



The True Meaning Of ESG: A Personal View From The Founders Of ESG Disclose



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Introduction

As the founders of ESG Disclose, we often face questions about our motivations for starting the business. Some sceptics view us as opportunists riding the ESG wave. However, our involvement in ESG spans over two decades, driven by a genuine belief in advancing ESG understanding and practices. We established ESG Disclose with a mission: even if we could move the needle on ESG adoption by just 1% or 2%, we would consider it a meaningful contribution. For us, ESG is about creating commercial and social impacts that benefit everyone. Recent critiques of ESG, driven by political and economic agendas, often reflect a fundamental misunderstanding of its purpose.

Our conviction, shaped by years of hands-on experience in complex industrial environments and cutting-edge technology integration, is unwavering: ESG principles should be seamlessly embedded within businesses committed to operational excellence. Renowned frameworks such as the Shingo Model, Lean Six Sigma, and the European Foundation for Quality Management (EFQM) Excellence Model offer robust structures for this integration. By incorporating ESG principles into these models, companies can operate not only efficiently and profitably but also with full engagement from all stakeholders.

Embracing ESG is not merely a trend or a nod to political correctness; it is a strategic imperative. We fervently advocate for the early adoption of ESG principles, especially by Small and Medium Enterprises (SMEs). Integrating ESG from the outset ensures that these principles become an inherent part of a business's operational DNA, avoiding the complex and costly process of retrofitting them later as the company expands. Our experience in high-risk environments and using advanced technologies has demonstrated that proactive ESG integration not only enhances safety and sustainability but also significantly contributes to long-term business resilience and success.

At ESG Disclose, our passion for integrating ESG into operational excellence drives our mission. We support companies by building both technological and ESG capabilities, fostering a collaborative approach to embed ESG into their core strategies. True ESG integration goes beyond mere compliance or superficial reporting. We help businesses recognise ESG as a profitability enabler, a catalyst for innovation, and a cornerstone of sustainable growth. Our approach focuses on creating synergies between technological advancements and ESG best practices, enabling companies to achieve operational efficiency while fulfilling their environmental and social responsibilities.

ESG is not a burden but a powerful tool for driving profitability, fostering innovation, and securing long-term business success. This article reflects our deeply held belief in the profound value of ESG, far beyond the rhetoric. Through smart, responsible business practices that leverage both human expertise and technological innovation, companies can benefit immensely while contributing positively to society at large.

Maximising Limited Resources

At its core, ESG is about optimising the use of our planet's or indeed a company's finite resources. This means adopting production processes that consume fewer environmental resources and promoting a circular economy where products are designed for recycling and reuse. For example, Unilever, a global consumer goods company, has embedded ESG principles into its operations. By focusing on sustainable sourcing, reducing greenhouse gas emissions, and minimising waste, Unilever has not only improved its environmental footprint but also achieved significant cost savings. In 2020, the company reported that its sustainable living brands grew 69% faster than the rest of the business, proving that responsible resource management drives profitability and growth.

Improving Treatment of Stakeholders

ESG extends beyond environmental concerns to include social responsibility, encompassing fair treatment of employees, suppliers, and communities. Companies that prioritise social aspects of ESG often experience improved employee morale, increased productivity, and stronger community relations. Salesforce, for instance, has

implemented comprehensive diversity and inclusion programs and offers extensive support for employee well-being. As a result, Salesforce consistently ranks as one of the best places to work, attracting top talent and driving innovation.

Establishing Robust Governance

Governance, the third pillar of ESG, focuses on ethical business practices and strong oversight. A robust governance framework ensures transparency, accountability, and long-term sustainability. This goes beyond mere compliance, fostering a culture of integrity and continuous improvement. Danone, a multinational food-products corporation, exemplifies this approach. The company integrates ESG goals into its corporate strategy, regularly monitoring and reporting on ESG performance. This has helped Danone gain investor confidence and improve its market position.

ESG and Operational Effectiveness

ESG principles have become crucial components of modern business strategy. Rather than being standalone initiatives, ESG should be integrated into core business operations to achieve operational excellence. This holistic approach enhances environmental impact, social responsibility, and governance practices, aligning closely with Total Quality Management (TQM) principles such as continuous improvement, efficiency, and customer satisfaction.

Integrating ESG into operational excellence promotes viewing these principles not as separate, politically charged agendas but as essential elements of efficient business management. This perspective encourages businesses to scrutinise their operations comprehensively, focusing on environmental impact, social responsibility, and governance practices as key components of effective management.

Environmental Considerations in Operations

This approach involves examining energy usage, sources, and potential renewable alternatives to reduce carbon footprints and operational costs. Analysing byproducts and waste helps companies understand their full lifecycle impacts, leading to innovative waste reduction and recycling solutions. Continuous evaluation of operations, adoption of cleaner technologies, and product redesign further reduce environmental impact.

Social Aspects of Operational Excellence

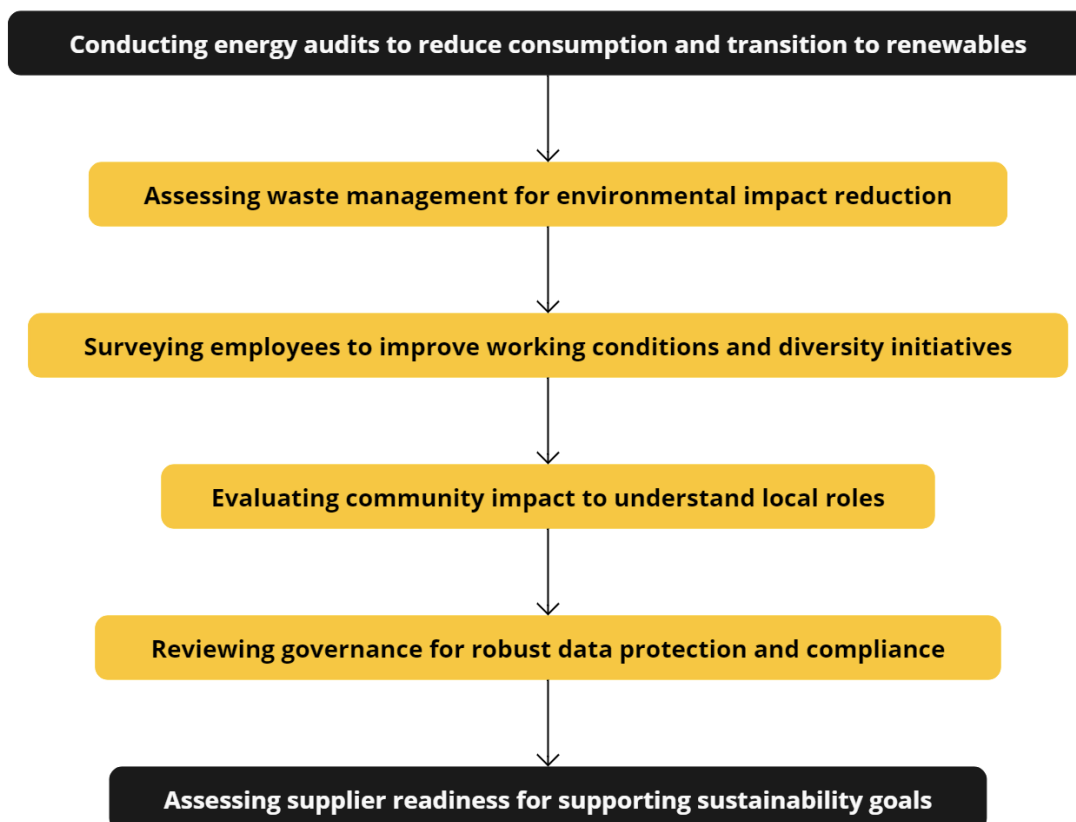
Focusing on social responsibility, companies should assess their impact on employees, customers, and communities. This includes improving communication strategies, ensuring workplace safety, and offering professional development opportunities. Promoting diversity and inclusivity, reflecting societal norms in workforce composition, and engaging with local communities are also vital.

Governance in Operational Excellence

Strong governance ensures robust internal controls and oversight. This includes implementing data protection measures, ensuring financial and legal compliance, and promoting transparency in decision-making. Establishing clear lines of responsibility and ethical business practices at all levels is crucial.

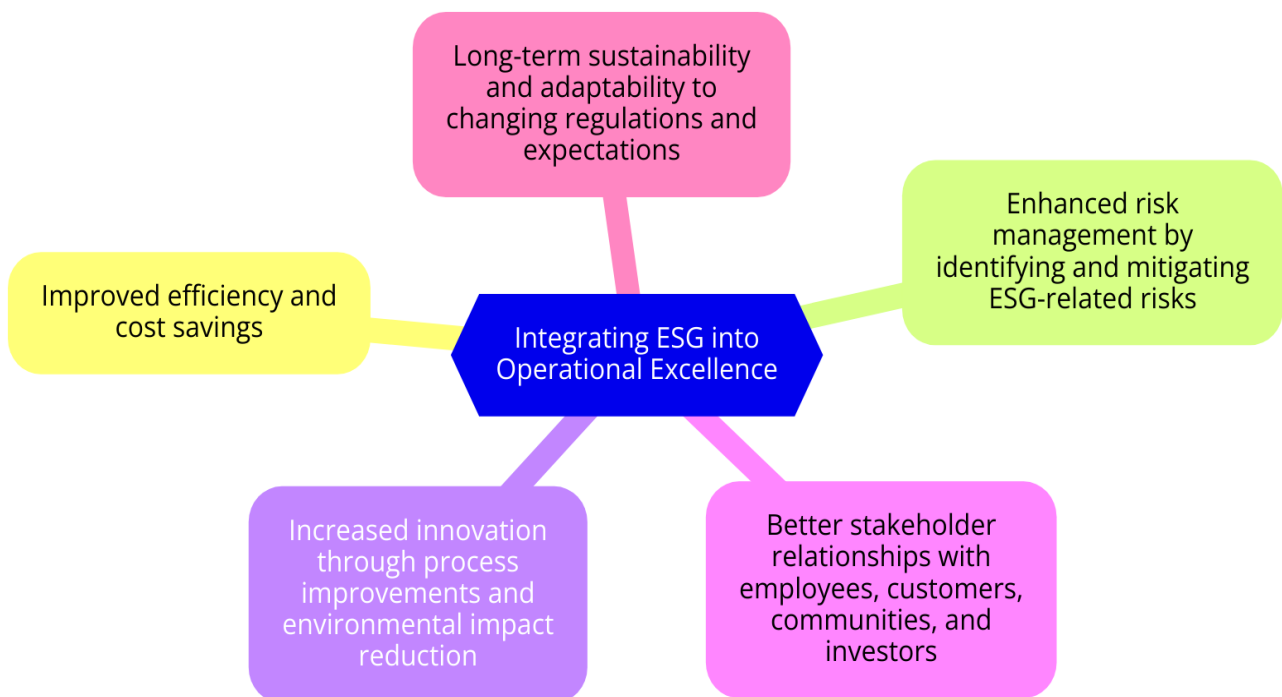
Practical Implementation of ESG as Operational Excellence

Implementing ESG principles requires a systematic approach, starting with comprehensive audits of current operations. Example of this involves:



Developing action plans with key performance indicators (KPIs) that blend operational metrics with ESG considerations, and training employees on ESG principles, ensures integration into daily decision-making. Regular reporting and review mechanisms track progress and align with continuous improvement philosophies.

Benefits of Integrating ESG into Operational Excellence

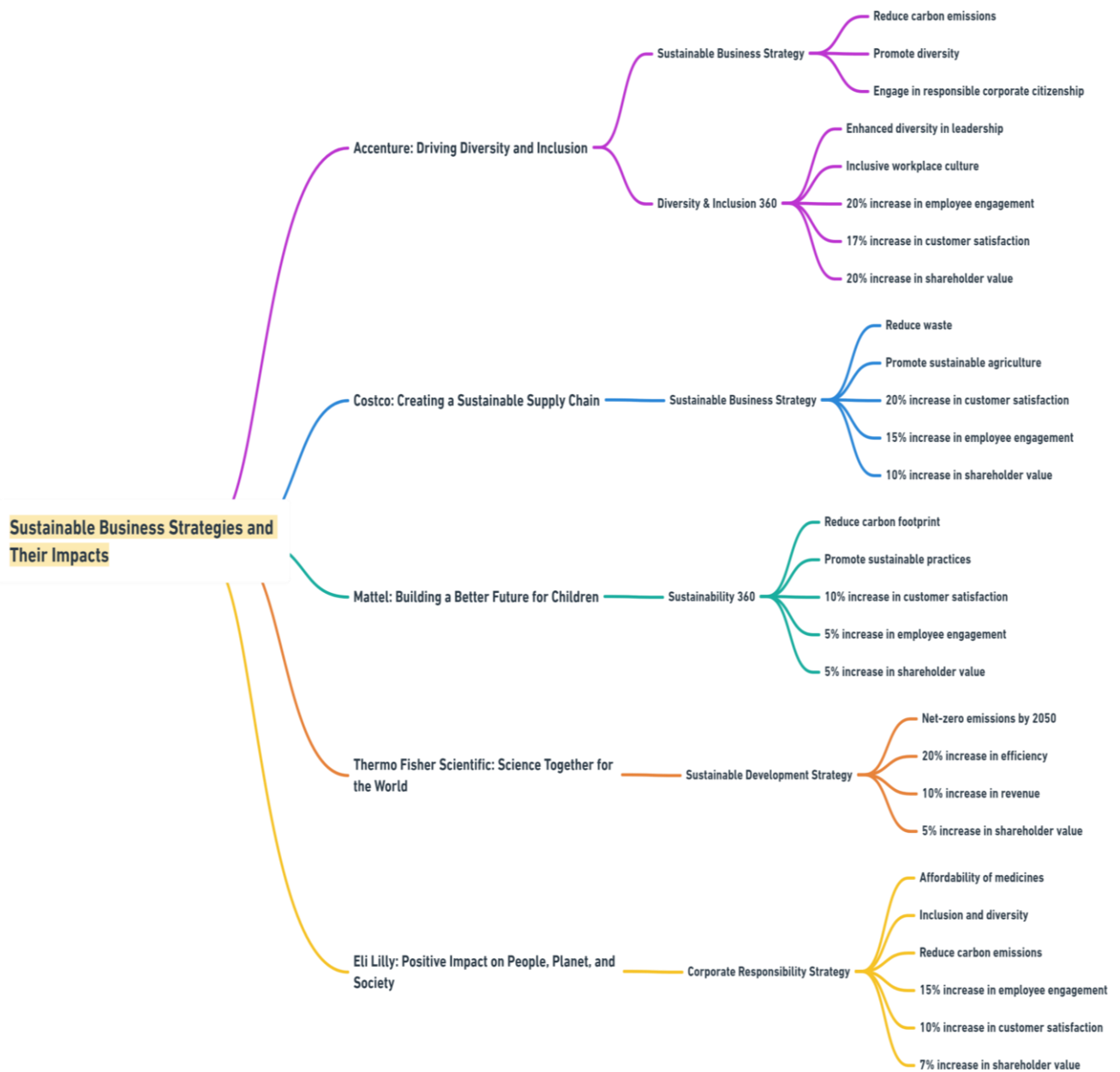


By framing ESG within operational excellence, companies achieve tangible business improvements without conflating these efforts with broader political agendas, maintaining a clear focus on efficiency and effectiveness.

The ESG Advantage: Key Results and Statistics

Investors and consumers increasingly recognise the importance of ESG, driven by its potential for financial success and positive social and environmental impacts. A recent Ernst & Young study found that strong ESG performance correlates with better risk management, improved corporate reputation, and increased innovation. Companies with robust ESG practices achieved an average return on investment of 10.4%, compared to 7.4% for those with weak ESG performance. Additionally, McKinsey & Company found that ESG-focused companies exhibit lower volatility and higher risk-adjusted returns, making them more attractive investments.

Success Stories: Real-Life Examples of ESG Impact



ESG Is Not Just Another Fad

ESG principles are far more than just a passing trend; they represent a profound shift in how businesses operate and define success. ESG can be likened to the transformative impact of Total Quality Management (TQM) during its time. While TQM revolutionised businesses by emphasising efficiency, quality, and continuous improvement, ESG expands this paradigm to encompass critical environmental and social dimensions, reflecting the evolving expectations of today's world.

In an era where consumers and investors are increasingly discerning, prioritising ESG practices has become a necessity rather than an option. People are no longer just customers or shareholders; they are stakeholders deeply invested in the ethical and

sustainable footprint of the companies they support. They demand transparency, accountability, and a commitment to sustainability that goes beyond mere profit margins.

Regulatory bodies worldwide are responding to this shift with stringent ESG reporting requirements, compelling companies to disclose their environmental impact, social contributions, and governance practices. This regulatory momentum underscores the importance of integrating ESG into core business strategies. Companies that neglect ESG considerations risk not only regulatory repercussions but also the loss of trust and support from consumers and investors who value sustainability and ethical practices.

Moreover, embracing ESG is not just about compliance; it's a strategic imperative. Companies that lead in ESG practices often outperform their peers by attracting top talent, fostering innovation, and building resilient supply chains. These companies are better positioned to navigate the complexities of today's global market, where sustainability and ethics are crucial differentiators.

Conclusion

The backlash against ESG often stems from a misunderstanding of its true purpose and potential. ESG is not a fleeting trend or economic burden but a strategic approach to optimising resources, fostering social responsibility, and ensuring robust governance. Companies that embrace ESG principles demonstrate that ESG can drive economic success while contributing to a sustainable future. By adopting strong ESG practices, companies can reduce costs, improve operational efficiency, attract and retain top talent, mitigate risk, and enhance their brand reputation. In today's world, ESG is not an option but a strategic imperative for long-term success.

ESG is about building a sustainable future for businesses and the world they operate in. It addresses critical issues that impact not just the planet but a company's bottom line. By prioritising ESG, companies can secure their long-term viability and contribute positively to the global community.


ESG is reshaping the business landscape, driving a fundamental rethinking of how companies create value. By embedding ESG into their operations, companies are not only contributing to a more sustainable and equitable world but also ensuring their long-term success in a market that increasingly values purpose alongside profit. Ignoring this shift is not just a missed opportunity but a significant strategic risk. The future belongs to those who recognise that ESG is not just another fad, but the new standard of excellence in business.

As the founders of ESG Disclose, we frequently encounter questions about why we started this journey. Some sceptics see us as opportunists jumping on the ESG bandwagon. But

for us, ESG has been a passion for over two decades. Our commitment to advancing ESG practices comes from a deeply held belief in their power to create real change.

When we established ESG Disclose, our mission was simple yet profound: if we could help increase ESG adoption by just 1% or 2%, it would be a meaningful victory. This isn't just business for us—it's about making a positive impact on both commerce and society.

The recent critiques of ESG, often fuelled by political and economic agendas, miss the point entirely. They misunderstand the true purpose of ESG. This article is our heartfelt effort to share what ESG truly means to us, beyond the noise and rhetoric. It's about building a better future for everyone, and that is a cause we are deeply passionate about.




DR. BIMAL ROY BHANU

With over 25 years of senior professional experience in both the public and private sectors, this accomplished entrepreneur has made a significant impact. Alongside holding senior positions in renowned global blue-chip companies, he co-founded Audit XPRT Ltd, a startup that grew into a global operation. Under his leadership, Audit XPRT developed ground-breaking AI solutions in the field of Audit and Compliance, which are now utilised by companies across the UK, Southeast Asia, and the Americas. In late 2021, Audit XPRT was acquired by a global PLC, marking its success. Prior to this, he was involved in the establishment of Eduworks UK, an innovative AI software company that catered to prominent global clients.

Furthermore, this accomplished individual is a qualified Circular Economy & Sustainability Strategist, having received certification from the University of Cambridge Business School in the UK. His expertise in ESG, both from a subject matter and delivery perspective, is extensive. With years of experience working in Malaysia and Southeast Asia, he possesses an in-depth understanding of the markets and regulatory landscape in the region.


ESG Disclose Founders



NADEEM SHAKOOR

With an extensive 25-year background in the international software industry, Nadeem has garnered valuable expertise working with prominent entities in the Energy, IT, Government, and various other sectors. Over the past decade, Nadeem has played a pivotal role in the development of AI and Machine Learning solutions for Compliance, Auditing, ESG, and CSR domains. He possesses a strong acumen for commercial operations and risk management, along with a vast global network and substantial experience in the Technology, Finance, and IT industries. In 2021, Nadeem successfully exited from Audit XPRT, which was acquired by a Global PLC. Furthermore, Nadeem co-founded Eduworks UK in 2013, an innovative AI software company that served elite global clients. EDUK was later acquired in 2016.

Nadeem embarked on his career in the 1990s, focusing on implementing risk management strategies for high-hazard industries like energy and mining. This experience cultivated an appreciation for data assurance and risk mitigation through the use of technology. Nadeem assumed leadership roles, including heading the Global EHS risk practice at Wipro Technologies, where he spearheaded the development of a global risk performance platform for a major energy company.



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Building the future by making sustainable business

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