíduos contabilizados no fluxo de processamento, dos quais 24,3% do total dos materiais foram reciclados. A continuação do trabalho de monitorização dos fluxos materiais atuais e de identificação de novos fluxos é de extraordinária importância para assegurar que todos os resíduos são processados adequadamente e que todas as oportunidades de valorização e circularidade são aproveitadas. A Casa MG recorre a um conjunto de parceiros especializados que asseguram o adequado processamento destes resíduos.

RESÍDUOS CONTABILIZADOS	2020 ton	2021 ton	VARIAÇÃO %
Resíduos	576	540	-6,2
Total produto produzido	31 750	29 317	-7,7
Resíduo/ produto produzido (kg/ton)	18,1	18,4	+1,6

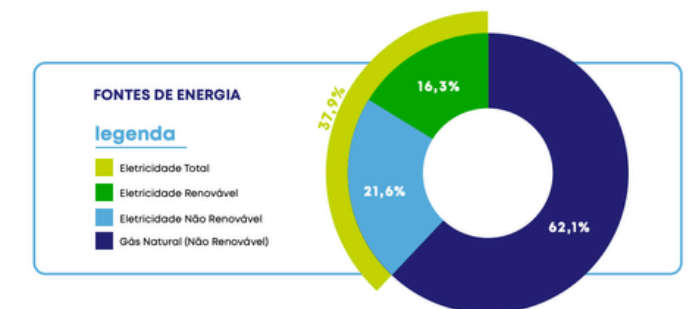
inefficiency

DESTINOS RESÍDUOS CONTABILIZADOS	2020 %	2021 %	VARIAÇÃO %
Aterro ou destruição	16,2	24,8	+8,7
Valorização	83,8	75,2	-8,7

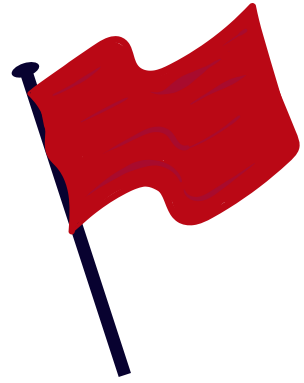
Detalhe de valorização	2020 %	2021 %	VARIAÇÃO %
Compostagem, digestão e valorização energética	51,2	38,3	-12,9
Reciclagem	24,7	24,3	-0,4
Biocombustível	7,8	11,6	+3,8
Reutilização	0,3	1,0	+0,8



MIX ENERGÉTICO	2020 %	2021 %	VARIAÇÃO %
Não renovável	79,6	83,7	+4,1
Renovável	20,4	16,3	-4,1



The value of a report lies in its accuracy, not its optimism. Only by presenting an honest reality can leadership mitigate risks and drive meaningful change.



ESG is about “red flag”

Risk Identification: You cannot fix a problem you refuse to measure. A "bad" result is simply an early warning of a future scandal.

Investor Trust: Institutional investors (like BlackRock or Vanguard) prefer a company that admits to a problem and has a plan to fix it, rather than a company that hides it until a whistleblower speaks up.

The "Improvement Trajectory": ESG is about the journey. A company that shows a bad result in Year 1 but a 10% improvement in Year 2 proves that their ESG Management System actually works.

Social Strategies

- Employee Well-being and Safety: Ensuring the health and safety of employees is a critical social strategy. Companies are implementing comprehensive health and safety programs and promoting a positive workplace culture.
- Diversity and Inclusion: Integrating diversity policies within corporate governance bodies and remuneration mechanisms has shown a positive impact on ESG strategy disclosure and social issue integration.
- Community Engagement: Companies are engaging with local communities to address social challenges and contribute to community well-being. This includes initiatives like community development programs and stakeholder engagement.



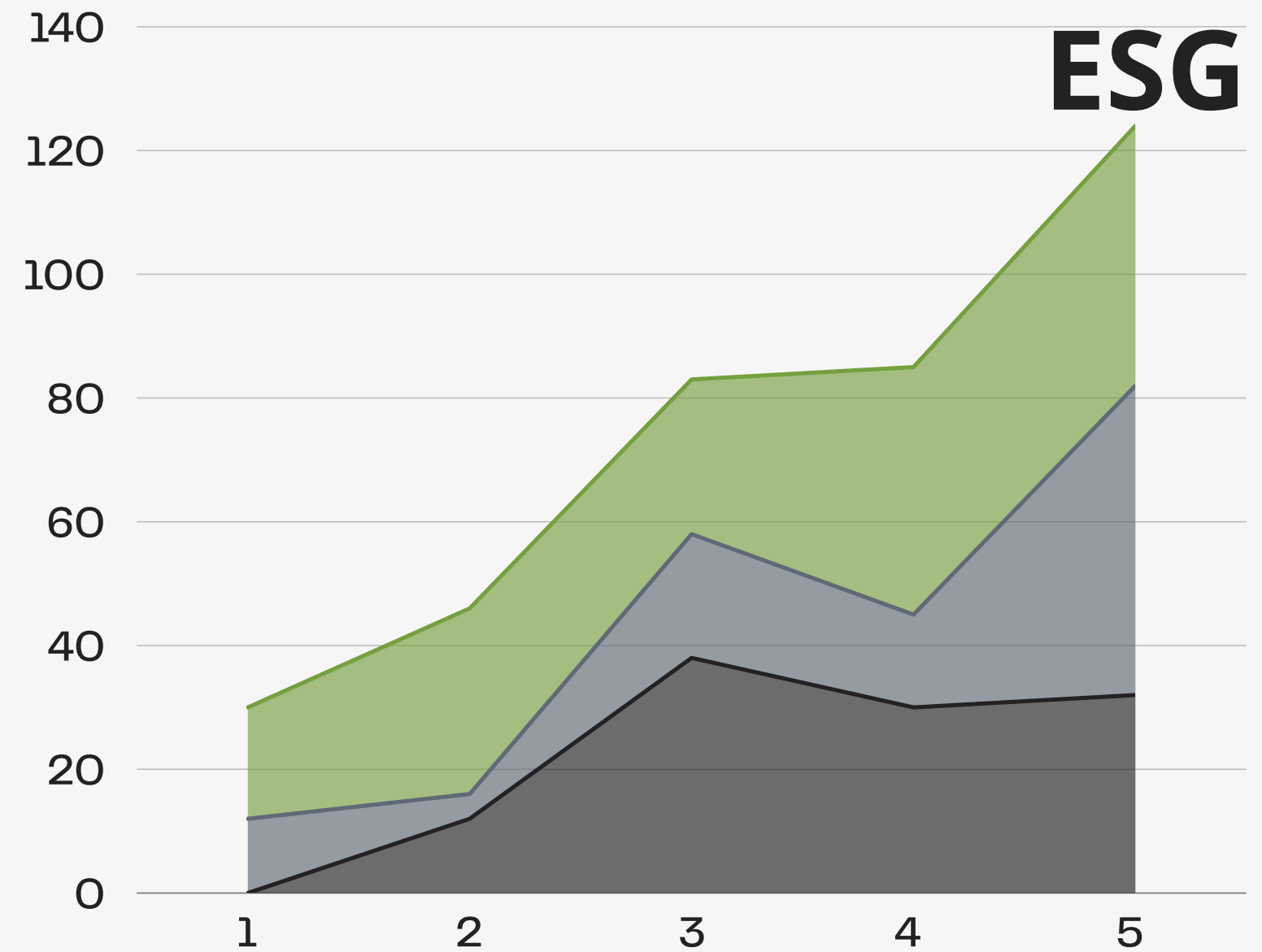
Governance Strategies

- Transparent Reporting: Leading companies are adopting various ESG **reporting standards** and frameworks to ensure transparency and accountability. This includes both voluntary and mandatory reporting standards to align with global ESG initiatives.
- Ethical Leadership and Governance: Ethical leadership plays a crucial role in driving ESG integration. Leaders are focusing on long-term thinking, ethical decision-making, and fostering a culture of responsibility and sustainability within their organizations.
- Conflict Resolution: Companies like the Ricoh Group (Japanese Group) have adopted synthesis strategies to resolve conflicts related to ESG integration, emphasizing the importance of ESG practices as a global requirement and aligning them with market competitiveness.



How to measure Progress

Sustainability Reporting Standards

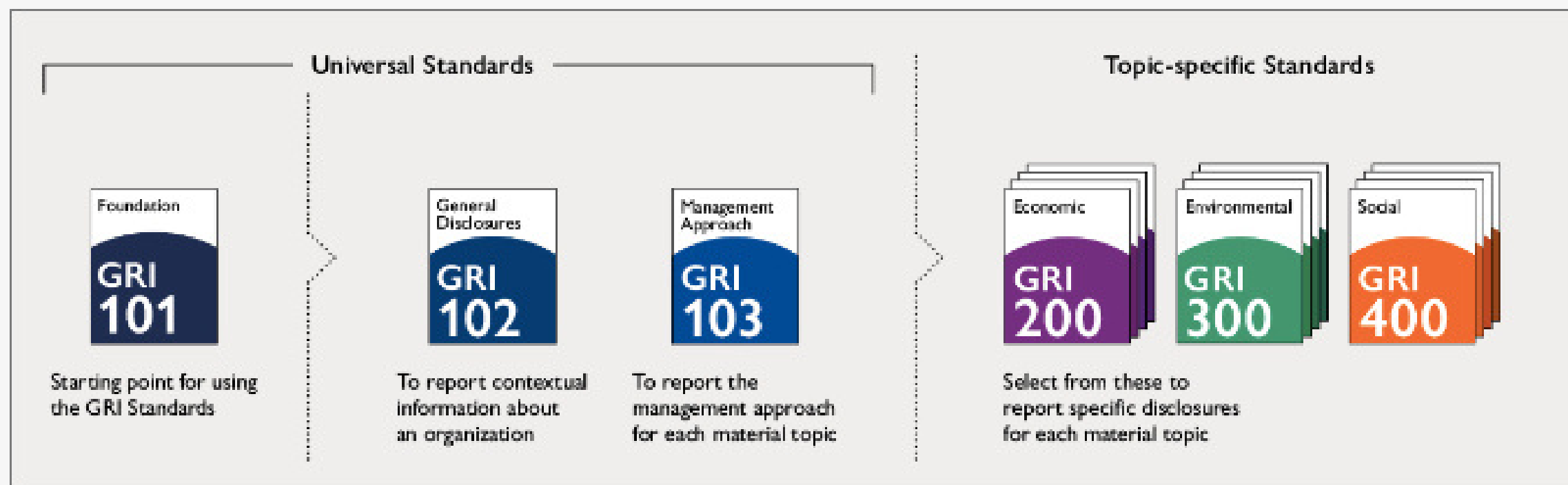


Global Reporting Initiative - GRI

Reporting Standards and Frameworks

- One of the most widely used ESG reporting standards (created in 1997).
- Focuses on sustainability impacts from the perspective of stakeholders.
- Covers economic, environmental, and social dimensions.
- Used by companies to enhance transparency and comparability in ESG disclosures.

📌 Best for: Companies aiming for broad stakeholder engagement and impact transparency.



Example - GRI

GRI 306: RESÍDUOS

Localização

Referente à norma publicada em 2020

306-1 Geração de resíduos e impactos significativos relacionados a resíduos

Cap. 6.2 Utilização e gestão de recursos naturais (Resíduos)

Pág. 66-69

Com a introdução do Plano Estratégico 2022-2026 – “BUILDING 26 | For a sustainable future” (Cap. 3), a Mota-Engil procedeu à reestruturação das suas unidades de negócio, o que permitirá o relato do desempenho ESG do Grupo tendo por base as diferentes áreas de negócio. Deste modo será possível espelhar, de forma mais direta, os impactos ambientais (assim como sociais e económicos) especificamente associados a cada tipologia de negócio. Uma vez que esta reestruturação está em curso (sendo 2021 um ano de transição), ainda não foi possível detalhar, numa ótica de cadeia de valor, os impactos significativos das atividades envolvidas na produção dos produtos e serviços da Organização. Remete-se uma resposta mais detalhada para relatórios futuros.

306-2 Gestão de impactos significativos relacionados a resíduos

Cap. 6.2 Utilização e gestão de recursos naturais (Resíduos)

Pág. 66-69

Os resíduos gerados pelo Grupo Mota-Engil são geridos de acordo com a regulamentação de cada país, no que diz respeito ao seu registo, armazenamento temporário, entrega para transporte e encaminhamento para destino final, recorrendo sempre a entidades gestoras autorizadas para o efeito. O Grupo aposta na sensibilização dos colaboradores (internos e subcontratados) para minimizar a geração de resíduos, em consequência da sua atividade.

306-3 Resíduos gerados

Cap. 6.2 Utilização e gestão de recursos naturais (Resíduos)

Pág. 66

RESÍDUOS GERADOS (TONELADAS)	2020				TOTAL	2021				
	RESÍDUOS PERIGOSOS		RESÍDUOS NÃO PERIGOSOS			RESÍDUOS PERIGOSOS		RESÍDUOS NÃO PERIGOSOS		
	Operações de valorização	Operações de eliminação	Operações de valorização	Operações de eliminação		Operações de valorização	Operações de eliminação	Operações de valorização	Operações de eliminação	
Europa	3 188	9 507	231 213	28 407	272 315	2 590	4 941	250 315	11 711	269 557
África	5 504	984	47 127	122 820	176 434	10 369	721	11 753	43 807	66 651
América Latina	93	293	47 761	32 846	80 992	111	200	141 199	176 774	318 284
Outros	14	156	7 124	142	7 437	74	9	13 379	402	13 863
Total Grupo Mota-Engil	8 799	10 938	333 225	184 215	537 177	13 144	5 871	416 646	232 694	668 354

RESÍDUOS GERADOS (TONELADAS)	2020				TOTAL	2021				
	RESÍDUOS PERIGOSOS		RESÍDUOS NÃO PERIGOSOS			RESÍDUOS PERIGOSOS		RESÍDUOS NÃO PERIGOSOS		
	Operações de valorização	Operações de eliminação	Operações de valorização	Operações de eliminação		Operações de valorização	Operações de eliminação	Operações de valorização	Operações de eliminação	
Engenharia e Construção	5 707	5 951	324 556	179 524	515 737	10 583	1 360	401 372	226 780	640 095
Ambiente	3 078	4 832	1 545	4 548	14 003	2 487	4 502	1 895	5 512	14 395
Outras áreas de negócio	14	156	7 124	142	7 437	74	9	13 379	402	13 863
Total Grupo Mota-Engil	8 799	10 938	333 225	184 215	537 177	13 144	5 871	416 646	232 694	668 354

Task Force on Climate-related Financial Disclosures (TCFD)

Reporting Standards and Frameworks



- Established by the Financial Stability Board (FSB).
- Provides recommendations for **climate-related financial risks** and **opportunities**.
- Focuses on governance, strategy, risk management, and metrics.
- Increasingly mandatory in jurisdictions like the UK, EU, and Canada.

📌 Best for: Climate risk disclosure aligned with financial reporting.

ESRS (European Sustainability Reporting Standards)

developed by EFRAG



- ESRS (European Sustainability Reporting Standards), developed by EFRAG, is mandatory under the CSRD.
- Applies to large companies and listed SMEs in the EU.
- Requires companies to disclose climate risks, governance, social impact, and sustainability metrics.
- Covers **double materiality** (financial impact of ESG risks + company impact on environment/society).
- **Aligns with international sustainability frameworks, such as GRI, ISSB (IFRS), and TCFD.**

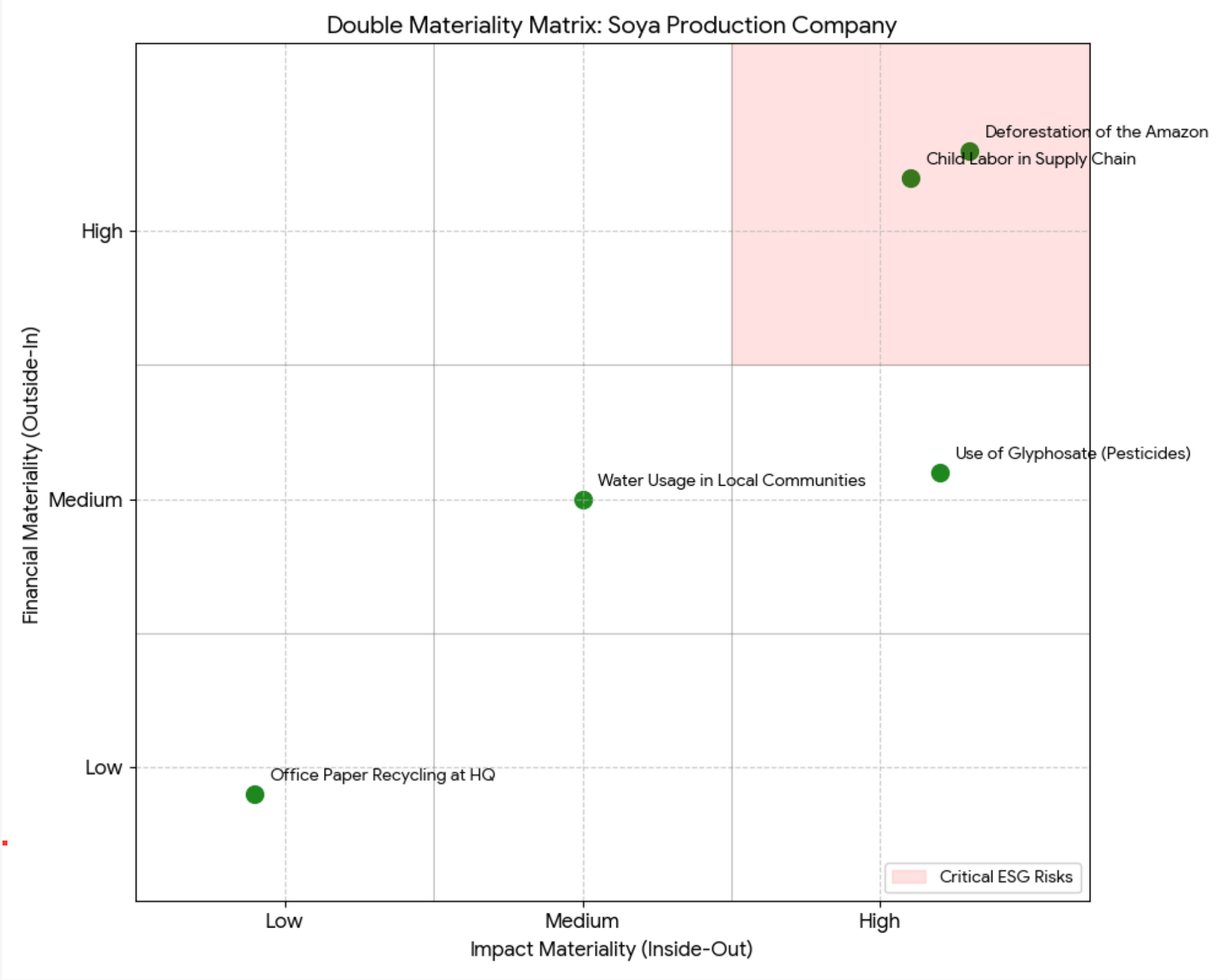
Double Materiality

developed by EFRAG



- **Impact materiality:** is related to the actual or potential impacts that companies may have on people, the community, and the environment in the short, medium, and long term, either through their direct activities or their value chain.
- **Financial materiality:** arises from external risks, amplified by climate change, to which companies are exposed and that may financially affect their business results in the short, medium, and long term.

Double Materiality matrix



Helps to avoid the "Blind Spot" scandal.

Understanding the Matrix

- The "Critical Zone" (Top-Right): Issues like Deforestation and Child Labor are both high impact and high financial risk. These are the scandals waiting to happen if not managed.
- The "Legal Liability" Zone: Glyphosate (Pesticides) has a high environmental/health impact and poses a significant financial threat through lawsuits (similar to the Bayer/Monsanto case).
- The "Efficiency" Zone (Middle): Water Usage is a growing risk that requires long-term operational planning.
- The "Greenwashing" Trap (Bottom-Left): Office Paper Recycling has very low materiality. If a soya giant focuses its sustainability report on this, it is actively greenwashing.

Structure of the European Sustainability Reporting Standards (ESRS)

General	Environment	Social	Governance
ESRS 1 General requirements	ESRS E1 Climate change	ESRS S1 Own workforce	ESRS G1 Business conduct
ESRS 2 General disclosures	ESRS E2 Pollution	ESRS S2 Workers in the value chain	
	ESRS E3 Water and marine resources	ESRS S3 Affected communities	
	ESRS E4 Biodiversity and eco systems	ESRS S4 Consumers and end-users	
	ESRS E5 Resource use and circular economy		

ESG Rating Agencies

What ESG Rating Agencies Do?

✓ **ESG Risk Assessment**

Measure a company's exposure to material ESG risks that could impact its financial performance. Assess whether a company is well-prepared to mitigate these risks.

✓ **Comparison and Benchmarking**

Help investors and stakeholders compare companies across different sectors and regions. Create ESG rankings that highlight best and worst practices.

✓ **Transparency and Compliance Analysis**

Verify companies' adherence to international regulations and standards, such as GRI, SASB, TCFD, and CSRD.

Assess whether a company is engaging in greenwashing or if its ESG reports are reliable.

✓ **Impact on Asset Pricing and Financing**

Well-rated companies can access cheaper capital through green bonds, sustainable loans, and ESG investment funds.

Poorly rated companies may face investor boycotts and exclusion from ESG indices.

Comparison of Key ESG Rating Agencies

Bloomberg



S&P Dow Jones Indices
A Division of S&P Global



No. of companies

Source of information

Number of topics

Companies engagement














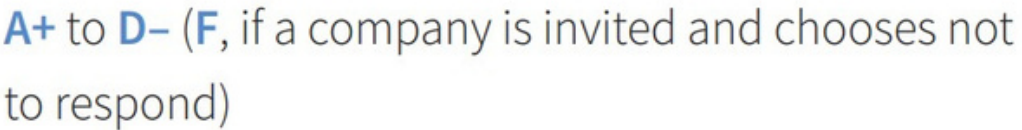
Scoring

Scoring update

	Bloomberg	MCSI	S&P SAM (DJSI)	Sustainalytics	ISS ESG (formerly ISS-oekom)
Cover	over 11'500 companies	13'500 companies	over 7'500 companies (by invitation)	over 11'000 companies	over 5'000 companies
Sources	<ul style="list-style-type: none"> – Disclosure of the companies – Multiple ESG third party providers 	<ul style="list-style-type: none"> – Disclosure of the companies – Databases (government, science, NGOs) – news and media 	<ul style="list-style-type: none"> – Sector-specific questionnaire 	<ul style="list-style-type: none"> – Disclosure of the companies – Media – NGOs 	<ul style="list-style-type: none"> – Disclosure of the companies – Media – NGOs – Science
Number of topics	120	37	~ 20-30 (branch-specific)	~ 40 (industry specific)	Up to 100 (mainly industry-specific)
Participation	Companies can request updates at any time	Companies are invited to verify data	Companies fill out questionnaire	Companies are invited to provide feedback and additional data	Companies are invited to provide feedback and additional data
Scale	Off 100	AAA-CCC	0 – 100	0 – 100 5 Risk level	A+ to D-
Timing	Daily updated	Ongoing monitoring, annual in-depth review	Yearly	Ongoing monitoring, annual in-depth review	Yearly

Ongoing basis as data becomes available

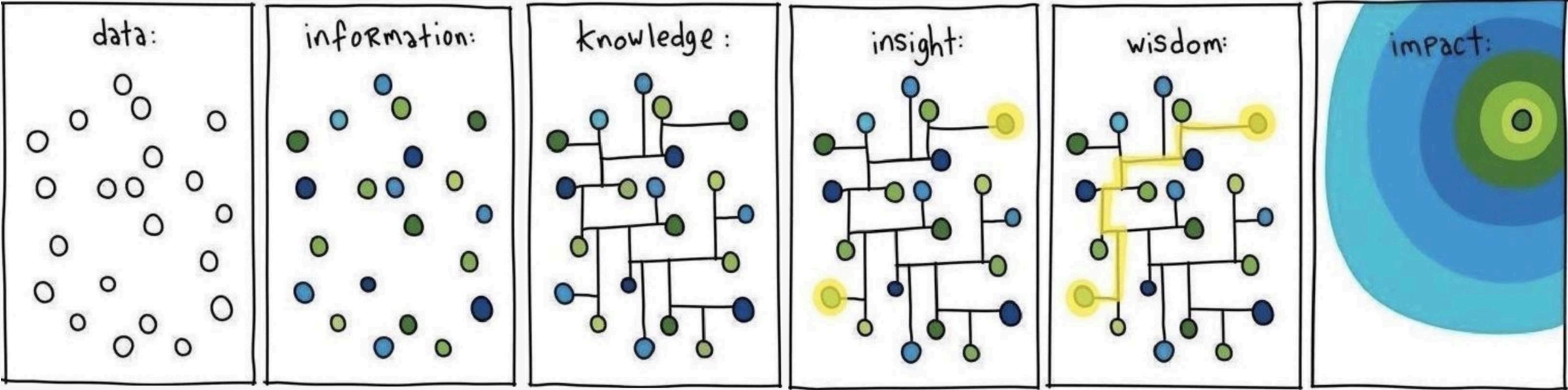
Scoring of ESG Ratings

Rating/Entidade	Escala/Score
	
	
	
	
	
 <small>A Division of S&P Global</small>	
 <small>DISCLOSURE INSIGHT ACTION</small>	

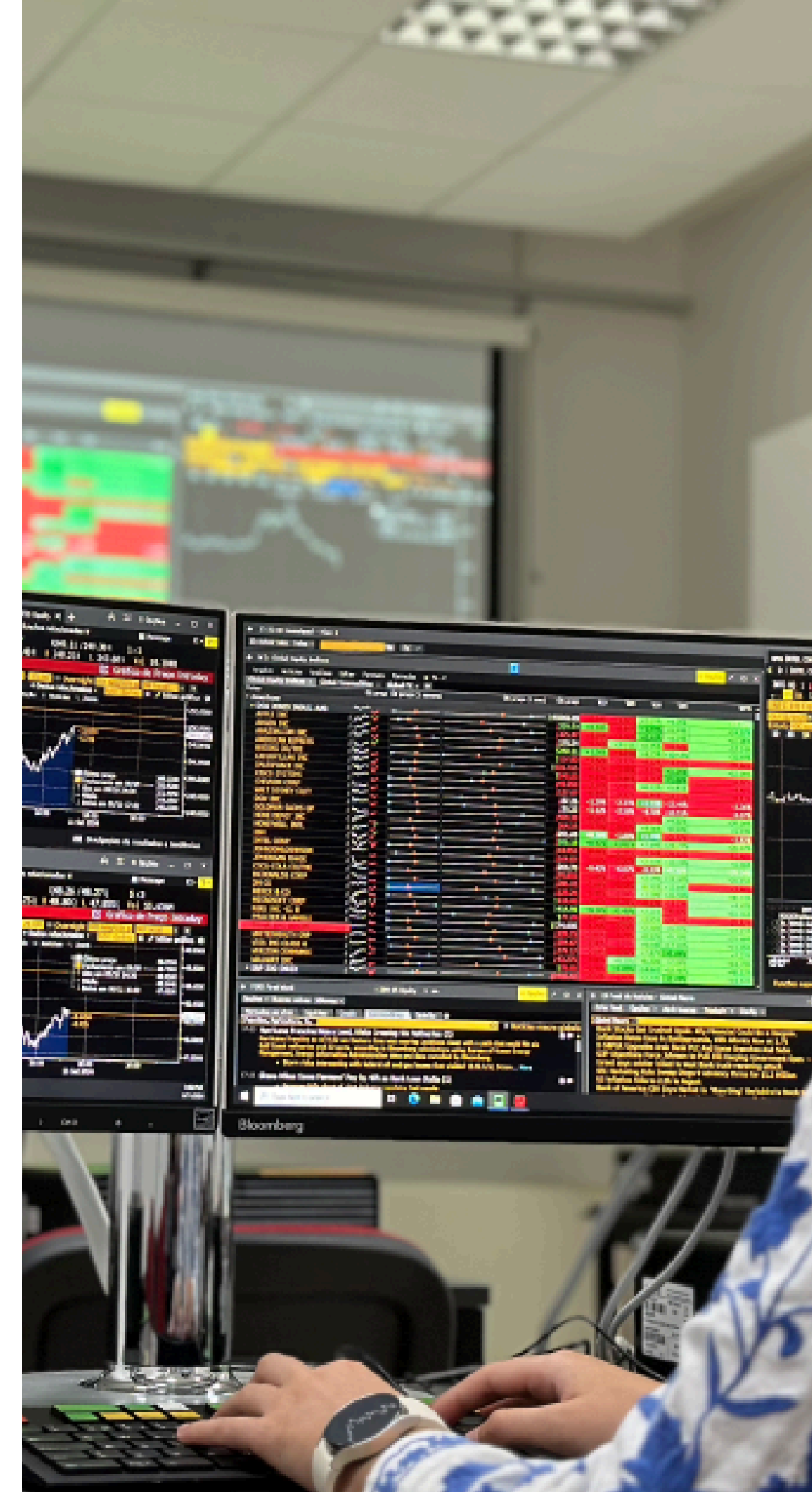
The ESG performance of a given ranking consists of **evaluating companies** from an environmental, social and governance point of view.

Each rating/score is based on quantitative and qualitative information, and a weighted average of the 3 areas is made, allowing the company to be assigned an overall score.

From Data to Impact



**Next class will be
at the Bloomberg
Laboratory
Quelhas Building**



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