

Video Transcript Garrett Jones ESG 101

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By Garrett Jones

Garrett Jones 00:14

Hello, and welcome to ESG governance 101. My name is Garrett Jones, director of sustainable finance with the Delphi Group. Prior to joining the Delphi group, I spent 15 years in the financial sector. And five of those amazing years were with a Canadian credit union. But Delphi has over 30 plus years experience in the sustainability and ESG management services. And that's why I'm excited to talk to you about ESG governance and what it can do for credit unions.

Garrett Jones 00:44

Credit unions have a fiduciary responsibility to their members to adequately inform themselves and understand and assess material issues. And these material issues include ESG-related factors. Now even more than ever in today's world, impacts from climate change and social issues are becoming material. And this is why it is important for credit unions to integrate ESG into their operations.

Garrett Jones 01:10

So over the course of this video, we're going to touch on a few key components. What is ESG? ESG board management and governance and oversight responsibilities.

Garrett Jones 01:21

So ESG 101. What is sustainability? Simply put, sustainability refers to fulfilling the needs of today without compromising the needs of future generations. It's really balancing economic growth with environmental and social well-being. ESG these are the environmental and social and governance indicators that you take into consideration when you're assessing the financial performance of an organization.

Garrett Jones 01:52

So now that we understand what sustainability and ESG are, let's look at governance. And when it comes to building an ESG strategy, governance is right at the top with vision and mission, just like any strategy. Now the initial ESG framework or governance framework needs to be organized in your environmental and social pillars and then is underpinned by your governance and business practices. Now there is no one size fits all, so to speak with sustainability governance, just like any governance for a credit union. But there are several factors to consider.

Garrett Jones 02:27

So what's your business in the industry? For credit unions, it's financial sector. What's the current board composition and culture? What are your existing processes and practices relative to your enterprise risk

management? What is the significance of particular ESG indicators relative to your credit union, and what's your management-level expertise, and staffing like?

Garrett Jones 02:51

Now, when you're looking at coming into kind of the board and management oversight, board oversight of ESG issues can really reside under three areas. This is within the full board itself. This is within an existing board committee, or this is within a newly formed, dedicated ESG committee.

Garrett Jones 03:13

Now, once you move down from the board level, you're looking at your management level. And just like any strategy, you are going to look to your senior management to implement your strategy. And this is the same with your ESG strategy, which usually rests with your senior management and companies employ different approaches for how they create and integrate ESG into their teams.

Garrett Jones 03:35

Now, when you're looking at the documentation of your oversight and responsibilities, just like any other governance changes, you'll really want to look at a broad set of policies and guidelines and then implement those into your existing guidelines that make most sense for your organization. A board that decides on its oversight approach, companies should consider updating these company policies with the integrated ESG policies.

Garrett Jones 04:04

So when it comes to ESG competencies, last year late last year, former SEC Commissioner Allison Herren Lee specifically called on companies to consider ways to enhance ESG competencies on their boards. Although the expertise of the board is particular ESG topics may vary from director to director, there is a responsibility for the directors to be up to speed on these relevant ESG issues.

Garrett Jones 04:32

Some companies choose to add directors with specific ESG experience, and other companies will engage consultants, training, education to help bring their existing directors and management staff along the ride.

Garrett Jones 04:49

Now, putting us all together I've provided a couple fantastic resources. If you're an American credit union, I highly recommend you go to Society for Corporate Governance. In Canada, you can go to the Canadian Coalition for Good Governance to find more resources to integrate ESG into your governance. There is no one size fits all. ESG governance is right at the tip of the strategy with mission and vision. So when you are going down that path for integrating ESG strategy, make sure you build those governance structures.

Garrett Jones 05:22

Thank you so much. I hope you enjoyed this session.