



Jefferson Wells™
ManpowerGroup

A Practical Approach to Addressing ESG Within Your Organization



Meet Our Presenter



Laurence Talley, CPA, CIA
Risk & Compliance Practice Director
ESG Solution Leader

4 Focal Points Today

1 ESG Fundamentals

2 Recent ESG Trends

3 ESG Best Practices

4 Examples and References



ESG Fundamentals

ESG Fundamentals

Overview on history of ESG, global standards, emerging regulations

- **Fivefold** growth in internet searches for ESG since 2019
- **90% of S&P 500** companies already are publishing ESG reports
- **Pending SEC rules** require disclosure of climate-related risks and emissions
- Inflows into sustainable funds: \$5 billion in 2018; \$50+ billion in 2020; nearly **\$70 billion in 2021**
- Funds gained **\$87 billion of new money** in the first quarter of 2022, \$33 billion in the second quarter
- Ukraine war, cumulative geopolitical, economic, and societal effects, importance of **ESG peaking**

ESG Definition

ESG (Environmental, Social and Governance) is a term that originated in the investment community to evaluate corporate behavior in the areas of sustainability, social responsibility and corporate governance.

Examples

E

- Carbon Emissions
- Water & Waste Management
- Climate Change Impact
- Material Sourcing

S

- DEIB
- Labor Management & Ethics
- Data Privacy
- Community Engagement

G

- Board Effectiveness
- Business Ethics
- Risk Management
- Policies and Procedures

Getting to Sustainability and ESG Goals

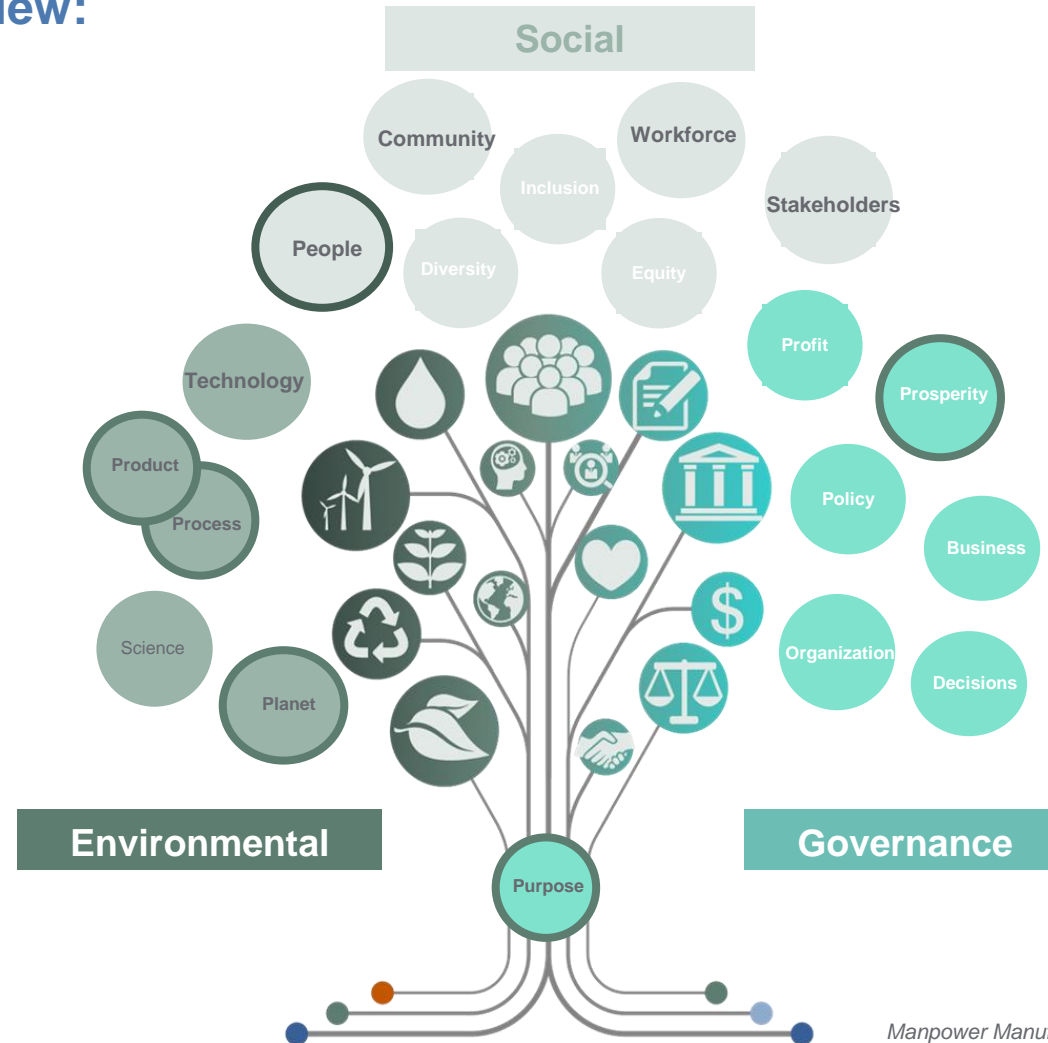
A favored definition:

Sustainability: “the integration of environmental health, social equity and economic vitality in order to create thriving, healthy, diverse and resilient communities for this generation and generations to come.”

The practice of sustainability recognizes how these issues are interconnected and requires a systems approach and an acknowledgement of complexity.”

Definition Source: UCLA Sustainability Committee

A view:



Graphic Source: Manpower Manufacturing Solutions

A case for ESG...

People

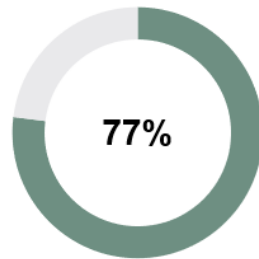
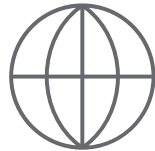


Job losses in Manufacturing; Projected Green/Turquoise Jobs



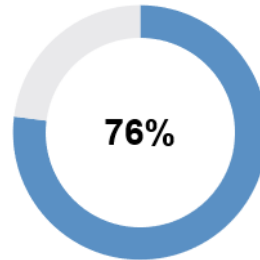
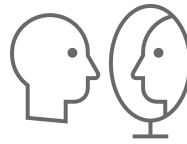
Non-traditional green (turquoise) job postings last year, to every green posting.

Planet



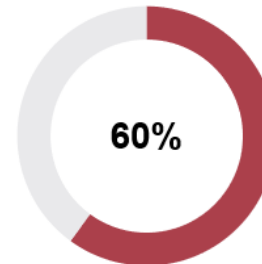
of total energy use by Industry

Purpose



Of employees would change jobs for mission

Process & Product

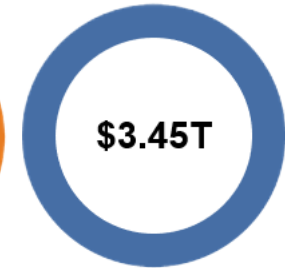


Of consumers would pay more for eco-friendly products

Prosperity



Funds in Responsible, Sustainable Investments



Opportunity for manufacturers



Global sustainable investment

Graphic Source:
Manpower Manufacturing Solutions

Why is ESG Important?

Investment Capital



ESG today is an important measure of success, both current and future. ESG investing is projected to reach \$1 trillion by 2030. Investors, banks and even insurers will factor ESG into whatever lending or investment decisions they make

ESG Reporting



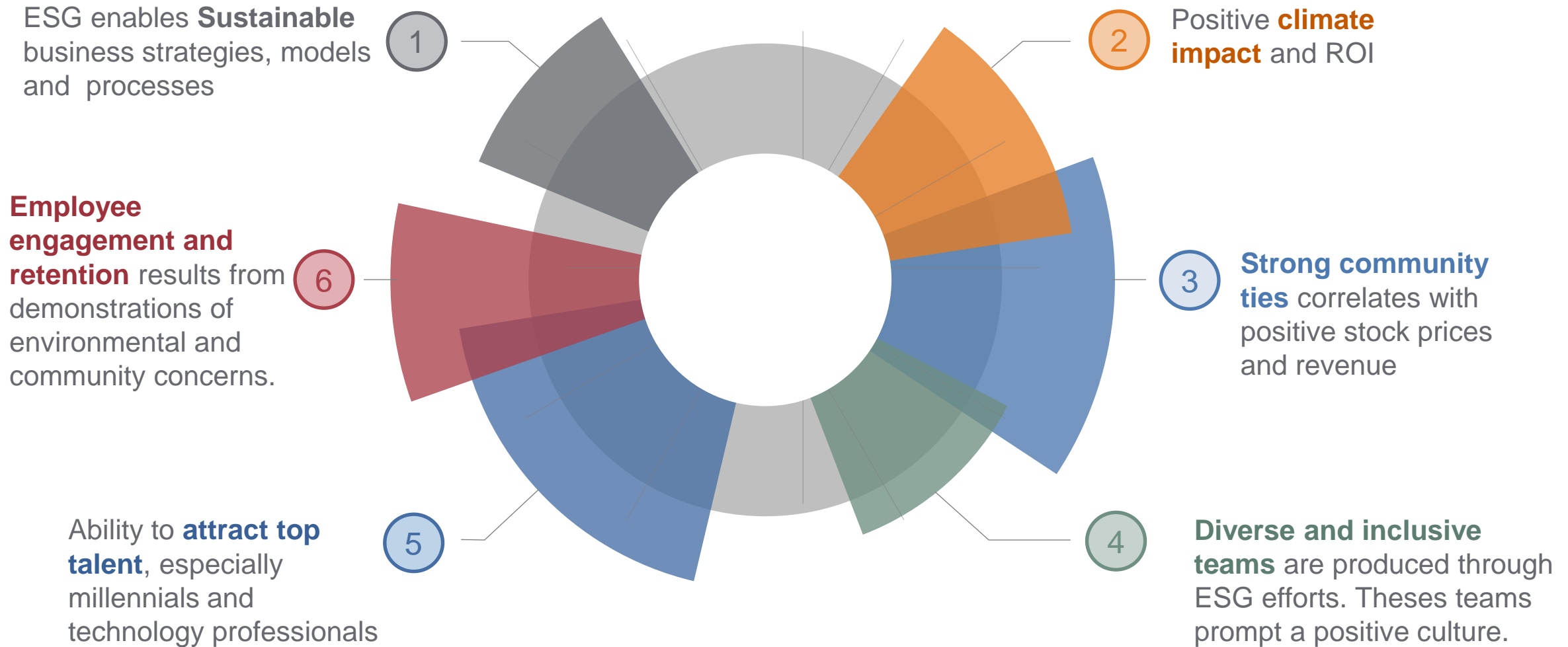
There are rapidly evolving mandates for ESG reporting from the Security and Exchange Commission, International Sustainability Standards Board that will require companies to disclose ESG policies, programs and performance. The EU has codified this through the Corporate Sustainability Reporting Directive.

Corporate Social Responsibility



Corporate social responsibility is an organization's duty to support community and civic issues. It is generally viewed as an investment in the community that supports an organization's mission. However, it also supports marketing, visibility and positive brand recognition.

ESG Value Proposition



External ESG Stakeholders

Employment Candidates



Candidates are evaluating employers based on ESG progress and transparency. They also want to ensure their personal environmental and social values are shared by their employer.

Customers



Corporate customers are more in tune with ESG related issues, specially, your impact on the environment and progress around Diversity, Equity and Inclusion(DEI) efforts.

Banks and Insurers



Financial institutions are evaluating whether to lend funds to companies with poor ESG transparency or to companies without an ESG program in place. Similarly, corporate insurance carriers are evaluating annual premiums based on ESG progress or lack thereof.

Fund Managers & Shareholders



Large fund managers and individual stockholders are casting a critical view on a company's progress along the ESG maturity scale.



Recent ESG Trends

ESG Trends - 2023 emerging issues

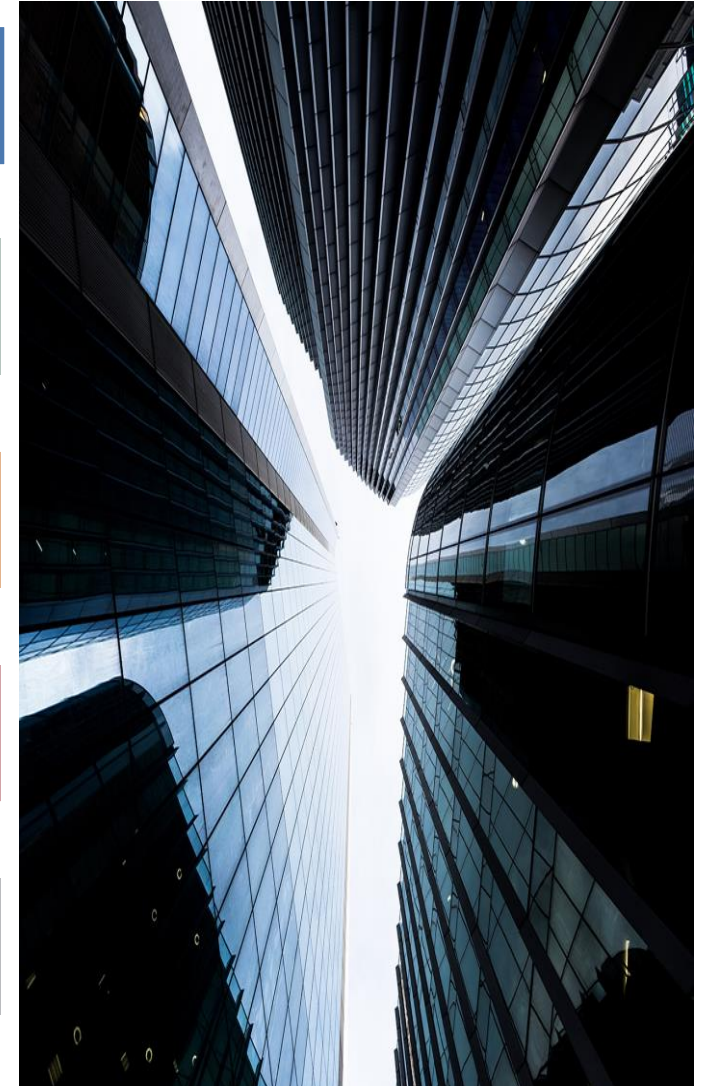
Greenwashing Risks

Substantiating ESG Reports

Carbon Offsets and Credits

Enterprise ESG Software

NRFD, CSRD and SEC ESG Disclosures



ESG Risks: Recent Examples

Goldman Sachs fined \$4mil - fined by the SEC in November 2022, for not having ESG research policies in place and then once in place, not following them when designating portfolio companies as appropriately falling into the ESG investment category.

Vale Greenwashing - Brazilian mining company, Vale, lost \$4bil in asset capitalization after a dam they falsely stated was fully stable, failed and killed 270 people downstream, along with significantly polluting the local water supply. SEC charged them in **April 2022** with “making false and misleading claims” around the safety of their dams prior to collapse.

H&M Sued - that H&M's "Conscious" collection deceives consumers into believing that the products are sustainable and environmentally friendly.

Trending: Offsets and Carbon Credits

Offsets – used to address direct and indirect GHG emissions by verifying global emissions reductions at additional, external projects. Offsets (verified emissions reductions) are subtracted from organizational emissions to determine net organizational emissions.

Renewable Energy Credits (RECs) – used to address indirect GHG emissions associated with purchased electricity (scope 2 emissions) by verifying use of zero- or low-emissions renewable source of electricity. RECs (MWh of renewable energy) are used in the calculations of gross, market-based scope 2 emissions based on the emissions factor of the renewable generation conveyed with the REC

A Virtual Power Purchase Agreement (VPPA) - a financial contract that provides Renewable Energy Credits or Certificates (RECs) from a specific renewable energy project located off your company's property. In the U.S., each REC represents proof that 1 megawatt-hour (MWh) of electricity was generated from an eligible renewable energy resource.

Trending: ERPs for ESG

ESG Software Capabilities

- Data collection
- Emissions Calculation
- Benchmarking against Frameworks
- Reporting
- DEIB Benchmarking
- Carbon Accounting
- CSRD (EU) Reporting

Popular ESG Tools

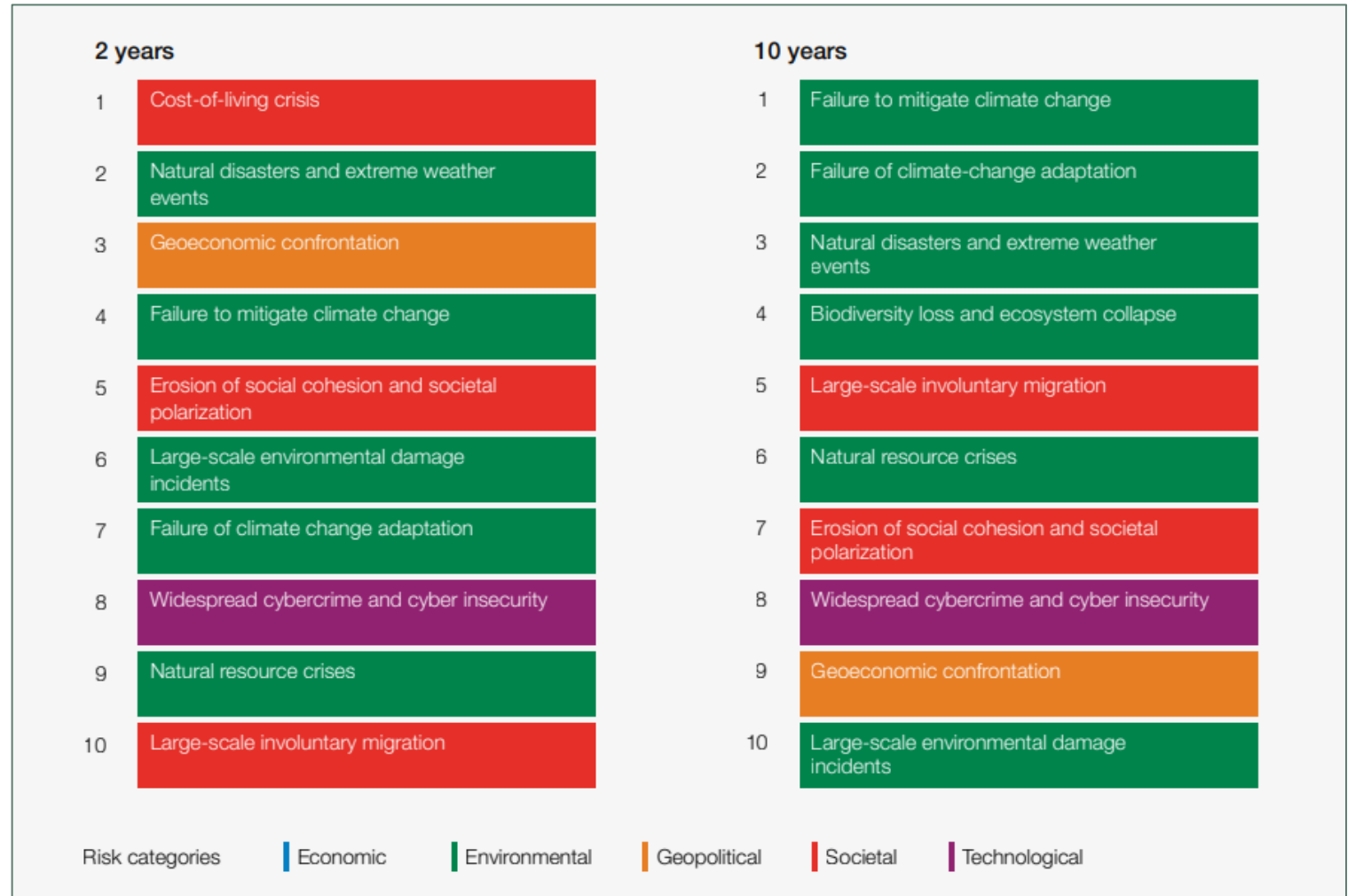
- *Eco Vadis*
- *Novisto*
- *Figbytes*
- *Oracle Fusion*
- *Wdesk*
- *Auditboard*
- *Blue Zone*
- *...and many others*

Other Emerging Trends

- Top 10 Short Term Risks (2 years)
- Top 10 Long Term Risks (10 years)

8 of Top 10 in each category are related to ESG.

2023 World Economic Forum Risk Results



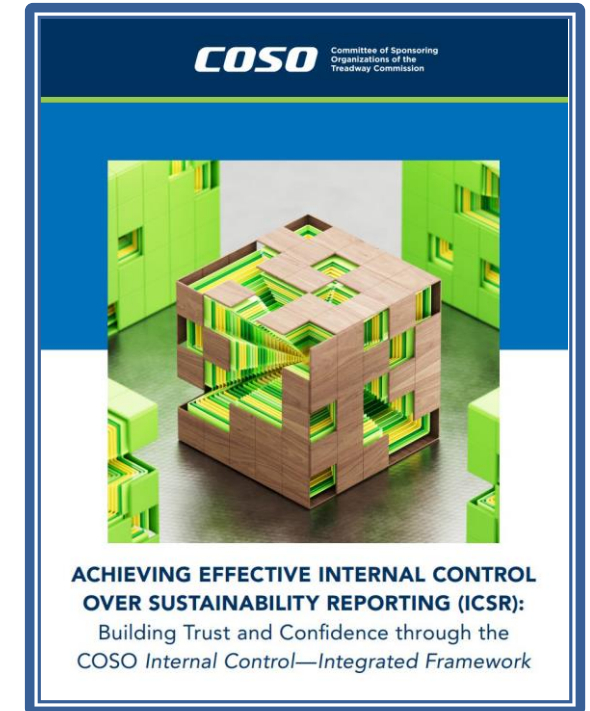
Recent Developments

COSO Issues Guidance on Internal Control Over Sustainability Reporting – “ICSR”


- Applies to internal decision making and external public reporting
- Also applies to voluntary and mandated reporting
- Assists in building trust and confidence in sustainable business information released to external stakeholders

Focal Points

- 17 COSO Principles still apply - most are applicable to sustainability
- Encouragement to new guidance now,
- Promotes the involvement by Internal Audit for assurance and advice
- Strives to automate data collection vs. manual data streams




Institute of Internal Audit ESG Guidance



WHITE PAPER

INTERNAL AUDIT'S ROLE IN ESG REPORTING

Independent assurance is critical to effective sustainability reporting

 The Institute of Internal Auditors | Global

“What is clear is that strong governance over ESG — as with effective governance overall — requires alignment among the principal players as outlined in The IIA Three Lines Model.”

As with any risk area, internal audit should be well-positioned to support the governing body and management with objective assurance, insights, and advice on ESG matters.”

EU Corporate Sustainability Reporting Directive (CSRD)

Non-EU Companies with EU Operations



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Reporting for calendar year end filers

	Scope	Required Standards	Reporting Level	Assurance
2024	Subsidiaries of US companies already subject to NFRD			
2025	All larger EU subsidiaries of US companies or US companies listed on EU regulated market	ESRS or equivalent standards	Stand-alone subsidiary, unless included in Parent's report prepared under ESRS or equivalent standards for non-EU Parent, Consolidated group level as from January 1, 2028 for certain US companies	Yes – limited assurance over all reported sustainability information
2026	SME subsidiaries of US companies listed on EU regulated market			
2028 <i>Enterprise Level</i>	US companies with greater than €150M of operations in EI	ESRS, equivalent standards, or alternative standards to be developed	Consolidated group – Including non-EU activity	Yes – limited assurance over all reported sustainability information

Non-EU organizations in scope for CSRD are required to provide information in a management report on:

- **Environmental, social and governance (ESG)** matters
- The organization's **impacts on sustainability** matters
- How sustainability matters affect the **development, performance and position**

Information must be **digitally tagged** in accordance with a digital taxonomy



ESG Best Practices

ESG Scoring Framework

1. Scope, Objectives and Goals

2. Program Governance & Resourcing

3. Replicable Processes

4. Compliance & Reporting

5. Measurable Value



Environmental Initiatives & Programs

- Energy Usage
- Water Management
- Greenhouse Gas Management
- Waste Management & Recycling
- Transportation Efficiencies
- Ecosystem Influence



Social Responsibility

- Human Rights
- Health & Safety
- Diversity, Equity, Inclusiveness & Belonging
- Sponsored Volunteering Programs
- Community Investment Programs
- Corporate Social Responsibility: Market
- Data Security & Privacy
- Supply Chain Management



Governance Activities

- Board Composition
- Corporate Policies
- Executive Compensation
- Income Equality
- Anti-corruption
- Anti-bribery
- Ethics
- Financial Control

Getting Started – Key Questions

- What is your organization trying to accomplish with ESG?
- Who are your stakeholders?
- What data will you need to collect?
- How will you validate the data?
- What controls will you establish?
- Who reviews the ESG report before publishing?
- How will you monitor and publish progress and successes?

ESG Marketplace Activities



Establishing Governance



Defining Workstreams



Document and Test Controls



Validating published Reports

ESG Program Governance Model

- Who makes the change?
- Who does the work?
- Who is part of sustainable solutions in action?
- Who enables the practices, products, processes and progress?

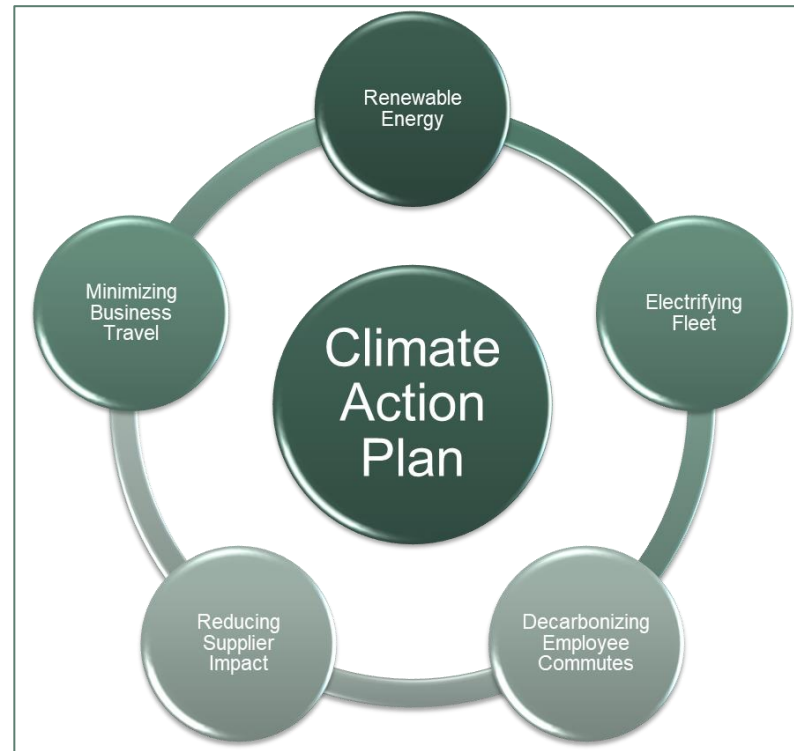


Managing ESG Levers

Governance Levers



Climate Levers



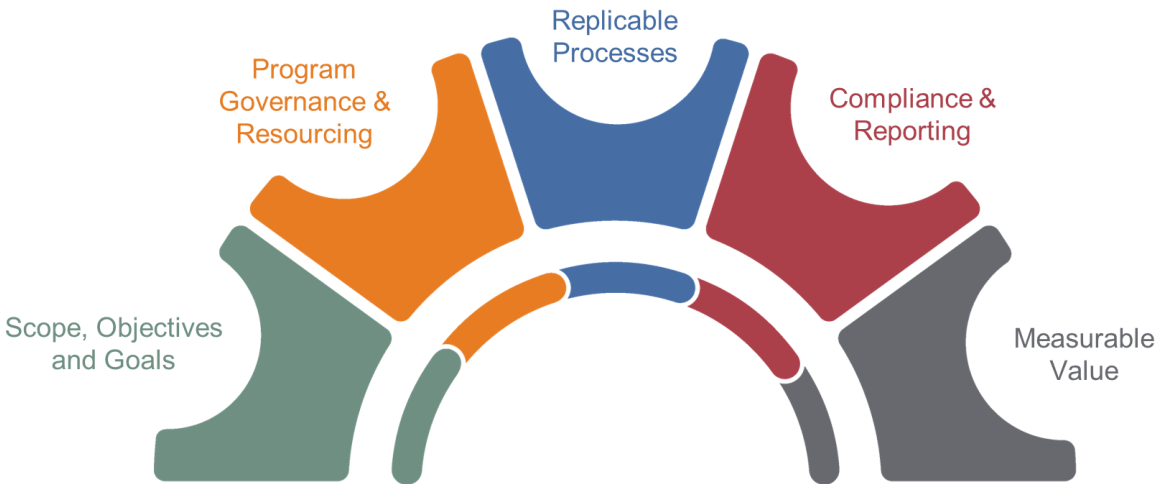
People Levers



ESG Best Practices

- 
- 1 “Working to Change the World Plan” - MPG
 - 2 Incorporate into routine messaging/advertising
 - 3 Use ESG as a Differentiator over competitors
 - 4 Publicize ESG progress and rankings
 - 5 Net Zero goals communicated if in place
 - 6 Validate data BEFORE publishing results
 - 7 Create an applied culture of sustainability engagement & leadership
 - 8 Build your future proofed sustainability workforce
 - 9 Monitor KPIs and risks; enable continuous improvement

ESG Readiness Assessment



IA Activity / Topic	Defined	Implemented	Managed	Optimized	Leading	Notes:
I. Scope, Objectives and Goals						
Scope of WEC's ESG Program	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Program Objectives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Short Term Goals 12-18 months	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Long Term Goals 2 - 5 years	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
II. Program Governance & Resourcing						
ESG Program Charter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Program Leaders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Resource Requirements and RASIC Model	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Communication Protocols and Tools	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
III. ESG Processes						
A. Data Collection and Analysis						
Data Streams	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Completeness and Accuracy Processes and Controls	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Process Documentation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
B. Disclosure Preparation						
Climate Related Risks, Likelihood and Impact	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Governance of Climate Risks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial Metrics	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Climate Targets and Goals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Direct GHG Emission Metrics	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Indirect GHG Emission Metrics	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Third Party GHG Emissions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Process Documentation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
IV. Compliance and Reporting						
Control Testing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Management Representation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
External Audit Coordination Requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Periodic Reporting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Process documentation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
V. Measurable Values						
Risk Scores	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ESG Program Budget	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Net Zero Goals and Progress	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
a. Energy Usage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
b. Water Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
c. Waste Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
d. Greenhouse Gas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

ESG Scoring

ESG scores summarized

- Measures exposure to environmental, social, and governance risks
- Exclusive of traditional financial analysis
- Risks include energy efficiency, worker safety, and board diversity

Who calculates the ESG scores?

Prominent ESG scoring agencies include:

- *Bloomberg ESG Data Services*
- *Dow Jones*
- *MSCI ESG Research*
- *Sustainalytics*
- *Reuters ESG Research Data*
- *S&P Global*
- *ISS ESG*
- *Vigeo/EIRIS*
- *Fitch Ratings*
- *Moody's Investors Service.*

EXAMPLE:

MSCI examines hundreds of metrics and assigns score to each

Ratings:

- **Leaders** - proactively managing ESG risk and taking advantage of ESG opportunities (AAA, AA)
- **Average** - managing some key issues well and others poorly, or they may be average across the board (A, BBB BB)
- **Laggards** - relatively unmanaged exposure to ESG (B, CCC)

A strong ESG rating indicates the efficacy of ESG programs compared to peers. ESG evaluations help investors gain a better understanding of a company's investment potential.



Sustainability Report – Manpower Group

ESG Report Highlights

Explore Our ESG Report

- Introduction**
Messages from our Chairman & CEO and Chief Sustainability Officer
- ESG Strategy**
Our Working to Change the World Plan
- Planet**
Delivering on our validated, science-based targets to reduce emissions by 2030
- People & Prosperity**
Committed to being Creators of Talent at Scale and Meaningful Work for All
- Principles of Governance**
Running a responsible business and setting high ethical standards
- Key Performance Indicators**
Progress against our KPIs in 2021
- Disclosures**
Aligning to GRI, SASB and Stakeholder Capitalism Metrics

- More than 90 percent of S&P 500 companies now publish ESG reports
- 70 percent of Russell 1000 companies.
- SEC is considering new rules that would require more detailed disclosure of climate-related risks and greenhouse-gas (GHG) emissions

ESG Report Highlights

Our Goal

The time for climate action is now. To reach our ambitious targets, we will continue to track, measure and disclose our emissions footprint annually, and work across all our markets to reduce emissions throughout our value chain.

We are proud to be the first in our industry to have set emissions reduction goals that are validated by the Science-Based Target initiative (SBTi). As part of our transition to net zero by 2045 or sooner, our 2030 targets include:

Reducing direct emissions (scope 1 and 2) by 60%

Reducing value chain emissions (scope 3) by 30%

2021 Highlights



Committed to reaching
NET ZERO BY 2045
or sooner



First and only company in
our industry to have set
**VALIDATED, SCIENCE-
BASED TARGETS**

Engaged in the WEF Alliance
of CEO Climate Leaders, working to
mitigate over **1GT OF EMISSIONS**
ANNUALLY BY 2030



REDUCED
OPERATIONAL
EMISSIONS BY 39%

from our 2019 baseline, bringing us
over halfway to our 2030 goal



Reported to Carbon
Disclosure Project (CDP) for
11th year in 2021, with **SCORES**
HIGHER THAN INDUSTRY &
REGIONAL AVERAGES

Activated Planet Teams in markets
representing 80%+ of revenue
ALIGN STRATEGY GLOBALLY
& DELIVER LOCALLY

on our Climate
Action Plan



ESG Report Highlights



ENGAGING SUPPLIERS Reducing Impact of Goods & Services Purchased

We're working with suppliers to reduce our Scope 3 footprint. Today the goods and services we purchase make up 15% of our Scope 3 emissions and are another opportunity to reduce our GHG footprint.

All new suppliers are required to sign our *Supplier Code of Conduct* as part of the contracting process. The Code includes the principle of environmental responsibility based on the UN Global Compact, which promotes climate-related considerations of product and service development. We're also engaging with suppliers that share our environmental values:

- [Steelcase](#) has been our primary supplier of office furniture globally for nearly 15 years. The carbon-neutral manufacturer is known for its commitment to environmental stewardship: it purchases 100% renewable energy, is carbon neutral across its direct operations, and has had its emissions goals verified by the SBTi.
- [Interface](#) manufactures the carpeting, which is made with at least 65% recycled or bio-based materials, installed in our global headquarters in Milwaukee, Wisconsin and in all of our Manpower branches across North America. Interface is the first global flooring manufacturer to exclusively sell products that have been certified as Carbon Neutral across their full life cycle. Interface was also the first flooring manufacturer to sign The Climate Pledge and to have their emissions reduction goals approved by the SBTi.

ESG Report Highlights

ManpowerGroup 2021 Key Performance Indicators

Social Impact Investment

	2019	2020	2021
Investment in associate training (million \$USD) ²	\$70.8	\$58.5	\$77.5
Associates participated in skills training & development programs ²	383,286	235,394	190,384

Trust & Transparency

	2019	2020	2021
Employees trained on ethics policies ¹¹	99%	100%	100%
Trusted and Ethical Culture Index ³	80%	85%	89%
Client Net Promoter Score ¹²	31	48	37
Associate Net Promoter Score ¹³	45	55	51
Number of countries assessed by EcoVadis ²	22	24	24
Percentage of key markets assessed by EcoVadis ²	75%	75%	81%
Percentage of business represented by assessed countries ²	80%	80%	80%

Environmental Performance

	2019	2020	2021
Markets with ISO14001 certification (% worldwide revenues)	–	21%	24%
Total energy consumption (MWh)	201,294	132,032	111,863
Non-renewable energy consumption (MWh)	194,993	123,956	84,680
Renewable energy consumption (MWh)	6,301	8,067	27,183
Percentage of energy from renewable sources in key markets	11%	13%	54%
Direct operational (Scope 1) GHG emissions (tCO ₂ e)	21,499	13,314	18,603
Indirect operational (Scope 2 location-based) GHG emissions (tCO ₂ e)	23,955	14,244	9,076
Indirect value chain (Scope 3) GHG emissions (tCO ₂ e) ¹⁴	747,627	689,223	727,946
Scope 1 + 2 emissions per \$million revenue	2.16	1.53	1.55
Scope 1 + 2 emissions per FTE	1.62	1.10	1.07
Water consumption (MIO m ³)	0.36	0.05	0.26
Total waste generated (t)	2,345	698	554
Percentage of waste recycled	64%	28%	36%



References

Future Workforce: Our Sustainability Jobs Findings



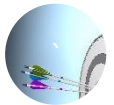
Map through the modern minefield

green jobs landscape at epicenter of solution to disruptions



Modernize green jobs spectrum

reality of trending turquoise



ESG's evolution

3-D targets of canopies, communities, commerce



All-sector job (re)design

most significant factor since tech



Industry's role

problem, solution and opportunity



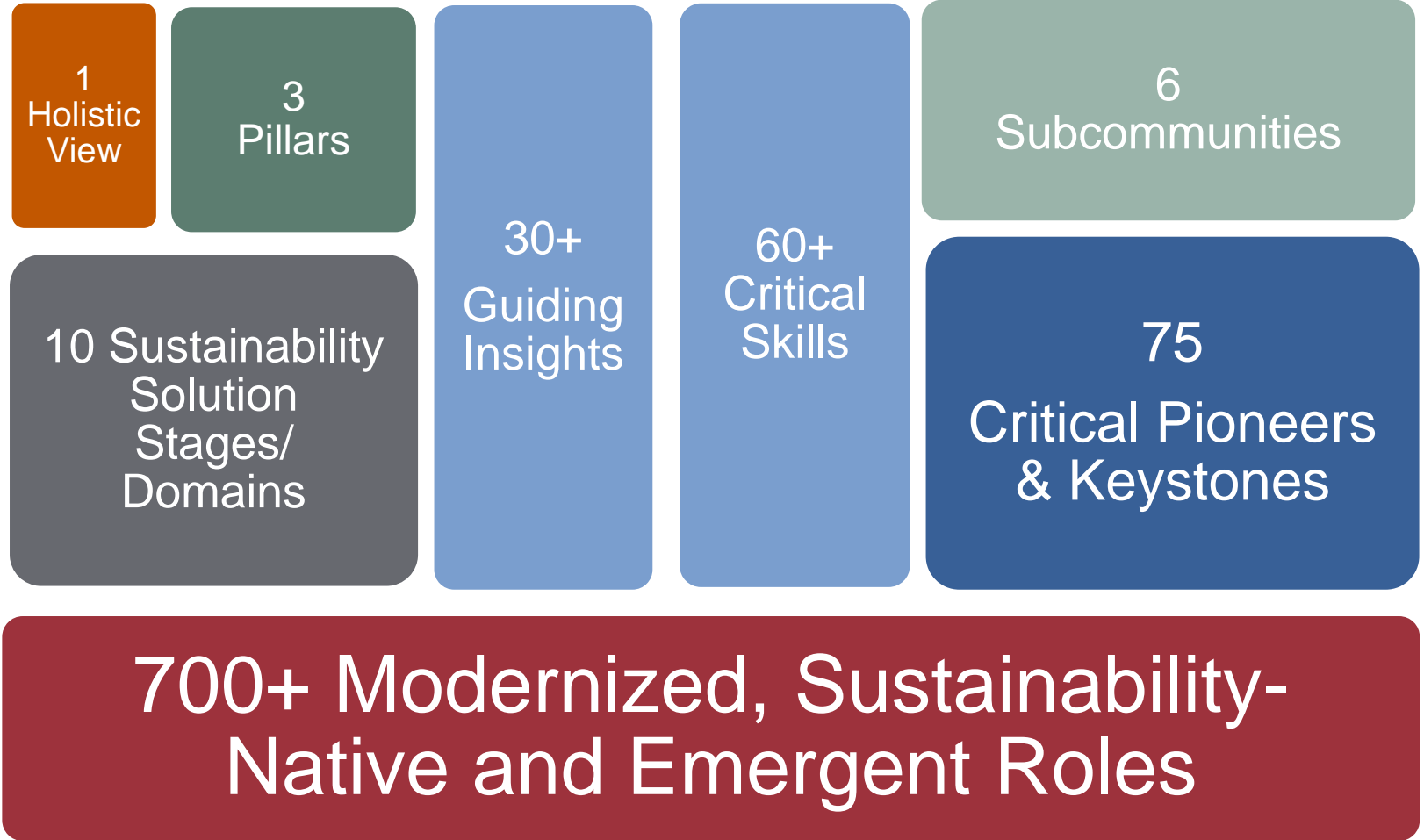
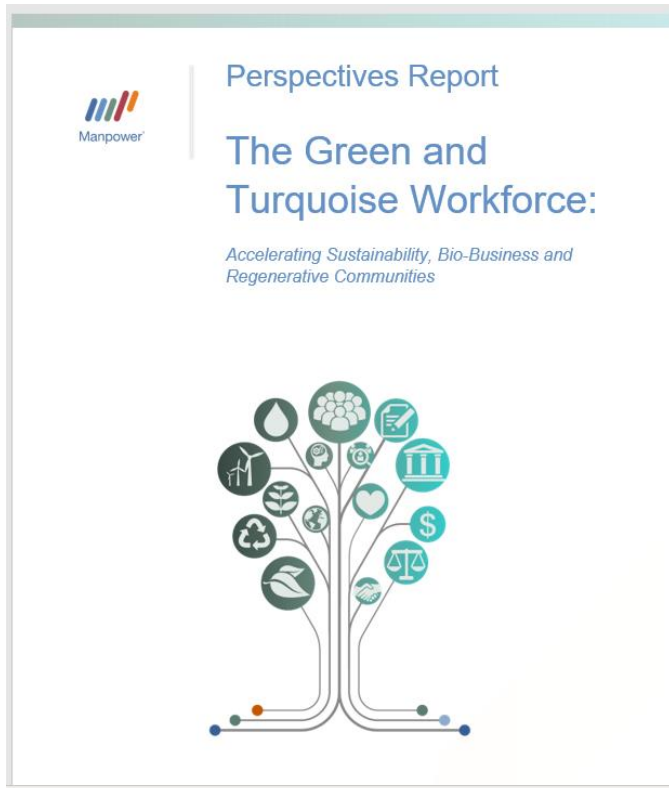
Emailed to all event registrants with upcoming release.



Watch for new Gen 2 research coming in 2023!

Source:
Manpower Manufacturing Solutions

Our Contents



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Questions



Thank you for attending!



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