



# QSI-ESG-2024

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*Integrated Management Systems Standard for  
Environmental, Social, and Governance (ESG) Practices*

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## 1. Scope

The QSI-ESG-2024 standard provides a comprehensive framework for organizations to establish, implement, maintain, and continually improve an Environmental, Social, and Governance (ESG) management system. This standard is designed to help organizations of all sizes and sectors integrate ESG considerations into their core operations and strategic decision-making processes.

The scope of the QSI-ESG-2024 standard includes:

- **Environmental Management:** Addressing the organization's impact on the natural environment, including the management of resources, emissions, waste, and biodiversity. The standard provides guidelines for identifying and mitigating significant environmental aspects and enhancing environmental stewardship.
- **Social Responsibility:** Ensuring the organization's commitment to ethical practices, human rights, labor standards, diversity and inclusion, community engagement, and overall social well-being. The standard outlines processes for managing social impacts, engaging with stakeholders, and contributing positively to society.
- **Governance Practices:** Establishing robust governance structures, policies, and procedures to ensure transparency, accountability, and ethical conduct throughout the organization. The standard emphasizes the importance of strong leadership, risk management, and compliance with legal and regulatory requirements.
- **Financial and Investment Considerations:** Recognizing the critical importance of financial materiality in ESG management, the standard integrates guidelines for assessing and managing ESG-related financial risks and opportunities. It supports organizations in demonstrating the financial impact of their ESG performance, aligning ESG initiatives with investor expectations, and enhancing long-term value creation.
- **Stakeholder Engagement:** Providing a structured approach for engaging with stakeholders, including employees, customers, suppliers, investors, communities, and regulators. The standard ensures that stakeholder expectations are understood and addressed, fostering trust and transparency.
- **Risk and Opportunity Management:** Offering a comprehensive approach to identifying, assessing, and managing ESG-related risks and opportunities. This includes integrating ESG

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considerations into the organization's overall risk management framework and leveraging opportunities to enhance sustainability and resilience.

- **ESG Performance Measurement and Reporting:** Enabling organizations to measure, monitor, and report on their ESG performance using key performance indicators (KPIs) aligned with global reporting frameworks. The standard ensures that ESG data is accurate, reliable, and verifiable, supporting informed decision-making and external reporting.
- **Continual Improvement:** Embedding a culture of continual improvement in ESG practices, encouraging innovation, adaptability, and proactive management of emerging ESG trends and challenges. The standard promotes the regular review and enhancement of the ESG management system to maintain its relevance and effectiveness.

The QSI-ESG-2024 standard is applicable to organizations in all sectors and regions, providing a flexible yet rigorous framework that can be tailored to the specific needs and context of each organization. It is intended to support organizations in achieving their sustainability goals, enhancing their reputation, and meeting the expectations of stakeholders, including investors, regulators, and customers.

## 2. Normative References

The following standards and frameworks are essential for the application of the QSI ESG Management System Standard (QSI-ESG-2024). These documents provide foundational guidance and requirements relevant to the management and reporting of Environmental, Social, and Governance (ESG) performance:

1. **ISO 14001:2015** - *Environmental Management Systems – Requirements with Guidance for Use*. Specifies the requirements for an environmental management system that an organization can use to enhance its environmental performance.

2. **ISO 45001:2018** - *Occupational Health and Safety Management Systems – Requirements with Guidance for Use*. Specifies the requirements for an occupational health and safety (OH&S) management system, and gives guidance for its use, to enable organizations to provide safe and healthy workplaces.

3. **ISO 26000:2010** - *Guidance on Social Responsibility*

Provides guidance on how businesses and organizations can operate in a socially responsible way, including ethical and transparent behavior that contributes to sustainable development.

4. **ISO 37001:2016** - *Anti-Bribery Management Systems – Requirements with Guidance for Use*. Specifies requirements and provides guidance for establishing, implementing, maintaining, reviewing, and improving an anti-bribery management system.

5. **ISO 50001:2018** - *Energy Management Systems – Requirements with Guidance for Use*

Specifies the requirements for establishing, implementing, maintaining, and improving an energy management system, with the aim of enabling an organization to follow a systematic approach in achieving continual improvement of energy performance.

6. **ISO 14064-1:2018** - *Greenhouse Gases – Part 1: Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals*

Provides guidance for organizations to quantify and report greenhouse gas emissions and removals.



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7. **ISO/IEC 27001:2022 - Information Security, Cybersecurity, and Privacy Protection — Information Security Management Systems — Requirements**

Specifies the requirements for establishing, implementing, maintaining, and continually improving an information security management system (ISMS). It helps organizations manage information security risks and protect data, aligning with best practices in information security, cybersecurity, and privacy protection.

Additionally, the following international ESG reporting frameworks are considered relevant for consistent and comprehensive ESG reporting:

- **GRI (Global Reporting Initiative) Standards:** Provides a globally recognized framework for sustainability reporting.
- **SASB (Sustainability Accounting Standards Board) Standards:** Offers industry-specific standards for reporting on sustainability matters.
- **TCFD (Task Force on Climate-related Financial Disclosures) Recommendations:** Provides guidelines for reporting climate-related financial disclosures, emphasizing the impact of climate change on financial performance.

These references are integral to the QSI-ESG-2024, ensuring that organizations adopting this standard are aligned with globally recognized practices and requirements for managing and reporting ESG performance. **See Annex B** for a more comprehensive list of international ESG reporting frameworks.

## 3. Terms and Definitions

For the purposes of this standard, the following terms and definitions apply. These definitions provide clarity on the key concepts and terms used throughout the QSI-ESG-2024 standard, ensuring a common understanding for all users.

### 3.1 Environmental, Social, and Governance (ESG)

ESG refers to the three central factors in measuring the sustainability and societal impact of an organization. ESG encompasses:

- **Environmental:** The organization's impact on the natural environment, including issues such as climate change, resource depletion, waste management, pollution, and biodiversity.
- **Social:** The organization's relationships with its employees, suppliers, customers, and communities, covering issues such as labor practices, human rights, diversity and inclusion, and community engagement.
- **Governance:** The framework of rules, practices, and processes by which an organization is directed and controlled, ensuring accountability, fairness, and transparency.

### 3.2 Environmental Aspect

Environmental Aspect refers to any element of an organization's activities, products, or services that can interact with the environment. This can include emissions to air, water usage, waste generation, and resource consumption, among others. Environmental aspects are identified and assessed to understand their potential impacts on the environment and to manage them effectively.

### 3.3 Social Responsibility

Social Responsibility is an organization's commitment to contribute to sustainable development by delivering economic, social, and environmental benefits for all stakeholders. It involves taking actions that go beyond legal obligations to positively impact society and the environment.

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### **3.4 Stakeholder**

A Stakeholder is any individual, group, or organization that can affect, be affected by, or perceive themselves to be affected by a decision or activity of the organization. Stakeholders include, but are not limited to, employees, customers, suppliers, investors, regulators, communities, and non-governmental organizations (NGOs). Engaging with stakeholders is essential for understanding their concerns and expectations regarding the organization's ESG performance.

### **3.5 Materiality**

Materiality refers to the significance of an ESG issue to an organization's operations, strategy, and stakeholders. A material issue is one that could impact the organization's ability to achieve its objectives, fulfill its mission, or maintain its reputation. Materiality assessments help organizations identify and prioritize ESG issues that are most relevant and important to their long-term success and sustainability. Materiality considers the broad spectrum of stakeholder interests, including those of employees, customers, regulators, and communities.

### **3.6 Financial Materiality**

Financial Materiality is a subset of materiality that specifically addresses ESG issues with the potential to impact an organization's financial performance. These issues are critical to investors and financial stakeholders as they can influence profitability, risk profile, market valuation, cost of capital, and investment decisions. Financial materiality guides organizations in identifying ESG factors that have direct or indirect financial implications and in integrating these factors into financial planning, reporting, and decision-making processes.

### **3.7 Sustainability**

Sustainability is the ability to meet present needs without compromising the ability of future generations to meet their own needs. In an organizational context, sustainability involves balancing economic growth, environmental stewardship, and social equity to ensure long-term viability and success.

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### **3.8 Maturity Level**

Maturity Level refers to a measure of the sophistication, integration, and effectiveness of an organization's ESG management system and practices. Higher maturity levels indicate a more advanced and fully integrated approach to ESG management, where practices are systematically embedded across the organization and continually improved.

### **3.9 Key Performance Indicators (KPIs)**

Key Performance Indicators (KPIs) are measurable values that indicate how effectively an organization is achieving its ESG objectives. KPIs are used to track progress, assess performance, and guide decision-making. They should be specific, measurable, achievable, relevant, and time-bound (SMART) and aligned with both ESG goals and financial outcomes.

### **3.10 Greenwashing**

Greenwashing is the act of misleading stakeholders about the environmental benefits of a product, service, or the organization's overall practices. Greenwashing can involve making exaggerated, false, or unsubstantiated claims about environmental performance, leading to a misrepresentation of the organization's true environmental impact.

### **3.11 Continual Improvement**

Continual Improvement is an ongoing effort to enhance an organization's processes, products, or services. In the context of ESG, continual improvement involves regularly reviewing and updating ESG practices to better manage risks, seize opportunities, and respond to changing stakeholder expectations and regulatory requirements. It is a core principle of the QSI-ESG-2024 standard, ensuring that organizations remain adaptable and resilient in a dynamic global environment.

### **3.12 Risk Management**

Risk Management is the process of identifying, assessing, and prioritizing risks, followed by coordinated efforts to minimize, monitor, and control the probability or impact of adverse events. In ESG management, risk management involves addressing environmental, social, and governance risks that could affect the organization's operations, reputation, and financial performance.

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### **3.13 ESG Reporting**

ESG Reporting refers to the disclosure of data and information related to an organization's environmental, social, and governance performance. ESG reporting is typically shared with stakeholders, including investors, to provide transparency about the organization's sustainability efforts and to demonstrate accountability. Effective ESG reporting requires accurate, reliable, and validated data that aligns with recognized frameworks such as the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-related Financial Disclosures (TCFD).

### **3.14 Governance Framework**

A Governance Framework consists of the structures, policies, and practices that ensure an organization operates with integrity, transparency, and accountability. It includes the roles and responsibilities of the board of directors, management, and other key stakeholders in overseeing the organization's ESG performance and ensuring compliance with legal and regulatory requirements.

### **3.15 Investment Grade ESG Data**

Investment Grade ESG Data is ESG data that meets the standards of accuracy, reliability, and relevance required by investors and financial stakeholders. This data is critical for assessing the financial risks and opportunities associated with a company's ESG performance and is used to inform investment decisions. Investment grade ESG data must be validated, verified, and aligned with financial materiality to ensure its utility in financial analysis and reporting.

## 4. Context of the Organization

### 4.1 Understanding the Organization and Its Context

Organizations must determine external and internal issues that are relevant to their purpose and that affect their ability to achieve the intended outcomes of their Environmental, Social, and Governance (ESG) management system. Understanding these issues is crucial for defining the scope of the ESG management system and aligning it with the organization's strategic direction.

#### 4.1.1 External Issues

Organizations must identify and assess external issues that can impact their ESG performance. These issues may include:

- **Economic Factors:** Market conditions, financial stability, investor expectations, and economic policies that influence the organization's operations and ESG initiatives.
- **Environmental Factors:** Climate change, resource availability, environmental regulations, and societal expectations regarding environmental stewardship.
- **Social Factors:** Demographic trends, cultural expectations, human rights, labor practices, and community relations.
- **Technological Factors:** Advances in technology, digital transformation, and innovation that affect the organization's ESG capabilities and opportunities.
- **Regulatory and Legal Factors:** Compliance requirements, international standards, and evolving regulations that govern ESG practices.

#### 4.1.2 Internal Issues

Organizations must identify and assess internal issues that can impact their ESG performance. These issues may include:

- **Organizational Culture:** The values, beliefs, and behaviors that shape how the organization approaches ESG issues.
- **Governance Structures:** The frameworks and processes that ensure effective management and oversight of ESG activities.

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- **Resource Availability:** The financial, human, technological, and infrastructural resources required to implement and sustain the ESG management system.
- **Existing Capabilities:** The organization's current level of maturity in ESG management, including strengths and areas for improvement.

## **4.2 Understanding the Needs and Expectations of Stakeholders**

Organizations must determine the needs and expectations of interested parties that are relevant to their ESG management system. Stakeholders may include employees, customers, suppliers, investors, regulators, communities, and non-governmental organizations (NGOs).

### **4.2.1 Identifying Stakeholders**

Organizations must identify stakeholders that are affected by or can affect the organization's ESG performance. This includes both internal and external stakeholders.

### **4.2.2 Determining Stakeholder Requirements**

Organizations must determine and document the specific needs, expectations, and requirements of stakeholders concerning ESG performance. This may involve:

- **Engaging with Stakeholders:** Conducting regular dialogue with stakeholders to understand their concerns, expectations, and priorities.
- **Analyzing Stakeholder Input:** Reviewing feedback, surveys, and reports to assess stakeholder perspectives on ESG issues.
- **Prioritizing Stakeholder Needs:** Assessing the relative importance of different stakeholder needs and expectations, particularly those related to financial performance and investor relations.

### **4.2.3 Incorporating Stakeholder Expectations into ESG Planning**

Organizations must consider stakeholder needs and expectations in the context of their ESG management system. This includes aligning ESG objectives with stakeholder priorities and ensuring that the organization's approach to ESG is responsive to the needs of its key stakeholders.

### **4.3 Determining the Scope of the ESG Management System**

Organizations must determine the boundaries and applicability of their ESG management system. The scope should be defined in relation to the identified external and internal issues, the needs and expectations of stakeholders, and the organization's strategic objectives. The scope must be documented and communicated to relevant parties.

#### **4.3.1 Consideration of External and Internal Issues**

When determining the scope, organizations must consider the external and internal issues identified in Clause 4.1, ensuring that all relevant ESG factors are included.

#### **4.3.2 Inclusion of All Relevant Activities**

The scope must encompass all activities, products, and services that have an impact on ESG performance. This includes areas where significant environmental aspects, social impacts, and governance risks are present.

#### **4.3.3 Alignment with Strategic Objectives**

The scope of the ESG management system must align with the organization's strategic objectives, ensuring that ESG considerations are fully integrated into the overall business strategy.

#### **4.3.4 Documentation of Scope**

The scope of the ESG management system must be documented, including the boundaries, applicability, and rationale for any exclusions. This documentation should be reviewed and updated as necessary to reflect changes in the organization's context, strategy, or stakeholder expectations.

### **4.4 ESG Management System and Its Components**

Organizations must establish, implement, maintain, and ensure the effectiveness of an ESG management system, including the processes needed and their interactions, in accordance with the requirements of the QSI-ESG-2024 standard. The system should be designed to achieve the intended outcomes related to environmental stewardship, social responsibility, and governance integrity.

#### **4.4.1 Integration with Business Processes**

The ESG management system must be integrated with the organization's core business processes. This integration ensures that ESG considerations are embedded in all aspects of the organization's operations.



## 5. Leadership

### 5.1 Leadership and Commitment

Top management must demonstrate leadership and commitment to the development, implementation, and continual improvement of the Environmental, Social, and Governance (ESG) management system. This leadership is crucial to ensuring that ESG principles are fully integrated into the organization's strategic direction, culture, and operations.

#### 5.1.1 Demonstrating Leadership in ESG

Top management must take a proactive role in promoting and supporting ESG initiatives across the organization. This includes:

- **Setting the Tone:** Establishing a strong commitment to ESG at the highest levels of the organization and ensuring that this commitment is communicated effectively throughout all levels of the organization.
- **Integrating ESG into Strategic Planning:** Ensuring that ESG considerations are embedded in the organization's strategic planning processes, including the setting of long-term goals and objectives.
- **Allocating Resources:** Providing the necessary resources, including financial, human, and technological, to effectively implement and maintain the ESG management system.
- **Leading by Example:** Demonstrating ethical behavior, transparency, and accountability in decision-making and actions that reflect the organization's commitment to ESG principles.

#### 5.1.2 Ensuring Accountability for ESG Performance

Top management must ensure that appropriate structures are in place to monitor, review, and report on ESG performance. This includes:

- **Defining Roles and Responsibilities:** Clearly defining roles, responsibilities, and authorities related to the ESG management system to ensure accountability at all levels of the organization.

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- **Performance Evaluation:** Establishing mechanisms to evaluate the effectiveness of the ESG management system and the performance of individuals and teams in achieving ESG objectives.
- **Corrective Actions:** Ensuring that corrective actions are taken when performance does not meet established ESG objectives or when nonconformities are identified.

### 5.1.3 Promoting a Culture of Sustainability

Top management must foster a culture that prioritizes sustainability, social responsibility, and good governance. This includes:

- **Engaging Employees:** Actively engaging employees at all levels in ESG initiatives, encouraging participation, and fostering a sense of ownership and responsibility for ESG outcomes.
- **Stakeholder Engagement:** Ensuring that the organization's ESG strategy aligns with stakeholder expectations and that there is ongoing communication and engagement with key stakeholders, including investors, customers, employees, and communities.
- **Innovation and Improvement:** Encouraging innovation and continuous improvement in ESG practices, supporting the development of new ideas and approaches to address emerging ESG challenges and opportunities.

### 5.2 ESG Policy

Top management must establish, implement, and maintain an ESG policy that is appropriate to the organization's purpose and context, and that provides a framework for setting ESG objectives. The policy must be:

- **Aligned with Strategic Direction:** The ESG policy must reflect the organization's strategic direction and commitment to sustainability, social responsibility, and governance excellence.
- **Communicated and Understood:** The ESG policy must be communicated across the organization and to relevant stakeholders, ensuring that it is understood and applied at all levels.

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- **Regularly Reviewed and Updated:** The ESG policy must be reviewed and updated regularly to reflect changes in the organization’s context, stakeholder expectations, and emerging ESG issues.

### **5.3 Organizational Roles, Responsibilities, and Authorities**

Top management must ensure that the roles, responsibilities, and authorities for the ESG management system are clearly defined, documented, and communicated across the organization.

#### **5.3.1 Establishing ESG Governance Structures**

Top management must establish governance structures that support the effective management of ESG issues. This includes:

- **ESG Committees:** Forming ESG committees or designating individuals or teams responsible for overseeing the implementation and monitoring of the ESG management system.
- **Integration with Existing Structures:** Integrating ESG roles and responsibilities into existing governance structures, such as boards, executive teams, and management committees.

#### **5.3.2 Assigning Responsibility and Authority**

Top management must assign responsibility and authority to ensure that:

- **ESG Processes are Effectively Managed:** Individuals or teams responsible for specific ESG processes have the authority and resources needed to carry out their duties effectively.
- **Reporting and Communication Channels are Established:** Clear reporting lines are established to ensure that ESG performance data is accurately collected, analyzed, and communicated to top management and other relevant parties.
- **Continual Improvement is Driven:** Roles are assigned to ensure that there is a continual focus on improving the effectiveness of the ESG management system.

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#### **5.4 Leadership's Role in Risk Management**

Top management must actively participate in the identification, assessment, and management of ESG-related risks. This includes:

- **Risk Identification and Prioritization:** Ensuring that ESG risks are identified, assessed for materiality, and prioritized based on their potential impact on the organization and its stakeholders.
- **Integration into Strategic Risk Management:** Integrating ESG risk management into the organization's broader risk management processes, ensuring that ESG risks are considered alongside other strategic risks.
- **Monitoring and Review:** Regularly reviewing the effectiveness of ESG risk management processes and making adjustments as necessary to respond to changes in the internal and external context.

#### **5.5 Leadership's Role in Stakeholder Engagement**

Top management must take a leadership role in engaging with stakeholders on ESG issues. This includes:

- **Stakeholder Dialogue:** Leading dialogue with key stakeholders, including investors, customers, regulators, and communities, to understand their concerns, expectations, and requirements regarding ESG.
- **Building Relationships:** Establishing and maintaining strong relationships with stakeholders to build trust and ensure that the organization's ESG strategy is aligned with stakeholder interests.
- **Responding to Stakeholder Feedback:** Ensuring that stakeholder feedback is considered in the development and implementation of the ESG management system and that the organization is responsive to stakeholder concerns.

## 6. Planning

### 6.1 Actions to Address Risks and Opportunities

Organizations must establish processes to identify, assess, and address the risks and opportunities related to Environmental, Social, and Governance (ESG) factors that could impact their ability to achieve intended outcomes. This includes both external and internal issues that can affect the organization's ESG performance, compliance with regulations, financial stability, and ability to meet stakeholder expectations.

#### 6.1.1 Materiality Assessment

Organizations must conduct a Materiality Assessment as part of their planning process. This assessment is designed to identify and prioritize the ESG issues that are most significant, or "material," to the organization and its stakeholders, including those that have financial implications. The Materiality Assessment should involve the following steps:

##### 6.1.1.1 Identifying Potential Issues

Compile a comprehensive list of potential ESG and financial issues relevant to the organization's operations, industry, stakeholders, and market conditions. These issues should cover a broad spectrum, including environmental impacts, social responsibilities, governance practices, regulatory requirements, financial risks, and emerging trends.

##### 6.1.1.2 Engaging Stakeholders

Engage with a diverse range of internal and external stakeholders—such as employees, customers, investors, suppliers, regulators, and community members—to gather their perspectives on what issues are most important and impactful, particularly those that may influence financial performance and investment decisions.

##### 6.1.1.3 Assessing Impact and Importance

Evaluate each identified issue based on its potential impact on the organization's performance, reputation, risk profile, and financial stability, as well as its importance to stakeholders. This evaluation should consider financial materiality, legal obligations, societal expectations, and alignment with the organization's values and strategic goals.

##### 6.1.1.4 Prioritizing Issues

Rank the issues based on their significance to both the organization and its stakeholders, including

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the financial implications of these issues. This prioritization process ensures that the organization focuses its planning efforts on the most critical areas that require attention and resources.

#### **6.1.1.5 Documenting and Reporting**

Document the results of the Materiality Assessment and use these findings to inform strategic planning, risk management, and ESG reporting. The documented material issues should guide the development of ESG objectives, targets, and initiatives, with particular attention to issues that may impact financial performance and investor relations.

### **6.1.2 ESG Risk and Opportunity Management**

Based on the results of the Materiality Assessment and other relevant analyses, organizations must identify and evaluate ESG-related risks and opportunities, including those with financial implications. This includes:

#### **6.1.2.1 Identifying Risks and Opportunities**

Identify risks and opportunities related to significant environmental aspects, social impacts, governance practices, and financial factors. This process should be systematic and include an evaluation of both existing and emerging risks and opportunities that could affect the organization's financial performance and sustainability.

#### **6.1.2.2 Analyzing Risks and Opportunities**

Analyze the potential impact of identified risks and opportunities on the organization's ability to achieve its ESG objectives and financial goals. This analysis should consider the likelihood of occurrence, the potential consequences, including financial impact, and the broader strategic context.

#### **6.1.2.3 Planning Actions**

Plan actions to address significant risks and opportunities, ensuring that these actions are integrated into the organization's broader strategic planning and operational processes. Actions may include mitigating risks, enhancing opportunities, and aligning resources to support ESG and financial objectives.

#### **6.1.2.4 Monitoring and Reviewing**

Establish mechanisms to monitor and review the effectiveness of actions taken to address risks and opportunities, particularly those with financial implications. This ensures that the organization can adapt to changing circumstances and maintain alignment with its strategic and financial goals.

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## **6.2 ESG Objectives and Planning to Achieve Them**

Organizations must establish ESG objectives at relevant functions and levels within the organization. These objectives should be consistent with the ESG policy and be designed to address the significant issues identified in the Materiality Assessment and risk and opportunity analysis, including those with financial materiality.

### **6.2.1 Setting ESG Objectives**

Establish specific, measurable, achievable, relevant, and time-bound (SMART) objectives that align with the organization's strategic direction, financial goals, and stakeholder expectations. These objectives should reflect the material ESG issues identified in the Materiality Assessment and address key risks and opportunities, including those with financial impacts.

### **6.2.2 Planning Actions to Achieve Objectives**

Develop and implement action plans to achieve the set ESG objectives. This planning should include:

#### **6.2.2.1 Resource Allocation**

Allocate necessary resources, including personnel, budget, and technology, to ensure the successful achievement of ESG objectives, with a focus on areas that have significant financial implications.

#### **6.2.2.2 Roles and Responsibilities**

Define roles and responsibilities for implementing the action plans, ensuring that accountability is clear at all relevant levels of the organization, particularly for objectives that impact financial performance.

#### **6.2.2.3 Timeline and Milestones**

Establish timelines and milestones for each objective, providing clear guidance on when and how progress will be monitored and evaluated, especially for objectives with financial targets.

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### **6.2.3 Monitoring Progress**

Regularly monitor and measure progress toward achieving ESG objectives, with a focus on key performance indicators (KPIs) that reflect both ESG and financial performance. Adjust plans as necessary to ensure that objectives are met.

### **6.2.4 Review and Update Objectives**

Periodically review and, if necessary, update ESG objectives to reflect changes in the organization's context, the results of the Materiality Assessment, financial performance, and evolving stakeholder expectations.

## **6.3 Integration with Business Processes**

Organizations must integrate ESG planning with their overall business processes to ensure that ESG considerations, including those with financial implications, are embedded in decision-making and operations across the organization.

### **6.3.1 Aligning ESG and Business Strategies**

Ensure that ESG objectives and action plans are aligned with the organization's broader business strategies and financial goals, creating synergy between ESG efforts and overall business success.

### **6.3.2 Cross-Functional Collaboration**

Foster collaboration across different functions and departments within the organization to effectively implement ESG initiatives. This includes involving key stakeholders in planning and decision-making processes, particularly those responsible for financial management.



## 7. Support

### 7.1 Resources

Organizations must determine and provide the resources needed for the establishment, implementation, maintenance, and continual improvement of the Environmental, Social, and Governance (ESG) management system. These resources must be adequate and appropriate to achieve the intended outcomes of the system, including meeting stakeholder expectations and regulatory requirements.

#### 7.1.1 Financial Resources

Organizations must allocate sufficient financial resources to support ESG initiatives, including:

- **Investment in ESG Programs:** Funding for programs and initiatives aimed at improving environmental performance, social responsibility, and governance practices.
- **Budgeting for ESG Compliance:** Ensuring that financial resources are available for compliance with ESG-related regulations and standards, including costs associated with audits, certifications, and reporting.
- **Resource Allocation for Continual Improvement:** Providing ongoing funding to support the continual improvement of ESG practices, including research, innovation, and technology adoption.

#### 7.1.2 Human Resources

Organizations must ensure that sufficient human resources are available to effectively manage and support the ESG management system. This includes:

- **Staffing for ESG Roles:** Appointing qualified personnel to key roles within the ESG management system, including those responsible for implementing, monitoring, and reporting on ESG activities.
- **Training and Development:** Providing ongoing training and professional development opportunities to enhance the skills and knowledge of employees involved in ESG activities, ensuring they are equipped to address evolving ESG challenges and opportunities.

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### 7.1.3 Infrastructure and Technology

Organizations must provide and maintain the infrastructure and technology necessary to support the ESG management system. This includes:

- **Technological Tools for ESG Management:** Implementing technology solutions to facilitate data collection, monitoring, analysis, and reporting of ESG performance.
- **Sustainable Infrastructure:** Investing in infrastructure that supports sustainable operations, such as energy-efficient buildings, renewable energy systems, and waste reduction technologies.

### 7.1.4 Information Resources

Organizations must ensure that relevant information and documentation are available to support the effective implementation and operation of the ESG management system. This includes:

- **Access to ESG Data:** Providing access to accurate and up-to-date ESG data, both internally and externally, to support decision-making and reporting.
- **Documentation of ESG Processes:** Ensuring that all ESG-related processes, procedures, and policies are documented and accessible to those who need them.

## 7.2 Competence

Organizations must ensure that personnel involved in the ESG management system are competent, based on appropriate education, training, or experience. Competence must be maintained through ongoing development to address the evolving demands of ESG management.

### 7.2.1 Determining Competence Requirements

Organizations must determine the necessary competence for personnel performing tasks that can impact ESG performance. This includes:

- **Identifying Skill Gaps:** Assessing the current skills and competencies of personnel and identifying any gaps that need to be addressed to meet the organization's ESG objectives.

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- **Defining Competency Standards:** Establishing clear competency standards for ESG-related roles, ensuring that these standards are aligned with industry best practices and regulatory requirements.

### 7.2.2 Providing Training and Development

Organizations must provide training and development opportunities to ensure that personnel have the necessary competencies. This includes:

- **ESG-Specific Training Programs:** Offering specialized training programs focused on ESG topics, such as environmental management, social responsibility, governance practices, and ESG reporting standards.
- **Ongoing Professional Development:** Encouraging continual learning through workshops, seminars, certifications, and other professional development activities related to ESG.

### 7.2.3 Evaluating and Maintaining Competence

Organizations must regularly evaluate the competence of personnel involved in the ESG management system. This includes:

- **Performance Assessments:** Conducting periodic assessments of personnel performance to ensure that they continue to meet the required competency standards.
- **Competence Reviews:** Reviewing and updating competence requirements as necessary to reflect changes in ESG regulations, standards, and organizational priorities.

## 7.3 Awareness

Organizations must ensure that all personnel are aware of the relevance and importance of their activities in relation to the ESG management system and how they contribute to the achievement of ESG objectives.

### 7.3.1 Raising ESG Awareness

Organizations must implement programs to raise awareness among employees and stakeholders about the importance of ESG issues. This includes:

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- **Awareness Campaigns:** Conducting internal campaigns to educate employees about the organization's ESG commitments, goals, and the role they play in achieving them.
- **Stakeholder Engagement:** Engaging stakeholders in awareness activities to foster a shared understanding of ESG priorities and encourage collaboration.

### 7.3.2 Communication of ESG Policies and Objectives

Organizations must communicate ESG policies, objectives, and expectations to all personnel and relevant stakeholders. This includes:

- **Clear and Consistent Messaging:** Ensuring that ESG-related messages are clear, consistent, and aligned with the organization's overall strategy and values.
- **Access to Information:** Making ESG policies and objectives readily accessible to employees and stakeholders through various communication channels, such as the company intranet, newsletters, and meetings.

### 7.3.3 Encouraging Participation and Engagement

Organizations must encourage active participation in ESG initiatives by creating opportunities for employees and stakeholders to engage with the organization's ESG programs. This includes:

- **Incentivizing ESG Involvement:** Offering incentives or recognition programs to encourage employees to participate in and contribute to ESG initiatives.
- **Facilitating Dialogue:** Providing platforms for open dialogue and feedback on ESG issues, allowing employees and stakeholders to share their ideas, concerns, and suggestions.

## 7.4 Communication

Organizations must establish, implement, and maintain processes for internal and external communication relevant to the ESG management system.

### 7.4.1 Internal Communication

Organizations must ensure effective communication within the organization regarding ESG matters. This includes:

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- **Communication Channels:** Establishing and utilizing various communication channels to disseminate ESG-related information throughout the organization, ensuring that all employees are informed and engaged.
- **Regular Updates:** Providing regular updates on ESG performance, initiatives, and changes to policies or procedures to keep employees informed and aligned with the organization's ESG goals.

#### 7.4.2 External Communication

Organizations must communicate relevant ESG information to external stakeholders, including investors, customers, regulators, and the public. This includes:

- **Transparency in Reporting:** Ensuring that external communication is transparent, accurate, and aligned with recognized ESG reporting standards.
- **Engagement with Stakeholders:** Actively engaging with external stakeholders through reports, meetings, and other communication channels to share ESG performance and gather feedback.

#### 7.4.3 Communication Strategy

Organizations must develop a communication strategy that outlines how ESG information will be communicated internally and externally. This strategy should include:

- **Target Audiences:** Identifying the key audiences for ESG communication and tailoring messages to meet their specific needs and expectations.
- **Communication Objectives:** Defining the objectives of ESG communication, such as raising awareness, enhancing transparency, or building trust with stakeholders.

#### 7.5 Documented Information

Organizations must establish, implement, and maintain the documented information required by the ESG management system and the QSI-ESG-2024 standard.

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### 7.5.1 Creation and Updating of Documents

Organizations must ensure that documents required by the ESG management system are:

- **Accurate and Up-to-Date:** Documents must reflect the most current information, policies, and procedures.
- **Clearly Identified and Accessible:** Documents must be clearly identified, easily accessible to those who need them, and properly organized for efficient retrieval.

### 7.5.2 Control of Documented Information

Organizations must ensure that documented information is controlled to ensure its availability, suitability, and protection. This includes:

- **Approval and Distribution:** Establishing processes for the approval, distribution, and retrieval of documented information to ensure that it is available where and when it is needed.
- **Storage and Protection:** Implementing measures to protect documented information from loss, unauthorized access, or damage, including secure storage systems and backup procedures.
- **Retention and Disposition:** Defining and implementing retention periods for documented information, as well as procedures for the secure disposal of information that is no longer needed.

### 7.5.3 Ensuring Document Integrity

Organizations must ensure that documented information is protected from unintended alterations and remains legible and readily identifiable throughout its lifecycle.

### 7.5.4 Audit Trail and Traceability

Organizations must maintain an audit trail for critical ESG documents to ensure traceability and accountability. This includes tracking changes, approvals, and access to key documents.

## 8. Operation

### 8.1 General Requirements

Organizations must establish, implement, maintain, and continually improve processes necessary to meet the requirements of the QSI-ESG-2024 standard. These processes must be integrated into the organization's overall management system, ensuring that environmental, social, and governance (ESG) considerations are effectively operationalized across all relevant activities. The goal is to achieve intended ESG outcomes, mitigate risks, and capitalize on opportunities that align with the organization's strategic objectives, stakeholder expectations, and long-term sustainability goals.

#### 8.1.1 Managing ESG Processes Across Operational Activities

##### 8.1.1.1 Implementation of ESG Controls

Organizations must implement operational controls to manage identified ESG factors. These controls must be integrated into the daily operations of the organization, ensuring that all relevant processes are aligned with the organization's ESG objectives and regulatory requirements. Controls should include specific measures to mitigate negative impacts, enhance positive outcomes, and ensure compliance with applicable laws and standards.

##### 8.1.1.2 Integration of Materiality into Operations

Organizations must ensure that material ESG issues identified during the planning phase are effectively managed through operational controls. This includes:

- **Operationalization of Material Issues:** Implementing specific procedures and practices to address material ESG issues identified as significant to the organization and its stakeholders.
- **Embedding ESG into Routine Operations:** Ensuring that ESG considerations are embedded into routine operational decisions, workflows, and practices across all levels of the organization.
- **Monitoring and Adjusting Controls:** Continuously monitoring the effectiveness of these controls and making necessary adjustments to address changing circumstances or new information.

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### **8.1.1.3 Financial Materiality and Operational Controls**

Organizations must establish specific operational controls to manage ESG factors with financial materiality. This includes:

- **Integration with Financial Operations:** Embedding controls that address financially material ESG issues directly into the organization's financial operations, such as budgeting, procurement, and investment management.
- **Monitoring Financial Impacts:** Continuously monitor the financial implications of ESG factors through operational activities, ensuring that the organization is responsive to risks and opportunities that could affect financial performance.
- **Alignment with Financial Objectives:** Ensuring that operational controls support the achievement of both ESG and financial objectives, reinforcing the connection between sustainability practices and financial success.

### **8.1.1.4 Compliance and Regulatory Requirements**

Operational controls must be designed to ensure compliance with relevant ESG regulations and standards. Organizations should:

- **Maintain Compliance:** Implement controls that ensure ongoing compliance with local, national, and international ESG-related regulations.
- **Document Compliance Activities:** Keep accurate records of compliance activities, including inspections, audits, and corrective actions, to demonstrate adherence to regulatory requirements.

### **8.1.1.5 Alignment with Investor Expectations in Operations**

Operational processes must be aligned with the expectations of investors and other financial stakeholders, particularly in relation to ESG performance. This includes:

- **Ensuring Transparency:** Maintaining transparency in operational activities, particularly those that directly impact ESG performance and financial outcomes.
- **Data Quality and Reporting:** Ensuring that data generated through operational processes is accurate, reliable, and suitable for inclusion in investor reports and disclosures.



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## **8.1.2 Specific Requirements for ESG Operational Control**

### **8.1.2.1 Resource Allocation and Operational Efficiency**

Organizations must ensure that adequate resources are allocated to maintain and enhance the effectiveness of ESG operational controls. This includes:

- **Optimizing Resource Use:** Utilizing resources efficiently to implement and sustain operational controls, ensuring that ESG objectives are met without unnecessary expenditure or waste.
- **Building Operational Capacity:** Investing in operational capacity, including technology and infrastructure, to support the effective management of ESG factors.

### **8.1.2.2 Monitoring and Reviewing Operational Controls**

Organizations must regularly monitor and review the effectiveness of ESG operational controls. This involves:

- **Continuous Monitoring:** Implementing systems to continuously monitor the performance of operational controls against established ESG objectives and targets.
- **Regular Reviews:** Conducting regular reviews of control effectiveness, making adjustments as necessary to improve performance or address emerging issues.
- **Performance Reporting:** Documenting and reporting on the performance of operational controls, ensuring transparency and accountability in ESG management.

### **8.1.2.3 Adaptation and Improvement of Controls**

Operational controls must be adaptable to changes in the internal and external environment. Organizations should:

- **Adjust Controls Based on Feedback:** Use feedback from monitoring, audits, and stakeholder engagement to adjust and improve operational controls.
- **Innovate for Improvement:** Encourage innovation in operational practices to enhance the effectiveness and efficiency of ESG controls, ensuring continuous improvement over time.

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#### **8.1.2.4 Operational Reporting and Communication**

Organizations must establish clear procedures for reporting on the performance of ESG operational controls. This includes:

- **Internal Reporting Mechanisms:** Implementing internal reporting systems that track the effectiveness of operational controls and communicate this information to management and relevant stakeholders.
- **External Communication:** Ensuring that information on ESG operational performance is communicated to external stakeholders, including investors, in a clear and transparent manner, aligned with recognized reporting frameworks.

## **9. Performance Evaluation**

### **9.1 Monitoring, Measurement, Analysis, and Evaluation**

Organizations must establish processes for monitoring, measuring, analyzing, and evaluating their Environmental, Social, and Governance (ESG) performance. These processes should be designed to ensure that the organization's ESG management system remains effective, aligned with strategic objectives, and capable of meeting stakeholder expectations, including those of investors.

#### **9.1.1 General Requirements**

##### **9.1.1.1 Establishing Monitoring and Measurement Frameworks**

Organizations must develop a comprehensive framework for monitoring and measuring ESG performance. This framework should include key performance indicators (KPIs) that reflect the organization's ESG objectives, as well as the broader strategic goals. The KPIs should cover all relevant environmental, social, and governance aspects and should be aligned with recognized global ESG standards and reporting frameworks, such as GRI, SASB, and TCFD.

##### **9.1.1.2 Materiality in ESG Measurement**

When developing Key Performance Indicators (KPIs), organizations must comprehensively consider the materiality of ESG factors, including both general materiality and financial materiality. This involves:

- A. **Identifying Material ESG Aspects:** Organizations must identify ESG aspects that are most significant to their operations and stakeholders, considering the broader impact on

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environmental, social, and governance objectives. This includes evaluating the relevance of these aspects to the organization’s strategic goals, regulatory requirements, stakeholder expectations, and long-term sustainability.

- B. **Assessing Financial Materiality:** Within the broader materiality framework, organizations must specifically assess the financial materiality of ESG factors. This involves identifying which ESG aspects have the potential to directly or indirectly impact the organization’s financial performance, including revenue, costs, access to capital, investment attractiveness, and overall market valuation.
- C. **Prioritizing KPIs Based on Materiality:** KPIs should be selected and prioritized based on their relevance to both the broader materiality of ESG objectives and their potential financial impact. This ensures that the organization is monitoring and managing ESG factors that are not only critical to sustainability and stakeholder satisfaction but also essential for financial stability and growth.
- D. **Aligning KPIs with Financial and ESG Outcomes:** KPIs must be aligned with both ESG objectives and financial outcomes, providing a clear linkage between sustainable practices and financial performance. This alignment helps the organization demonstrate how its ESG initiatives contribute to value creation, risk management, and long-term financial success.
- E. **Reporting and Transparency:** Organizations must ensure that KPIs related to materiality, including financial materiality, are transparently reported to stakeholders. This includes providing clear, accurate, and timely information that reflects the organization’s performance in managing both ESG and financial risks and opportunities.

### 9.1.1.3 Data Collection and Validation

Accurate and reliable data collection is critical to the effectiveness of ESG monitoring and measurement. Organizations must implement robust processes for data collection, ensuring that all relevant ESG data is captured consistently across the organization. Additionally, organizations must establish data validation procedures to verify the accuracy and reliability of the data collected, particularly when this data will be used to inform investment decisions or external reporting.

## 9.1.2 Analysis of ESG Performance

### 9.1.2.1 Analyzing ESG Data

Organizations must analyze ESG performance data to assess progress toward achieving established

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objectives and targets. This analysis should identify trends, assess the effectiveness of implemented controls, and highlight areas for improvement. The analysis should also consider the financial implications of ESG performance, including the impact on revenue, costs, risk management, and capital access.

#### **9.1.2.2 Evaluating Financial Impact**

Organizations must evaluate the financial impact of their ESG performance, using data-driven insights to understand how ESG factors influence financial outcomes. This includes assessing the impact of ESG risks and opportunities on the organization's bottom line, investment profile, and long-term value creation. The evaluation should be comprehensive, considering both short-term financial metrics and long-term sustainability goals.

#### **9.1.2.3 Investment-Focused ESG Analysis**

ESG performance analysis should be aligned with the expectations of investors and financial stakeholders. Organizations must ensure that the analysis provides clear insights into how ESG performance affects financial outcomes and investment decisions. This includes evaluating the organization's performance against industry benchmarks and identifying areas where ESG initiatives can enhance financial performance or mitigate risks.

### **9.1.3 Evaluation of ESG Performance**

#### **9.1.3.1 Internal Evaluation and Reporting**

Organizations must conduct regular internal evaluations of ESG performance to assess the effectiveness of their ESG management system. These evaluations should include a review of KPI data, analysis results, and the effectiveness of operational controls. The findings from these evaluations should be documented and reported to top management, along with recommendations for improvement.

#### **9.1.3.2 External Audits and Assurance**

To ensure the credibility of ESG data, organizations must undergo regular external audits and assurance processes. These audits should be conducted by independent third parties and should focus on verifying the accuracy, reliability, and financial materiality of ESG data. The results of external audits should be incorporated into the organization's overall ESG evaluation and should be used to enhance transparency and trust with stakeholders.

#### **9.1.3.3 Stakeholder Feedback and Continuous Improvement**

Organizations must actively seek feedback from stakeholders, including investors, customers, employees, and regulators, to understand their perspectives on ESG performance. This feedback should be integrated into the organization's evaluation process, driving continuous improvement in

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ESG management practices. The organization should also regularly review and update its KPIs, analysis methods, and evaluation criteria to ensure they remain relevant and aligned with evolving stakeholder expectations.

## **9.2 Internal Audit**

Organizations must conduct internal audits at planned intervals to provide information on whether the ESG management system conforms to the requirements of the QSI-ESG-2024 standard and is effectively implemented and maintained.

### **9.2.1 Internal Audit Program**

#### **9.2.1.1 Developing the Internal Audit Program**

Organizations must establish, implement, and maintain an internal audit program that includes the frequency, methods, responsibilities, and reporting requirements for audits. The internal audit program should be risk-based, focusing on areas of the ESG management system that are critical to achieving objectives, meeting stakeholder expectations, and ensuring financial and operational resilience.

#### **9.2.1.2 Audit Planning and Execution**

Internal audits should be planned and executed by qualified personnel who are independent of the areas being audited. The audits should assess both the conformance of the ESG management system to the QSI-ESG-2024 standard and the effectiveness of its implementation. The audit process should include a thorough review of documentation, interviews with personnel, and the collection of objective evidence to support audit findings.

### **9.2.2 Reporting and Follow-up**

#### **9.2.2.1 Audit Reporting**

Following the completion of each internal audit, a report must be prepared and communicated to relevant management. The report should include the audit findings, conclusions, and any identified nonconformities or areas for improvement. The report should also assess the impact of audit findings on the organization's ESG objectives and financial performance.

#### **9.2.2.2 Corrective Actions and Follow-up**

Organizations must establish processes for addressing nonconformities identified during internal audits. This includes determining the root causes of nonconformities, implementing corrective actions, and verifying the effectiveness of those actions. Follow-up audits should be conducted as

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necessary to ensure that corrective actions have been successfully implemented and that the ESG management system continues to meet the organization's objectives and stakeholder expectations.

### **9.3 Management Review**

Top management must review the organization's ESG management system at planned intervals to ensure its continuing suitability, adequacy, and effectiveness. This review should be comprehensive, considering the results of monitoring, measurement, analysis, audits, stakeholder feedback, and changes in internal and external issues.

#### **9.3.1 Review Inputs**

The management review should include, at a minimum, the following inputs:

##### **9.3.1.1 Results of ESG Monitoring and Measurement**

Review the data collected from ESG monitoring and measurement activities, including KPI performance, trends, and analysis results. This should include an assessment of the financial impact of ESG performance and the effectiveness of controls in managing ESG risks and opportunities.

##### **9.3.1.2 External Audits and Assurance Findings**

Review the findings from external audits and assurance processes, including any nonconformities, areas for improvement, and recommendations. Assess how these findings impact the credibility and reliability of ESG reporting and the organization's reputation with investors and other stakeholders.

##### **9.3.1.3 Progress Toward ESG Objectives and Targets**

Evaluate the organization's progress toward achieving its ESG objectives and targets, considering both operational and financial outcomes. Identify any gaps in performance and determine the necessary actions to close those gaps and enhance overall ESG performance.

##### **9.3.1.4 Stakeholder Feedback and Market Trends**

Consider feedback from stakeholders, including investors, regulators, customers, and employees, as well as trends in the financial and investment landscape. Assess how these factors may influence the organization's ESG strategy and identify areas where adjustments are needed to maintain alignment with stakeholder expectations and market demands.

##### **9.3.1.5 Changes in Internal and External Context**

Review changes in the organization's internal and external context, including regulatory developments, market conditions, technological advancements, and competitive pressures. Assess

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how these changes may impact the organization's ESG management system and determine the necessary adaptations to maintain its effectiveness and relevance.

### **9.3.2 Review Outputs**

The outputs of the management review should include decisions and actions related to:

#### **9.3.2.1 Improvement of ESG Performance**

Decide on actions needed to improve the effectiveness of the ESG management system, including updates to objectives, targets, KPIs, and operational controls. This should include actions to enhance the organization's financial performance related to ESG factors and to meet investor expectations.

#### **9.3.2.2 Resource Needs**

Identify any additional resources needed to achieve ESG objectives and targets, including investments in technology, personnel, training, and external expertise. Ensure that resources are allocated to areas that will have the most significant impact on ESG performance and financial outcomes.

#### **9.3.2.3 Strategic Adjustments**

Decide on strategic adjustments to the organization's ESG management system based on the review inputs, including changes to policies, processes, and governance structures. These adjustments should reflect the organization's evolving priorities, stakeholder expectations, and market conditions.

#### **9.3.2.4 Communication and Reporting**

Determine how the results of the management review will be communicated to internal and external stakeholders, including investors. This should include decisions on how to enhance transparency, improve the credibility of ESG reporting, and demonstrate the organization's commitment to continuous improvement in ESG performance.

## 10. Improvement

### 10.1 General

Organizations must determine and identify opportunities for improvement within their Environmental, Social, and Governance (ESG) management system. Continuous monitoring, evaluation, and feedback mechanisms must be established to ensure that the system remains effective, relevant, and aligned with the organization's strategic objectives and stakeholder expectations. Improvement initiatives should focus on enhancing both the performance of the ESG management system and the overall ESG performance of the organization.

### 10.2 Nonconformity and Corrective Action

Organizations must establish, implement, and maintain processes for managing nonconformities within the ESG management system and for taking corrective actions to address them. This process must ensure that nonconformities are promptly identified, evaluated, and resolved to prevent recurrence.

#### 10.2.1 Identifying Nonconformities

Organizations must establish procedures to identify and document nonconformities within the ESG management system. This includes:

- **Routine Monitoring and Audits:** Conducting regular monitoring, internal audits, and assessments to detect deviations from established ESG policies, objectives, and processes.
- **Reporting Mechanisms:** Implementing reporting mechanisms that allow employees and stakeholders to report potential nonconformities, risks, or unethical practices.

#### 10.2.2 Cause Analysis

Upon identification of a nonconformity, organizations must perform a cause analysis to determine the underlying reasons for the deviation. This analysis should:



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- **Systematically Investigate Causes:** Utilize systematic methods to investigate and identify the causes of the nonconformity, considering factors such as process failures, human error, and insufficient resources.
- **Identify Contributing Factors:** Recognize any contributing factors that may have influenced the occurrence of the nonconformity, including cultural, structural, or governance-related issues.

### 10.2.3 Implementing Corrective Actions

Organizations must implement corrective actions to address identified nonconformities and their causes. This includes:

- **Action Planning:** Developing an action plan that outlines the steps necessary to correct the nonconformity, prevent its recurrence, and mitigate any associated risks.
- **Timely Implementation:** Ensuring that corrective actions are implemented in a timely manner, with appropriate resources allocated to address the issue effectively.
- **Monitoring Effectiveness:** Monitoring the effectiveness of corrective actions to verify that the nonconformity has been resolved and that the ESG management system is functioning as intended.

### 10.2.4 Documenting and Communicating Actions

Organizations must document all nonconformities, cause analyses, and corrective actions taken. This documentation should be:

- **Transparent and Accessible:** Ensure that records of nonconformities and corrective actions are maintained and accessible to relevant personnel and stakeholders as needed.
- **Reviewed and Updated:** Regularly review and update documentation to reflect the status of corrective actions and any ongoing improvements.

## 10.3 Continual Improvement

Organizations must continually improve the suitability, adequacy, and effectiveness of the ESG management system. This process should be proactive, ensuring that the system evolves in

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response to internal and external changes, stakeholder expectations, and emerging ESG risks and opportunities.

### **10.3.1 Identifying Opportunities for Improvement**

Organizations must establish processes for identifying and prioritizing opportunities for improvement within the ESG management system. This includes:

- **Feedback Mechanisms:** Implementing feedback mechanisms that gather input from employees, stakeholders, and external audits to identify areas for improvement.
- **Benchmarking and Best Practices:** Regularly benchmarking the organization's ESG performance against industry best practices and standards to identify opportunities for enhancement.
- **Emerging Trends and Innovations:** Monitoring emerging trends, technologies, and innovations in ESG to identify opportunities to enhance the organization's ESG management practices.

### **10.3.2 Planning and Implementing Improvements**

Once opportunities for improvement have been identified, organizations must develop and implement plans to achieve these improvements. This includes:

- **Setting Improvement Objectives:** Defining clear, measurable objectives for each improvement initiative, ensuring alignment with the organization's overall ESG strategy and goals.
- **Resource Allocation:** Allocating the necessary resources, including time, budget, and personnel, to implement improvement initiatives effectively.
- **Monitoring Progress:** Establishing metrics and monitoring mechanisms to track the progress of improvement initiatives and ensure that they are on track to meet their objectives.

### **10.3.3 Innovation and Adaptation**

Organizations must foster a culture of innovation and adaptability within the ESG management system. This includes:

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- **Encouraging Innovation:** Promoting innovation in ESG practices, including the development of new processes, technologies, and strategies to enhance performance.
- **Adapting to Change:** Ensuring that the ESG management system is flexible and adaptable to changes in internal and external conditions, including regulatory shifts, market dynamics, and stakeholder expectations.

#### **10.3.4 Reviewing and Sustaining Improvements**

Organizations must regularly review the effectiveness of improvements made to the ESG management system and ensure their sustainability over time. This includes:

- **Post-Implementation Reviews:** Conducting post-implementation reviews of improvement initiatives to assess their impact and determine whether further actions are needed.
- **Sustaining Gains:** Ensuring that improvements are sustained by integrating them into the organization's standard practices and processes, and by continually monitoring their effectiveness.

#### **10.4 Continuous Learning and Capacity Building**

Organizations must commit to continuous learning and capacity building as part of their improvement efforts. This includes:

- **Learning from Experience:** Leveraging lessons learned from nonconformities, audits, feedback, and improvement initiatives to enhance the organization's knowledge base and capabilities.
- **Training and Development:** Providing ongoing training and development opportunities to ensure that employees and stakeholders are equipped with the knowledge and skills needed to drive continual improvement.
- **Knowledge Sharing:** Promoting the sharing of knowledge and best practices across the organization to foster a culture of continuous learning and improvement.

## **Annex A - Comprehensive List of ESG Performance Aspects and Corresponding KPIs**

To ensure that the organization's ESG management system addresses the regulatory requirements and best practices across major markets and jurisdictions, the following comprehensive list of ESG performance aspects and corresponding key performance indicators (KPIs) has been developed. These KPIs are designed to be measurable, aligned with global standards, and adaptable to specific industry and regional requirements.

### **1. Environmental (E) Performance Aspects and KPIs**

#### **1.1. Climate Change and Carbon Emissions**

- **Total Greenhouse Gas (GHG) Emissions (Scope 1, 2, and 3):** Metric tons of CO<sub>2</sub> equivalent.
- **GHG Emissions Intensity:** Metric tons of CO<sub>2</sub> equivalent per unit of revenue or product.
- **Carbon Footprint Reduction:** Percentage reduction in GHG emissions year-over-year.
- **Renewable Energy Usage:** Percentage of total energy consumption sourced from renewable energy.
- **Energy Efficiency Improvements:** Percentage reduction in energy consumption per unit of output.

#### **1.2. Energy Management**

- **Total Energy Consumption:** Gigajoules or MWh of energy consumed.
- **Energy Intensity:** Energy consumption per unit of revenue or product.
- **Renewable Energy Generation:** Total MWh of renewable energy generated on-site.
- **Energy Savings:** Percentage reduction in energy consumption due to efficiency measures.

#### **1.3. Water Management**

- **Total Water Withdrawal:** Cubic meters of water withdrawn.
- **Water Intensity:** Water withdrawal per unit of production or revenue.
- **Water Recycling and Reuse:** Percentage of total water recycled and reused.

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- **Water Discharge Quality:** Compliance with regulatory limits on pollutants in discharged water.

#### **1.4. Waste Management**

- **Total Waste Generated:** Metric tons of waste generated.
- **Waste Diversion Rate:** Percentage of waste diverted from landfills through recycling, reuse, or composting.
- **Hazardous Waste Management:** Metric tons of hazardous waste generated and disposed of in compliance with regulations.
- **Waste Intensity:** Waste generated per unit of production or revenue.

#### **1.5. Biodiversity and Land Use**

- **Impact on Biodiversity:** Number of operations in or near areas of high biodiversity value.
- **Land Use Intensity:** Land used per unit of production or revenue.
- **Reforestation and Habitat Restoration:** Hectares of land restored or reforested.
- **Biodiversity Action Plans:** Number of sites with active biodiversity management plans.

#### **1.6. Pollution and Air Quality**

- **Air Pollutant Emissions:** Total emissions of NO<sub>x</sub>, SO<sub>x</sub>, VOCs, and particulate matter.
- **Air Quality Compliance:** Number of non-compliance incidents with air quality regulations.
- **Pollution Prevention Measures:** Percentage reduction in pollutant emissions due to prevention measures.

## 2. Social (S) Performance Aspects and KPIs

### 2.1. Labor Practices and Human Rights

- **Employee Turnover Rate:** Percentage of employees leaving the organization annually.
- **Diversity and Inclusion:** Percentage of workforce by gender, ethnicity, and other diversity factors.
- **Equal Opportunity Compliance:** Number of incidents of discrimination and corrective actions taken.
- **Employee Training and Development:** Average hours of training per employee per year.
- **Living Wage Compliance:** Percentage of employees earning a living wage.

### 2.2. Health and Safety

- **Total Recordable Incident Rate (TRIR):** Number of recordable injuries per 200,000 work hours.
- **Lost Time Injury Frequency Rate (LTIFR):** Number of lost-time injuries per 200,000 work hours.
- **Occupational Illness Rate:** Number of occupational illnesses per 200,000 work hours.
- **Health and Safety Training:** Percentage of employees receiving health and safety training.
- **Compliance with Health and Safety Standards:** Number of non-compliance incidents with health and safety regulations.

### 2.3. Community Engagement

- **Community Investment:** Total monetary value of investments in community projects.
- **Employee Volunteering:** Number of volunteer hours contributed by employees.
- **Stakeholder Engagement:** Number of stakeholder engagement sessions or consultations held.

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→ **Impact on Local Communities:** Number of community impact assessments conducted.

#### **2.4. Supply Chain Management**

→ **Supplier Audits and Assessments:** Percentage of suppliers audited for ESG compliance.

→ **Sustainable Sourcing:** Percentage of suppliers certified to ESG standards (e.g., Fair Trade, FSC).

→ **Supply Chain Risk Management:** Number of supply chain disruptions related to ESG issues.

→ **Human Rights Due Diligence:** Percentage of suppliers screened for human rights risks.

#### **2.5. Product Responsibility and Consumer Relations**

→ **Customer Satisfaction Score:** Average score from customer satisfaction surveys.

→ **Product Safety Incidents:** Number of incidents related to product safety and recalls.

→ **Responsible Marketing:** Compliance with responsible marketing guidelines (e.g., no misleading claims).

→ **Data Privacy Breaches:** Number of data privacy breaches and corrective actions taken.

#### **2.6. Human Capital Development**

→ **Employee Engagement:** Employee engagement score from surveys.

→ **Career Progression:** Percentage of internal promotions or career advancements.

→ **Employee Well-being Programs:** Number of employees participating in well-being programs.

→ **Work-Life Balance:** Percentage of employees using flexible work arrangements.

### 3. Governance (G) Performance Aspects and KPIs

#### 3.1. Corporate Governance

- **Board Diversity:** Percentage of board members by gender, ethnicity, and independence.
- **Board Independence:** Percentage of independent directors on the board.
- **Executive Compensation Alignment:** Percentage of executive compensation linked to ESG performance.
- **Board Oversight of ESG:** Number of ESG-related issues discussed at board meetings.

#### 3.2. Ethics and Compliance

- **Code of Conduct Compliance:** Number of code of conduct violations and corrective actions.
- **Anti-Bribery and Corruption:** Number of incidents of bribery and corruption.
- **Whistleblower Protection:** Number of whistleblower reports received and actions taken.
- **Regulatory Compliance:** Number of regulatory non-compliance incidents and fines paid.

#### 3.3. Risk Management

- **Enterprise Risk Management (ERM) Integration:** Percentage of identified risks with ESG components.
- **Crisis Management Plans:** Number of crisis management plans with ESG considerations.
- **Cybersecurity Incidents:** Number of cybersecurity incidents and response times.
- **Third-Party Risk Management:** Percentage of third parties screened for ESG risks.



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### **3.4. Transparency and Reporting**

- **ESG Disclosure Quality:** Assessment score from independent ESG ratings agencies (e.g., MSCI, Sustainalytics).
- **Stakeholder Reporting:** Number of ESG reports published and stakeholder meetings held.
- **Integrated Reporting:** Whether the organization produces an integrated annual report combining financial and ESG data.
- **External Assurance of ESG Data:** Percentage of ESG data verified by third-party auditors.

### **3.5. Anti-Corruption and Anti-Bribery**

- **Training on Anti-Corruption:** Percentage of employees and suppliers trained on anti-corruption policies.
- **Incidents of Corruption:** Number of reported and resolved incidents of corruption.
- **Compliance with Anti-Bribery Standards:** Certification to anti-bribery standards (e.g., ISO 37001).

### **3.6. Legal and Regulatory Compliance**

- **Legal Proceedings:** Number of legal proceedings related to ESG issues.
- **Compliance with International Standards:** Percentage of operations certified to international ESG standards.
- **Regulatory Fines and Penalties:** Total amount paid in fines and penalties related to ESG non-compliance.

## 4. Cross-Domain KPIs

### 4.1. ESG Integration

- **ESG Strategy Implementation:** Percentage of strategic initiatives aligned with ESG objectives.
- **Employee Awareness of ESG:** Percentage of employees with basic ESG training.
- **Stakeholder Engagement:** Frequency and quality of stakeholder engagement initiatives.
- **Sustainable Development Goals (SDGs) Alignment:** Number of business activities aligned with UN SDGs.

### 4.2. ESG Maturity Assessment

- **Maturity Level:** Assessment score of the organization's ESG maturity (e.g., basic, developing, advanced, leading).
- **Continuous Improvement in ESG:** Percentage of ESG objectives met or exceeded over time.
- **ESG Risk Management:** Integration of ESG risks into the overall risk management framework.

### 4.3. ESG Impact and Outcomes

- **Positive Impact Metrics:** Quantifiable outcomes of ESG initiatives (e.g., reduction in carbon footprint, improvement in employee well-being).
- **Return on ESG Investments (ROESG):** Financial return or cost savings from ESG initiatives.

## 5. Global Compliance and Alignment

- **Alignment with Global Standards:** Ensure that KPIs are aligned with major global frameworks such as the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD), and the UN Sustainable Development Goals (SDGs).
- **Compliance with Regional Regulations:** KPIs should be tailored to meet the specific ESG reporting requirements and regulations in key jurisdictions (See Annex B)

## Annex B - Regional ESG Regulations

Many countries around the world have implemented ESG (Environmental, Social, and Governance) regulations and reporting requirements. These regulations vary in scope, with some focusing on specific aspects like environmental sustainability or corporate governance, while others mandate comprehensive ESG reporting. Below is a list of notable countries with established ESG regulations and reporting requirements:

### 1. European Union (EU)

The European Union is one of the most active regions in promoting ESG disclosure and sustainability practices. Key regulations include:

- **Corporate Sustainability Reporting Directive (CSRD):** Expands the scope of non-financial reporting requirements to more companies, requiring detailed ESG reporting.
- **Sustainable Finance Disclosure Regulation (SFDR):** Requires financial market participants to disclose how they consider sustainability risks in their investment decision-making process.
- **EU Taxonomy Regulation:** Establishes a classification system for sustainable economic activities, aiding in the assessment of environmental performance.

### 2. United Kingdom (UK)

- **Companies Act 2006:** Requires certain large companies to include a Strategic Report that covers non-financial information, including environmental and social matters.
- **Task Force on Climate-related Financial Disclosures (TCFD):** The UK has made TCFD-aligned disclosures mandatory for large companies and financial institutions, requiring detailed reporting on climate-related risks and opportunities.

### 3. United States

- **Securities and Exchange Commission (SEC) Proposed Rules:** The SEC has proposed new rules that would require publicly traded companies to disclose climate-related risks and governance issues, with a focus on greenhouse gas emissions and climate-related financial impacts.

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- **State-Level Regulations:** Some U.S. states, like California, have implemented additional ESG-related requirements, particularly around climate change and corporate governance.

#### 4. Canada

- **Canadian Securities Administrators (CSA) Guidelines:** These guidelines encourage companies to disclose ESG-related information, particularly around environmental risks and governance practices. TCFD-aligned reporting is also gaining traction in Canada.
- **Bill C-12:** Requires the government to set legally binding emissions reduction targets and to implement measures to achieve net-zero greenhouse gas emissions by 2050.

#### 5. Japan

- **Corporate Governance Code:** Includes provisions for ESG-related disclosures, particularly focusing on sustainability and long-term value creation.
- **Japan's Financial Services Agency (FSA):** Encourages listed companies to disclose ESG information, including climate-related risks in line with TCFD recommendations.

#### 6. Australia

- **ASX Corporate Governance Council's Principles and Recommendations:** Requires listed companies to disclose their environmental, social, and governance risks, particularly those related to climate change.
- **National Greenhouse and Energy Reporting Act:** Mandates the reporting of greenhouse gas emissions, energy production, and consumption by large companies.

#### 7. Singapore

- **Singapore Exchange (SGX) Listing Rules:** Requires listed companies to disclose sustainability information on a "comply or explain" basis, including governance and environmental performance.
- **Monetary Authority of Singapore (MAS):** Supports ESG integration in financial services and has introduced guidelines on environmental risk management for financial institutions.

#### 8. South Africa

- **King IV Code of Corporate Governance:** Emphasizes integrated reporting and the disclosure of ESG factors, promoting transparency and accountability in governance practices.

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- **Johannesburg Stock Exchange (JSE) Listing Requirements:** Require listed companies to report on sustainability issues, particularly those impacting long-term business success.

## 9. Brazil

- **Comissão de Valores Mobiliários (CVM) Instruction 480:** Requires listed companies to disclose ESG-related information, including their environmental and social impacts and governance practices.

## 10. China

- **Guidelines for Establishing the Green Financial System:** Encourage companies to disclose environmental information, particularly those in the financial sector.
- **Shenzhen Stock Exchange and Shanghai Stock Exchange:** Require listed companies to disclose ESG-related information, focusing on environmental impacts and social responsibility.

## 11. India

- **Business Responsibility and Sustainability Report (BRSR):** Mandated by the Securities and Exchange Board of India (SEBI), this report requires the top 1,000 listed companies to disclose detailed ESG information.
- **National Guidelines on Responsible Business Conduct (NGRBC):** Encourage companies to adopt sustainable business practices and report on their ESG performance.

## 12. Hong Kong

- **Hong Kong Stock Exchange (HKEX) ESG Reporting Guide:** Requires listed companies to disclose ESG information, including environmental performance, social responsibility, and governance practices.

## 13. Switzerland

- **Ordinance on Climate Disclosures for Large Companies:** Requires large companies to disclose climate-related risks and their impact on financial performance, in alignment with TCFD recommendations.

## 14. New Zealand

- **Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act:** Requires large financial institutions and listed companies to make climate-related disclosures in line with TCFD guidelines.

## 15. Norway

- **Norwegian Accounting Act:** Requires large companies to report on corporate social responsibility (CSR), including environmental and social impacts.

## 16. United Arab Emirates (UAE)

- **Dubai Financial Market (DFM) and Abu Dhabi Securities Exchange (ADX) Guidelines:** Encourage listed companies to disclose ESG information, particularly focusing on sustainability and governance practices.

These countries represent a growing global trend toward mandatory ESG reporting and greater accountability for corporate impact on the environment, society, and governance. The specific requirements and frameworks may vary, but the overall goal is to enhance transparency, comparability, and consistency in how companies report on ESG issues, thereby fostering more sustainable and responsible business practices globally.

## **Annex C - Mandatory Documents Required by QSI-ESG-2024**

The QSI-ESG-2024 standard, like other management system standards, requires certain mandatory documents to ensure the effective implementation, maintenance, and continual improvement of the ESG management system. Below is a list of the mandatory documents required by the QSI-ESG-2024 standard:

- 1. Stakeholder Requirements (4.2.2)**  
Organizations must document the specific needs, expectations, and requirements of stakeholders concerning ESG performance.
- 2. Scope of the ESG Management System (4.3.4)**  
The scope of the ESG management system must be documented, including the boundaries, applicability, and rationale for any exclusions.
- 3. ESG Policy (5.2)**  
Top management must establish, implement, and maintain a documented ESG policy.
- 4. Roles, Responsibilities, and Authorities (5.3)**  
Roles, responsibilities, and authorities for the ESG management system must be clearly documented.
- 5. Materiality Assessment Process (6.1.1)**  
The process and results of the Materiality Assessment must be documented to inform strategic planning and ESG reporting.
- 6. ESG Objectives (6.2.1)**  
ESG objectives that are specific, measurable, achievable, relevant, and time-bound (SMART) must be documented.
- 7. Control of Documented Information (7.5.2)**  
Procedures for the control of documented information must be established, implemented, and maintained to ensure the availability, suitability, and protection of documents.
- 8. Internal Audit Program (9.2.1.1)**  
The internal audit program must be documented, including the frequency, methods, responsibilities, and reporting requirements.
- 9. Nonconformity and Corrective Action Procedures (10.2)**  
  
Documented procedures must be established, implemented, and maintained for managing nonconformities and corrective actions.  
  
Procedures for the control of documented information must be established, implemented, and maintained to ensure the availability, suitability, and protection of documents.



## **Annex D - Mandatory Records Required by QSI-ESG-2024**

The QSI-ESG-2024 standard requires specific records to be maintained as evidence of the effective implementation, operation, and continual improvement of the Environmental, Social, and Governance (ESG) management system. These records are critical for demonstrating compliance with the standard's requirements and for providing transparency to stakeholders. Below is a list of specific records that are required by the QSI-ESG-2024 standard:

**1. Records of Stakeholder Engagement and Feedback (4.2.2)**

Documentation of engagement activities with stakeholders, including records of meetings, surveys, and feedback received. This should also include records of how stakeholder feedback was considered in decision-making processes.

**2. Materiality Assessment Records (6.1.1.5)**

Records documenting the results of the Materiality Assessment, including identified material issues, prioritization, and their impact on the organization's operations and stakeholder relationships.

**3. ESG Risk and Opportunity Assessment Records (6.1.2)**

Records of assessments related to ESG risks and opportunities, including identified risks, opportunities, evaluation criteria, and decisions made regarding how these risks and opportunities are managed.

**4. ESG Objectives and Targets Monitoring Records (6.2.3)**

Records of monitoring progress toward achieving ESG objectives and targets, including performance against key performance indicators (KPIs).

**5. Records of Training and Competence (7.2.3)**

Documentation of the training provided to personnel involved in the ESG management system, including records of competence assessments, certifications, and any related continuing education or professional development activities.

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**6. Records of Communication (7.4)**

Documentation of both internal and external communication related to ESG issues, including records of stakeholder engagement activities, communication materials, and any feedback received from stakeholders.

**7. Audit Trail for Documented Information (7.5.4)**

Records that provide an audit trail for changes made to documented information within the ESG management system. This includes version histories, approval records, and access logs.

**8. Operational Control Records (8.1.1.1)**

Records demonstrating the implementation of operational controls related to significant environmental aspects, social impacts, and governance risks. This may include logs, monitoring data, inspection records, and maintenance records.

**9. Legal and Regulatory Compliance Records (8.1.1.4)**

Records demonstrating compliance with applicable ESG-related legal and regulatory requirements, including permits, licenses, inspection reports, and correspondence with regulatory bodies.

**10. Supplier and Contractor Assessment Records (8.1.1.4)**

Records of assessments conducted on suppliers and contractors to ensure that they meet the organization's ESG requirements. This includes evaluations of their environmental performance, social responsibility, and governance practices.

**11. Records of Monitoring and Measurement Equipment Calibration (9.1.1.3)**

Documentation of the calibration and maintenance of any equipment used to monitor and measure ESG performance. This ensures that data collected is accurate and reliable.

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**12. ESG Performance Data (9.1)**

Records of data collected to monitor and measure ESG performance, including key performance indicators (KPIs) related to environmental aspects, social impacts, and governance practices. This data should be regularly reviewed and analyzed to assess progress toward ESG objectives.

**13. Internal Audit Records (9.2.2.1)**

Records of internal audits conducted on the ESG management system, including audit plans, audit reports, nonconformities identified during audits, and follow-up actions taken to address audit findings.

**14. Management Review Records (9.3)**

Records of management reviews, including meeting minutes, reviewed inputs (such as audit results, performance data, and stakeholder feedback), decisions made, and actions planned to improve the ESG management system.

**15. Records of Nonconformities and Corrective Actions (10.2.4)**

Detailed records of all identified nonconformities within the ESG management system, including the results of cause analyses, corrective actions taken, and the evaluation of the effectiveness of those actions.

**16. Incident and Accident Records (10.2.1)**

Records of any incidents or accidents related to ESG issues, including environmental incidents, safety incidents, governance breaches, and social responsibility failures. These records should include details of the incident, the response, and any corrective actions taken.

**17. Records of Continual Improvement Initiatives (10.3)**

Documentation of continual improvement initiatives related to the ESG management system, including records of identified opportunities for improvement, actions taken, and the results of those actions.

## About the Author



Celso Alvarado, PhD (ABD), is the Founder of Nebusis Cloud Services LLC and QSI Auditing and Certification Services. With over 30 years of experience in governance, quality management, security operations, and sustainability, Professor Alvarado has made significant contributions to global management practices. He is an expert actively participating in the ISO / IWA (International Workshop Agreement) process to standardize ESG practices, positioning him at the forefront of shaping global ESG frameworks.

Professor Alvarado has also worked as a standards writer for the American National Standards Institute (ANSI) and contributed to key international standards such as ISO 9001 (Quality Management Systems) and ISO 14001 (Environmental Management Systems). Early in his career, he gained financial expertise through Series 6 and Series 63 licenses, working in mutual fund sales with PFS Investments. His unique combination of financial and technical knowledge enables him to approach ESG with a comprehensive understanding of both its investment implications and operational execution.

He holds a Bachelor of Science in Chemical Engineering from the New Jersey Institute of Technology and a Master's in Management and International Business from the University of Miami, where his thesis on Sustainable Development shaped his work in ESG. Currently pursuing his PhD in Industrial Engineering and Management Systems at the University of Central Florida, his research focuses on applying AI, IoT, and Blockchain to supply chain compliance.

Professor Alvarado has completed specialized training at MIT in Law, Technology, and Public Policy and is a Certified Quality Engineer and Certified Manager of Quality and Organizational Excellence. His role as a Data Integrity consultant for global life sciences companies highlights his commitment to ensuring ESG data reliability. As the principal author of the QSI ESG Management System Standard (QSI-ESG-2024), Professor Alvarado integrates his expertise in ISO standards with a passion for continual improvement, guiding organizations toward sustainable success.

His leadership in founding Nebusis Cloud Services and QSI Auditing and Certification Services underscores his dedication to merging innovative technology with traditional management principles, driving operational efficiency and ESG excellence globally.



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