



ESG Starter Strategy

A foundation document to begin our Environmental, Social & Governance (ESG) journey

1. Executive Summary

This ESG Starter Strategy outlines a practical and phased approach for your organisation to begin integrating Environmental, Social, and Governance considerations into our operations. ESG is becoming increasingly relevant for NZ organisations due to evolving regulatory expectations, particularly around climate disclosures, modern slavery, and governance transparency, alongside stakeholder expectations for responsible business practices.

This document provides a simple roadmap built around what matters most for SMEs - compliance, operational efficiency, reputation, and future-proofing the business.

2. Why ESG Matters for Our Organisation

External Drivers

- **Increasing NZ regulatory momentum:** NZ's climate-related disclosure framework is expanding, even if currently mandatory only for large organisations. SMEs are encouraged to voluntarily measure emissions and improve sustainability practices.
- **Customer & supply chain expectations:** Larger customers increasingly require sustainability data from SME suppliers.
- **Cost savings & efficiency:** Energy efficiency, waste reduction, and responsible resource use often directly reduce operating costs.

Internal Benefits

- Strengthened brand and trust
- Improved recruitment & retention
- Better risk management and long-term resilience

3. ESG Material Topics for NZ SMEs

Based on NZ SME sustainability guidance and local regulatory trends, we propose the following **priority topics**:

Environmental (E)

1. Emissions & Energy Use
2. Waste Reduction & Recycling
3. Resource Efficiency (water, materials)

Social (S)

1. Health, Safety & Wellbeing
2. Workforce development and skills



3. Diversity, Equity & Inclusion (DEI)
4. Community Engagement & Māori partnership considerations

Governance (G)

1. Policies & Ethical Standards
2. Supply Chain Transparency
3. Risk Management (including climate risk)
4. Board/Leadership oversight

4. Recommended Frameworks & Tools for SMEs

- **Starter for Ten - NZ SME Sustainability Topics** (10-topic framework)
- **EECA Energy Efficiency Support & Guides** (for emissions & energy reductions)
- **SBC's "Making ESG Part of Your Risk Management"** (guidance on embedding ESG into ERM)
- **Simple carbon calculators** (eg - Toitū or EECA-supported tools)

5. Governance & Accountability Structure

- **ESG Sponsor:** Senior leader responsible for oversight
- **Working Group:** Cross-functional team (ops, HR, finance)
- **Reporting Frequency:** Quarterly internal updates; annual public summary
- **Integration:** ESG risks incorporated into organisational risk management systems.

6. Next Steps & Immediate Actions

1. Confirm ESG sponsor and working group
2. Begin emissions measurement and waste audit
3. Draft simple ESG policies (Code of Conduct, Supplier Standards)
4. Start a small-scale, positive initiative within 60 days (eg - recycling upgrade, wellbeing workshop, energy efficiency upgrade)