**Sustainability Policy Template - Instructions**

*This template is designed to help your company create a clear and effective sustainability policy. It includes all the essential elements required for compliance and also offers options to align with best practices, company values and upcoming regulations.*

***How to Use This Template:***

1. *Add Your Company Details*
   * *Insert your company logo or header at the top of the document.*
   * *Replace all red text with your company name and the names of the responsible people.*
2. *Customise Your Policy*
   * *In the “Sustainability Commitment” section, add your company’s specific goals and values.*
   * *You may include additional topics that reflect your company’s sustainability priorities throughout the document.*
3. *Clean Up the Document*
   * *The template includes three types of components, which are explained below. Delete the color codes after editing - keep the content if it’s relevant to your business.*
4. *Implement and Communicate*
   * *Sign and share the final policy with your team and key stakeholders.*
   * *Review and update the policy regularly to reflect changes in laws, industry standards, and your company’s goals.*

***Policy Structure Overview***

*The policy includes three types of components:*

1. ***Mandatory minimum requirements:*** *These sections must be followed by all AENU portfolio companies to meet the EU Sustainable Finance Disclosure Regulation (SFDR) requirements for an Article 9 fund. All topics of the template without a label are mandatory.*
2. ***Highly Advised:*** *ESG practices for companies to align with upcoming regulations*

*across the EU, UK and USA such as the CSRD, SEC rules and SDR.*

1. ***Advised:*** *Other areas not covered by upcoming regulation but are the best industry practices.*

**Sustainability Policy [Template]**

At [COMPANY], we use the term ‘ESG’ to describe a comprehensive set of environmental, social and governance matters impacting our company. We put these concerns at the core of our operations.

**What ESG means to us**

We are following a definition of ESG developed by [VentureESG](https://www.ventureesg.com/), which defines ESG across ten issue areas linked to E, S and G respectively:

1. **Environment :** considering the environmental impact from Scope 1 (directly caused by the company, e.g. through facilities) and Scope 2 (indirectly caused, e.g. energy, electricity, waste) to Scope 3 (caused by upstream and downstream activities, e.g. business travel, transportation of the product, customers’ energy usage); targeting both measuring but most importantly reducing the impact across all scopes.
2. **Social**:
   1. DEI: integrating diverse and inclusive practices across all areas of the business (e.g. diversity across all levels of the organization, inclusive hiring practices)
   2. Team and working environment: building a strong culture and being a conscientious employer (e.g. pay gap, parental leave, living wage)
   3. Responsible product design: designing and building products with consideration of the ethical and human implications on the end-user and society
   4. Supply chain: working towards an ethical and environmentally resilient supply chain (including a Supplier Code of Conduct embracing the UN’s Global Compact)
3. **Governance:** 
   1. Corporate Governance, e.g. independent board, transparent reporting, ownership
   2. Legal & Regulatory, e.g. complying with labour and tax regulations, human rights
   3. Data security and privacy / data practices, e.g. collecting/storage/management of data, implementing GDPR

**Sustainability commitment:**

[COMPANY] is dedicated to achieving exemplary environmental, social, and governance (ESG) performance throughout its operations, fostering sustainability, equity, health, and diversity in the communities served. Our unwavering commitment to sustainability principles is integral to our business operations and values.

**Objectives**

In line with the [OECD Guidelines for Multinational Enterprises](https://www.oecd.org/daf/inv/mne/48004323.pdf) and the [UN Guiding Principles on Business and Human Rights](https://www.unglobalcompact.org/library/2), [COMPANY] will respect the principles and rights set out in the eight fundamental conventions identified in the [Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work](https://www.ilo.org/declaration/lang--en/index.htm) and the [International Bill of Human Rights](https://www.ohchr.org/en/what-are-human-rights/international-bill-human-rights#:~:text=The%20International%20Bill%20of%20Human%20Rights%20is%20a%20powerful%20statement,agree%20to%20abide%20by%20them.). This includes the right to freedom of association, the prohibition of forced labour, the elimination of discrimination, and the promotion of a decent working environment.

We embed oversight and considerations of these guidelines and principles across its operations as detailed further below.

We will regularly review and assess its ESG policy to ensure that it reflects its commitment to responsible business practices and continuously improve our performance in these areas.

1. Environment
   1. **GHG emissions**: We are committed to track our GHG emissions on a yearly basis. Including Scope 1 (emissions directly caused by the company, e.g. through facilities), Scope 2 (indirectly caused, e.g. energy usage from offices and facilities - including detailed electricity and heating consumption, waste generation), and Scope 3 (caused by upstream and downstream activities, e.g. business travel, transportation of the product, customers’ energy usage). Additionally we track our energy usage and seek to minimise it, and shift to renewable energy sources where possible.
   2. **Net Zero**: We are committed to achieving net zero under a 1.5C pathway as it relates to internal organization practices regarding hotspots in our Scope 1-3 emissions. Net zero emissions shall be achieved by 2030 through a combination of emission reduction initiatives such as Green Energy Providers, Shorter Supply Chains, Corporate Waste/Water Policies and Green Travel Policies.
   3. **Climate risks and opportunities**: We are committed to monitor and mitigate climate risks associated with our business (“double materiality”). Climate risks are defined as “(1) risks related to the transition to a lower-carbon economy and (2) risks related to the physical impacts of climate change.”[[1]](#footnote-0) Climate opportunities arising from mitigating or adapting to climate change are also monitored.
   4. **Biodiversity & Water**: We are committed to developing a business model that is sustainable and positive with nature, such that our activities protect and promote the sustainable development and growth of our limited natural resources.
   5. **Waste**: We are committed to implementing an effective waste management system that meets or exceeds all legislative and regulatory requirements placed on us and tracking the amounts of hazardous waste produced to minimise it as best as possible.
   6. **Monitoring, evaluation, and performance**: We are committed to monitor and evaluate impact and ESG performance across a variety of KPIs to define positive and potential adverse impacts connected with the value chain. This information is regularly integrated into board and executive discussions to influence decision-making.
2. Social
   1. **Human rights, including labour rights**: We are committed to preserving and promoting the protection of human rights within our own business activities, as well as those of our supply chain. We oversee our operations to ensure compliance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

We will not knowingly engage directly or indirectly in any activity which harms the human rights of others. We will take appropriate and reasonable steps to ensure against this and take remedial action on any identified human rights issues which we are directly or indirectly linked to. This includes ensuring our operations and supply chain do not support modern slavery, human trafficking, child and forced labour, or excessive working hours, and ensuring freedom to association.

* 1. **Diversity, equity, and inclusion (DEI)**: We are committed to integrating diverse and inclusive practices across all areas of the business. This includes diversity across all levels of the organization and inclusive hiring practices.
  2. **Compensation and benefits:** We ensure company benefits are fair and competitive including parental leave, annual leave, ESOP and other benefits. We also ensure all employees are paid a living wage, and screen for unadjusted gender pay gaps.
  3. **Occupational health & safety:**  We are committed to providing a safe and healthy working environment by making every effort to comply with relevant health and safety laws and to develop the most conducive operations, procedures, technologies, and programs to create such an environment.
  4. **Responsible product design**: We are committed to designing and building products with consideration of the ethical and human implications on the end-user and society
  5. **Supply chain:** We are committed to working towards an ethical and environmentally resilient supply chain (including a [Supplier Code of Conduct](https://www.un.org/Depts/ptd/sites/www.un.org.Depts.ptd/files/files/attachment/page/pdf/unscc/conduct_english.pdf) embracing the UN’s Global Compact).

1. Governance
   1. **Legal and regulatory:** We are committed to being on top of and aligned to the latest laws, especially relevant fair competition and taxation laws, regulations and compliance standards (e.g. GDPR (and equivalent), [UN Guiding Principles of Business and Human Rights](https://drive.google.com/file/d/1s-rztUHyflWHaP7jp3khuK5PTQF1yERF/view?usp=sharing), the [eight core ILO conventions](https://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang--en/index.htm)). The oversight of these issues is ensured by the founding team and Board of Directors.
   2. **Supplier Code of Conduct:** We have a supplier code of conduct to ensure transparency and accountability along the supply chain. It ensures suppliers align with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.
   3. **Governance:** We are committed to having appropriate governance structures in place, according to the company’s stage (e.g. board structure, share structure); writing out a code of conduct (committing the company to high ethical standards); adopting a whistle-blower policy.
   4. **Anti-corruption and anti-bribery:** We are committed to maintaining the highest standards of integrity and transparency in all business dealings, and strictly prohibit any form of corruption, including bribery, embezzlement, or fraud, in our operations and supply chain. We work actively and systematically to prevent bribes and corruption to ensure alignment with ‘Combating Bribery, Bribe Solicitation and Extortion’ guidelines in the [OECD Guidelines for Multinational Enterprises](https://www.oecd.org/daf/inv/mne/48004323.pdf); by informing and educating the organization and its stakeholders.
   5. **Diversity of company board members:** We track diversity of the board across multiple metrics (including age, gender, and educational and professional background), *[and are committed to [XX%] diverse representation.]*
   6. **Data privacy and security**: instilling a strong culture of trust, responsibility and best practice (e.g. with internal systems) around data. We are aligned with relevant data protection regulations within the jurisdictions in which we operate (e.g. GDPR).

**How we operationalize Sustainability at [COMPANY]**

* **Sustainability responsibility:** While every member of our team is concerned with and thinks along the lines of sustainability when making decisions, we have assigned the overall responsibility for Sustainability to [PERSON]. Our approach to Sustainability will be discussed regularly in our C-level meetings (at least once a year).
* **Hiring and working environment**: We are committed to hiring a diverse team and providing an inclusive working environment. We have a specific DEI policy in place (including considerations of inclusive hiring, parental leave, pay gaps).
* **Good governance**: all decision making in both the advisory / oversight board and larger team is committed to the 9 principles of good governance; participatory, consensus-oriented, accountable, transparent, responsive, effective, efficient, equitable, and law-abiding and demonstrates a strategic vision
* **Impact & ESG report**: We will report on Impact & ESG report every year.
* Any employee who has questions about this policy or requires further information on the subject of ESG should contact [NAME, TITLE].

**Acknowledgement**

By signing below, I acknowledge that I have read and understand this policy.

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Printed Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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**Supporting Frameworks**

The ESG principles mentioned above are supported by the company’s operation in accordance with the:

* [**UN Sustainable Development Goals**](https://sdgs.un.org/goals)**;**
* [**UN Guiding Principles for Business and Human Rights**](https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf)
* [**OECD Guidelines for Multinational Enterprises**](https://www.oecd.org/daf/inv/mne/48004323.pdf)
* [**ILO Declaration on Fundamental Principles and Rights at Work**](https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/normativeinstrument/wcms_716594.pdf)
* [**Universal Declaration of Human Rights**](https://www.un.org/en/about-us/universal-declaration-of-human-rights)

1. TCFD, Task Force on Climate-related Financial Disclosures, 2021 Status Report.

   <https://www.fsb.org/wp-content/uploads/P141021-1.pdf> [↑](#footnote-ref-0)