

# ELEARNINGNEWS ARTICLE

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## eLearning and ESG: the whys of a symbiosis

*How does eLearning help companies achieve their environmental, social and governance sustainability goals?*

ESG criteria are an essential and distinctive element of running efficient and modern businesses. Respect for the environment and society also comes through corporate training, administered at all levels, from the board of directors and senior management to frontline staff. eLearning is the best tool for this goal.

### Corporate organization and ESG criteria

In recent years, major corporations have developed an increasing sensitivity that goes beyond the normal economic sphere. Providing innovative products or services, engaging in continuous development of innovative technologies and solutions, controlling costs, and exploring new market niches is important but not enough. Social acceptance is an important requirement, especially for those companies that want to extend beyond their home sphere. Being present in multiple markets means respecting the rules of each society that expresses them: in a hyper-connected world, a misstep in one country can spill over and affect others.

To guide the company's management, **ESG criteria provide guidelines for evaluating business decisions in a number of areas that make up the society in which the company operates.** The basic idea behind ESG criteria is to reduce and ideally zero out the negative externalities inherent in business management. Well understood, the main objective of the enterprise remains the creation of value in the long run, and to do this, it essentially remains in place to provide value to the market through products or services that compete on price, quality or a mix of the two. The point is that in pursuit of this goal, every economic activity is called to account for the collective resources it uses and the way it manages resources and people.

This change, which aims to recognize and preserve the importance of collective resources and values, is all the more effective the more widespread it is: **it is true that those businesses that best meet ESG criteria can boast a competitive advantage,** but the real impact is achieved if compliance with these guidelines becomes ubiquitous. It is precisely this need that allows ESG criteria to be best linked with eLearning: to be best adopted, these criteria must be understood and shared by every member of the business team.

### ESGs in detail

Having said their importance, it remains to clarify what ESG criteria are. The acronym is the synthesis of Environment, Social and Governance, three concentric aspects on which to evaluate the company and its operations.

That is, Environment, meaning nature, ecosystem, natural resources and protection of living species; Social, meaning respect for people and society in general. Governance, meaning managerial responsibility and administrative fairness of the company. The basic idea is that a good enterprise is one that acts according to ethical principles that require it not only to respect the laws of the countries in which it operates, but also the human communities with which it interacts and the environment in its broadest definition. There is little point in formally complying with laws if they overlook discrimination or exploitation, as well as, showing fair treatment of employees and customers if the environmental impact is harmful.

### Environmental criteria

Environmental responsibility criteria are aimed at addressing issues related to climate change, use of nonrenewable energy sources, emission of pollutants, conservation of natural resources, and treatment of animals. These criteria also help to assess the risks and impact of adverse events in business management. A checklist to verify compliance with environmental criteria could include questions such as:

- Does the company have an environmental policy with clear commitments?
- Is the environmental policy approved by management and the board of directors?
- Has the enterprise trained employees and senior management to establish and implement environmental policies?
- Are environmental policies constantly reviewed and improved?
- Are there procedures for responding to environmental emergencies?

The checklist should then go into the specifics of actions and policies to be taken, from activities that may impact climate change to emissions that may contribute to air pollution or release toxic or hazardous substances, to management of production cycles that include waste disposal to compliance with the most up-to-date regulations

## Social criteria

Social responsibility criteria concern both the group of people within the enterprise and those outside it. The point is to ensure that corporate management is set toward respecting every stakeholder who may have a legitimate interest in the company's activities. What is expressed in English as stakeholders should be understood in a broad sense: not only workers but also customers and people in general are stakeholders. The guidelines of a social responsibility policy range from the safety and health of employees, to respect for diversity at all stages of the working relationship, from equal opportunities in hiring, career advancement to job and remuneration. The ethical criteria adopted should also be respected outside the company, promoting inclusion and representation even among customers and ensuring social justice in the community at large.

A checklist on social respect criteria could include these questions:

- What actions are taken to ensure health and safety in the workplace?
- Does this policy have the support of managers and board of directors?
- Have employees and senior management been trained to follow the dictates of the safety policy?
- Are risks and procedures for controlling them periodically evaluated?
- Have appropriate emergency procedures been established?
- Have policies and criteria for respecting diversity and preventing discrimination been adopted?
- Is positive collaboration promoted between the enterprise and the community in which it is located?

## Governance criteria

Governance criteria require the enterprise to have transparent and verifiable management methods. For example, adopting audited accounting criteria makes it possible to monitor the company's performance and prevent noncompliance with any of the above points from being difficult to detect. Governance criteria might seem the least clear of all ESG principles at first glance. However, these, if adopted correctly, allow for the detection of potential conflicts of interest, inefficiencies, or outright malfeasance. These criteria range from the appropriate composition, independence, and accountability of senior management; the presence and sharing of ethical criteria and codes of conduct; the provision of ESG practices and procedures; supply chain management; and data and privacy management.

A checklist on governance criteria could include the following questions:

- Is the board diverse and inclusive enough?
- Are there conflicts of interest on the board?
- Is executive compensation consistent with the company's code of ethics and values?
- Is there a committee to promote compliance with ESG criteria?
- Do accounting policies allow for verification of compliance with ESG criteria?
- Is the code of ethics constantly reviewed and updated?
- Does the company respect human rights in each country?
- Are there systems in place to measure ESG performance?

## eLearning and ESG criteria

As can be seen, ESG criteria and the actions, procedures, and business management principles they entail involve the company at all levels. On the one hand, awareness and involvement of the board of directors and senior management are necessary: they

are responsible for promoting adoption and overseeing compliance and progress in management in accordance with ESG principles. On the other hand, policies and procedures must be transformed into concrete actions that modify or replace normal business management: this task falls to line management and employees, who are called upon to apply the criteria on a day-to-day basis. It is unthinkable to consider ESG criteria without proper training.

From the simple list of questions presented above, it is easy to see that the range of courses to ensure compliance with ESG criteria is very broad: they range from courses on safety and emergency management, to those on risk assessment; from training on business collaboration to conflict management; from accounting reporting to training on ESG regulations. In some ways, **ESG criteria are pervasive enough to link to most training courses that can be provided in the company.** It is natural then to make the connection between ESG criteria and eLearning, according to the ESG-training, training-eLearning transition: ESG criteria imply training, and the best possible administration for training is eLearning.

How can this relationship be mutually beneficial?

Through the use of eLearning, a company can access the expertise of experts in the various subjects required by ESG criteria. And it can do this with the convenience of being able to access ready-to-use content, without the need to book courses and events. The joint work of Subject Matter Experts and Instructional Designer then allows the course to be delivered by adapting its content and depth depending on the target audience: the production manager, human resources employee, or salesperson will have different in-depth needs when they have to take a course on environmental risk analysis, for example. Differentiating a course with separable modules makes it possible to provide each with the appropriate content.

The benefit is also reverse. Just as eLearning is the most congenial format for promoting the adoption of ESG criteria in the company, they are also a valid motivation for the use of eLearning training: not only does the range of required courses prove it, but also the need for continuous updating of procedures and audits drives this symbiosis.

## In summary

Compliance with ESG criteria is not only a possible component of a company's competitive advantage, but also a way to ensure a better balance between it and the social and natural environment in which it operates. The criteria branch out into a series of points that an appropriate checklist must verify. Only through its ongoing review can a company be sure of achieving and maintaining compliance with these criteria.

Continuing education, and eLearning as its most advanced form, can facilitate this task. The relationship between eLearning and ESG criteria, if adopted in the right spirit, can lead to a virtuous cycle for companies.

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