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Concepts of ESG

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- Introduction to FFC
- What is ESG?
- What are ESG criteria?
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FFC Coalition Background

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- Fair Finance Cambodia (FFC) established its coalition in 2019 consisting of eight Civil Society Organizations (Oxfam, NGOF, CCC, TIC and ActionAid, Pact Cambodia and Star Kampuchea and SILAKA).
- Four women-led organizations joint in the coalition (Oxfam, CCC, AAC and SILAKA).
- Oxfam in Cambodia is a Lead Organization.

- The coalition is committed to advancing sustainable finance in Cambodia and has developed a roadmap to achieve this goal.
- The objective of the FFC is to mitigate the adverse impacts of cross-border investments on human rights, the environment, and climate change, especially those made by multinational financial institutions, banks, and insurers.
- FFC leads research and engages with key stakeholders, including financial regulatory and policymaking institutions, banking and investment associations, multilateral development banks, and academia.
- A member of Fair Finance Asia, a regional network of CSOs committed to ensuring that financial institutions' funding decisions in the region respect local communities' environmental and social well-being.

FFC Working Approach

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- Strengthen CSOs' capacity to promote responsible finance.
- Facilitate awareness raising among the public on responsible finance.
- Increase awareness and political will among government agencies, regulators, financial institutions, banks, and banking associations to be more adherent to sustainable finance standards.
- Support key stakeholders to assume leadership in developing appropriate policies and regulatory initiatives that will improve environmental and social performances of banks & FIs.
- Facilitate CSO and private sector-led platform on Cambodia's financial outlook.

What is ESG?

ESG stands for Environmental, Social, and Governance. It refers to a framework for evaluating the sustainability and ethical impact of a company or investment.

ESG criteria are used by socially responsible investors, companies, and regulators to evaluate the non-financial performance and overall sustainability of organizations. Many international standards and reporting frameworks, such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), provide guidance on ESG disclosure and measurement.

The goal of ESG is to provide a more holistic view of a company's long-term risks, opportunities, and overall impact beyond just financial metrics. Incorporating ESG factors into decision-making is becoming increasingly important for investors, businesses, and policymakers worldwide.

What are the ESG Criteria?

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ESG is typically assessed across the following key areas

Environmental	
• Biodiversity and Land Use • Energy Use and Management	• Water and Waste Management • Climate Change and Greenhouse Gas Emissions
Social	
• Labor Standards and Working Conditions • Employee health, safety, and wellbeing • Human Rights	• Community Relations and Impact • Product safety and quality • Data privacy and security
Governance	
• Corporate Governance Structures • Anti-Corruption • Stakeholder Expectations	• Business Ethics and Transparency • Political Lobbying and Contributions • Board Diversity and Independence

Why Disclosure ESG Important?

ESG disclosure is important for several key reasons:

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1. Investor Demand:

- Investors, especially institutional investors and asset managers, are increasingly using ESG criteria to evaluate the long-term sustainability and risk profile of companies.
- Comprehensive ESG disclosure helps investors make more informed investment decisions and allocate capital toward sustainable companies.

ESG disclosure is important for several key reasons:

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2. Stakeholder Accountability:

- ESG disclosure allows companies to be transparent and accountable to a wide range of stakeholders, including employees, customers, suppliers, local communities, and regulators.

- It demonstrates a company's commitment to managing its environmental, social, and governance impacts.

ESG disclosure is important for several key reasons:

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3. Risk Management:

- ESG factors can pose significant risks to a company's operations, reputation, and financial performance if not properly identified and managed.
- Disclosure of ESG risks and mitigation strategies helps investors and stakeholders assess a company's ability to navigate these challenges.

ESG disclosure is important for several key reasons:

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4. Competitive Advantage:

- Companies that proactively manage and disclose their ESG performance can gain a competitive edge by demonstrating their commitment to sustainability and responsible business practices.

- This can help attract and retain talent, improve customer loyalty, and enhance a company's brand and reputation.

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4. Regulatory and Reporting Requirements:

- Many jurisdictions are implementing mandatory ESG disclosure and reporting regulations, such as the EU Sustainable Finance Disclosure Regulation (SFDR) and the upcoming Corporate Sustainability Reporting Directive (CSRD).

- Compliance with these evolving requirements is essential for companies to maintain their social license to operate.

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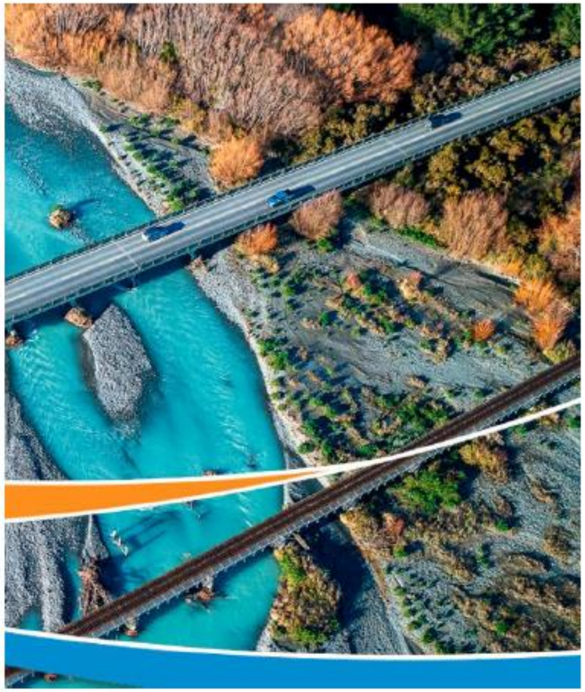
The Challenge for Companies

- **Increasing expectations** for businesses to improve transparency, regarding their management of ESG topics to key stakeholders, especially **investors**.
- The number of ESG standards and frameworks, data providers, ratings and rankings has expanded, with **600+ ESG ratings and rankings** existing globally and **continuing to grow**.
- Many corporate practitioners **struggle with how to best allocate resources** for ESG disclosure.



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Q&A

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Thank you very much!