



WHAT IS ESG?

A SIMPLE GUIDE FOR ORGANISATIONS



INTRODUCTION

As expectations for responsible and sustainable business grow, many organisations are turning to ESG—a framework that considers a company’s Environmental, Social, and Governance practices. ESG is no longer a niche concept or marketing trend. It is shaping how companies operate, how investors assess risk, and how consumers decide where to spend their money.

However, ESG can feel confusing. Different people define it in different ways, and the number of regulations, frameworks, and reporting tools continues to expand. This guide breaks down ESG in a clear and accessible way to help organisations understand what it means—and why it matters.

WHAT DOES ESG REALLY MEAN?

There is no single universal definition of ESG. Its meaning often depends on who you ask:

- **Consumers** tend to view ESG as a company’s commitment to sustainable and ethical practices.
- **Investors and analysts** may see ESG as a way to include non-financial information—like carbon emissions, labour standards, or governance risks—into financial decision-making.
- **Businesses** often view ESG as a structured approach to understanding their impact, setting goals, and reporting on progress.

In practice, implementing ESG means assessing how a company operates, setting targets to improve its impact, and reporting transparently on progress. This helps build accountability and trust with stakeholders.

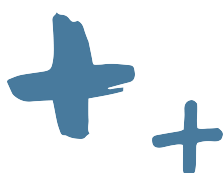
BREAKING DOWN ESG

ESG is made up of three core pillars. Here’s what each one covers:

THE “E” – ENVIRONMENTAL

The Environmental pillar focuses on how a company affects the natural world. This typically includes:

- Carbon emissions and decarbonisation
- Energy use and efficiency
- Biodiversity and habitat protection
- Water use and wastewater management
- Waste reduction and recycling



While carbon reduction remains a key priority, a comprehensive Environmental strategy goes much further by assessing the full ecological footprint of an organisation.

THE “S” – SOCIAL

The Social pillar covers how a business treats people—within the organisation and in the wider community. It typically includes:

- Human rights and fair labour practices
- Equality, diversity, and inclusion
- Employee wellbeing and workplace culture
- Community engagement and volunteering

Demand for social reporting has grown rapidly, leading to more standardised metrics and clearer expectations for businesses.

THE “G” – GOVERNANCE

Governance refers to how a company is run—its leadership, decision-making processes, and internal controls. Strong governance supports ethical behaviour, transparency, risk management, and long-term organisational stability.

Typical Governance topics include:

- Codes of conduct and ethics
- Anti-corruption and compliance practices
- Board structure and independence
- Policies on harassment, whistleblowing, and accountability

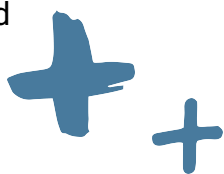
Governance is sometimes downplayed, but it underpins everything else. Without strong governance, environmental and social initiatives cannot be effectively delivered.

CHALLENGES AND LIMITATIONS OF ESG

ESG offers many benefits, but it also comes with challenges:

1. Measuring qualitative issues can be difficult

Metrics like carbon emissions are straightforward to quantify, but others—such as inclusion, culture, or biodiversity—are harder to measure consistently without the right guidance and know-how. This can lead to subjective assessments.



2. Too many frameworks create confusion

Because regulations vary across regions and industries, comparing ESG performance between companies can be difficult. Many organisations report under several frameworks at once, adding complexity.

3. ESG rating providers differ significantly

ESG scoring is not standardised. Different rating agencies use different methodologies, with the number of indicators sometimes ranging from fewer than 40 to more than 300. This makes it difficult for companies and investors to rely on a single rating.

The good news is that many frameworks are beginning to align, and the industry is moving gradually toward greater standardisation.

ESG IS A CONTINUOUS JOURNEY

At its core, ESG is about future-proofing your organisation, reducing risks, and improving your impact on people and the planet. It is not a one-off project or a compliance exercise. ESG requires ongoing adaptation as expectations, regulations, and global challenges evolve.

At **FuturePlus**, we support organisations to manage and report their impact across five themes—Climate, Social, Economic, Environment, and Diversity & Inclusion—which together reflect and expand upon the traditional ESG categories, helping to make sustainability clearer and more actionable.

Our accessible ESG framework is designed to give any organisation a strong, practical starting point. Our approach is sector-agnostic, internationally relevant, and built around globally recognised ESG indicators, while remaining independent of any one rating system or rapidly changing legislation.

NEED MORE HELP?

If you would like guidance on incorporating an accessible ESG framework into your organisation's strategy and operations, you can contact us at info@future-plus.co.uk.

