

The new CEPAR® model: a five-step methodology to tackle corporate ESG challenges

Paulina P.Y. Wong

Science Unit, Lingnan University, Hong Kong SAR, China, and

Mike S.F. Hui and Angus W.H. Yip

International Chamber of Sustainable Development, Hong Kong SAR, China

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Abstract

Purpose – Addressing Environmental, Social and Governance (ESG) issues has become a critical aspect of business strategy. Since ESG has primarily focused on ratings and measures for reporting, there is a scarcity of methods to assist stakeholders in better comprehending corporate risk and addressing ESG-related issues and problems. The purpose of this paper is to propose a new model to narrow the critical gap.

Design/methodology/approach – This study is based on several well-known structural frameworks for managing risks and projects in various industries. Two case studies on topics related to environment (E) and social (S) responsibility are used to demonstrate the practical implementation of the CEPAR® model.

Findings – The CEPAR® model, a trademarked five-step methodology (the Challenge-Evaluation-Planning-Action-Review model) was developed by the International Chamber of Sustainable Development (ICSD). The method and guidelines are outlined for easier appreciation by stakeholders of corporations to analyze ESG-related challenges and dilemmas, then able to make principled decisions, take actions, and review the outcomes. Each phase of the new model adheres to the theoretical and practical frameworks for problem-solving and decision-making, emphasizing the iterate process of addressing challenges, evaluating materiality, planning actions, taking actions, and reviewing the outcomes.

Originality/value – The new model is applicable for business corporations and organizations seeking to gain insight and tackle crucial ESG issues, ultimately improving their short- and long-term decision-making and business opportunities.

Keywords CEPAR®, ESG, ICSD, Risk management, Ethical scenarios, Certified ESG Planner CEP®

Paper type Research paper

Introduction

The acronym “ESG” which stands for Environmental, Social, and Governance, comprises a set of metrics used to evaluate an organization’s non-financial sustainability performance. These metrics are designed to gauge the effectiveness of an organization’s governance systems and its capacity to manage its environmental and social impact. It also offers a means of assessing potential business hazards and opportunities in these areas. The concept of ESG is not new. It was initially introduced in 2004 in a landmark study titled “Who Cares Wins: Connecting Financial Markets to a Changing World” which was carried out by the International Finance Corporation (IFC) and financial institutions to scrutinize the role of environmental, social, and governance value indicators in asset management and financial research (Compact UN Global, 2004). Subsequently, it was also noted in the UN Principles for Responsible Investment (PRI) report, launched by UNEP Finance Initiative and the UN



Global Compact in 2006 (Eccles *et al.*, 2020). The PRI denotes a voluntary framework that enables investors to integrate ESG considerations into their decision-making and ownership practices, thereby enhancing the alignment of their objectives with those of the broader society.

ESG refers to a system employed by companies to assess their environmental and social credentials. Businesses have the ability to evaluate themselves based on environmental, social and governance criteria. According to a report by [Bloomberg Intelligence \(2021\)](#), it is projected that investments in socially responsible ventures, which are evaluated based on ESG ratings, will surpass US\$53 trillion by the year 2025. This amount is expected to account for over one-third of the total global assets of management. ESG ratings and measures are designed for ESG reporting instead of monitoring individual underlying issues (Clement *et al.*, 2023). Currently, there is a scarcity of methods or tools available within the industry for stakeholders or professionals to adopt and effectively evaluate the underlying ESG-related issues. Consequently, a solution is developed by the International Chamber of Sustainable Development (ICSD) to narrow this critical gap: the new five-step CEPAR® methodology, the Challenge-Evaluation-Planning-Action-Review model. The method combines several traditional and reputed frameworks or models under risk management or investment. It is originated from the well-recognized CFA Institute Ethical Decision-Making Framework (Identify-Consider-Act-Reflect), which serves as a tool for analyzing and assessing ethical scenarios within the investment profession (CFA Institute, 2017). Other widely accepted frameworks, for example, the six-step financial planning process developed by the Financial Planning Standard Board (FPSB), the four-step risk management process (Rejda, 1998) and other theoretical frameworks (Babatunde and Adebisi, 2012; Mintzberg, 1993) have been reviewed and referenced. Noteworthy, the four-step risk management process (Rejda, 1998; Belgodere *et al.*, 2021) is more generic, which can be applied to different industries and contexts, and it supports the stakeholders or professionals to focus on identifying and managing potential risks.

Theoretical framework

Although ESG has existed for nearly two decades, it has only been popularized in the past few years, particularly upon the signing of the Paris Climate Agreement at the United Nations Framework Convention and the development of the United Nations Sustainable Development Goals (SDGs) in 2015 (UN General Assembly, 2015). The primary objective of the Paris Agreement is to mitigate the effects of climate change by restricting the escalation of global average temperature to below 2°C (36°F) above the levels observed in the pre-industrial era. It also emphasizes the need to undertake efforts to curtail the increase to 1.5°C (35°F). In recent years, the physical consequences of climate change have become ubiquitous, from unprecedented wildfires to severe flooding, droughts, intense heat waves, and hurricanes. It has caused shipping and supply chain disruptions, resulting in higher insurance costs and decreased profits. Almost all industries, companies, and businesses have been threatened, either directly or indirectly, by the impact of climate change. In September 2021, major oil and gas companies shut down more than 90 percent of the oil production and operations and evacuated workers from offshore platforms located in the Gulf of Mexico due to Hurricane Ida. The massive storm resulted in a reduction of approximately 30 million barrels in US oil production throughout the year, thereby exerting a significant impact on the energy production and supply. Mattison and Mintz (2019) reported that 80 percent of the world's largest companies are reporting exposure to physical or market transition risks associated with climate change.

The United Nations introduced the 2030 Agenda for Sustainable Development in 2015, which encompasses 17 SDGs. These SDGs, commonly referred to as global goals, serve as an

urgent call to action for all nations, both developed and developing, to collaborate in order to attain inclusive and sustainable development on a global scale by 2030 (UN General Assembly, 2015). The agenda was built on the principle of “*leaving no one behind*” to ensure that no individual would be excluded or marginalized while tackling the issue of climate change. The 17 SDGs encompass a comprehensive set of targets, consisting of 169 specific objectives. These targets serve as a valuable tool for companies and businesses, aiding them in assessing their sustainability risks and formulating effective action plans. The SDG framework has become the beneficial framework for responsible investment, particularly as the business world increasingly prioritizes ESG considerations. The SDG agenda embodies significant potential as it facilitates and incentivizes various stakeholders, including governments, companies, suppliers, and clients, to promptly engage in actions and contribute toward a more sustainable future (Niloufar *et al.*, 2022). Hence, ESG aligns very well with SDGs and the metrics are often mapped across the 17 goals. Each SDG may signify a domain of risk to business and society (Trucost, 2018), which might persist and intensify unless they are adequately and efficiently tackled. Hence, ESG factors are highly compatible with the SDGs, and the ESG metrics are frequently correlated with all 17 SDGs. Ultimately, organizations and businesses that adopt a proactive approach toward the SDG agenda are expected to improve their ESG and sustainability performance, resulting in higher ESG ratings while simultaneously uncovering new sustainability growth and development opportunities (Aldowaihi *et al.*, 2022). Ortiz-de-Mandojana and Bansal (2016) revealed that a positive correlation exists between strong sustainability performance and lower financial volatility, increased sales growth, and enhanced long-term survival prospects across a 15-year time frame. There is also anecdotal evidence from corporate leaders that products associated with sustainable practices tend to experience faster growth, e.g., Hindustan Unilever (Jeevan, 2016).

Since various problem solving and project management frameworks are similar in nature, to make a concise articulation for the theoretical framework, the CFA Institute Ethical Decision-Making Framework is adopted for more detailed referencing. The CFA Institute, established in 1947, is a worldwide non-profit professional organization that seeks to offer accredited finance education and training to investment professionals (CFA Institute, 2023). The Institute has established a valuable resource known as the ethical decision-making framework, which aims to assist investment professionals in resolving a variety of ethical scenarios and challenges that transcend “right” or “wrong” (CFA Institute, 2017). The framework consists of four major elements: **Identify**, **Consider**, **Act**, and **Reflect**.

Under the CFA ethical decision-making framework, **Identify** involves recognizing relevant facts, stakeholders, duties owed, ethical principles, and conflicts of interest. It emphasizes the importance of gathering comprehensive information and considering multiple perspectives to identify important issues that may impact decision-making (CFA Institute, 2019, pp.16-17). This element expects to guide professionals and stakeholders to clearly define and understand the challenges and issues that they are facing. This is similar to the first step of the four-step risk management process, Risk Identification, which involves recognizing and defining potential risks or opportunities. Hence, the Challenge phase of the new CEPAR® Model describes the process of identifying material ESG factors and is referenced in the Identify element under the CFA framework. Both models involve recognizing and understanding the challenges or issues at hand (ESG-related risks) and the potential impact on the business.

For the **Consider** element under the CFA framework, it is crucial to evaluate the materiality of the challenges identified and consider ethical aspects in decision-making. According to the CFA Institute, ethical conduct goes beyond legal requirements and encompasses what various societal groups consider ethically correct behavior. Ethical decision-making requires individuals to think through the facts of the situation and make

appropriate choices even in the absence of clear laws or rules. It involves judgment, actively considering the interests of stakeholders, and striving to benefit multiple stakeholders while minimizing risks, including reputational risk (CFA Institute, 2019). Similarly, the second step of the four-step risk management process, Risk Assessment, involves qualitatively and quantitatively assessing and evaluating the risks or opportunities. Hence, the Evaluation phase of the new CEPAR® Model highlights the importance of assessing the corporate performance on the identified challenges and evaluating both their impact and financial materiality for the business (Schoenmaker and Schramade, 2019). It is also crucial to consider the long-term consequences and avoid over-reliance on compliance alone. Evaluating the ethical aspects of challenges requires a broader perspective and consideration of the interests of stakeholders beyond shareholder wealth maximization and immediate situational influences.

The **Act** element of the CFA framework involves actions taken, but places emphasis on the continuous monitoring and feedback that occurs during the implementation process of the planned strategies, ensuring their alignment with long-term objectives of the organization. Organizations are encouraged to engage in performance measurement, wherein they assess their performance, compare it against the desired outcomes, and implement necessary adaptations or corrective actions. The iterative nature of decision-making underscores the need for ongoing review and change in order to ensure that planning and execution are in accordance with intended objectives (CFA Institute, 2019). The CEPAR® model entails the division of the Act process into two distinct phases, namely Planning and Action. During the Planning phase, the focus is to develop a comprehensive and organized plan that is both effective and successful. It is noteworthy that the plan is not static and should be adaptable to evolving conditions. The significance of emphasizing the iterative nature of planning and execution, as well as the incorporation of stakeholder viewpoints and ethical decision-making standards, cannot be overstated in the Action phase. The implementation of regular reviews and input from stakeholders facilitates an ongoing improvement and refinement of the plan.

This notion refers specifically to the third and fourth steps of the four-step risk management process, namely Risk Treatment and Risk Monitoring and Reporting. The purpose of Risk Treatment is to formulate a treatment plan that mitigates the likelihood or severity of risks and enhances the probability or advantages of opportunities (aligns with the Planning phase of the CEPAR® model), whereas Risk Monitoring and Reporting are centered on the ongoing monitoring and reporting of risks, opportunities, and their corresponding treatment plans (aligns with the Review phase of the CEPAR® model). Overall, the Planning phase of the CEPAR® model provides the foundation for action by developing a comprehensive plan, while the subsequent Action phase is where the planned strategies are executed and monitored. The use of feedback loops to focus on continuous improvement in both phases ensures that strategic planning is properly implemented into action and progress is made toward desired goals (Schoenmaker and Schramade, 2019).

The final component of the CFA framework, **Reflect**, encourages a rigorous examination aimed at identifying areas in need of improvement and informing subsequent ethical decision-making processes. This highlights the iterative and reflective nature inherent in the professional realm, when individuals are expected to continuously evaluate and derive insights from their decisions and actions. Gaining a comprehensive awareness of one's personal strengths and weaknesses might significantly enhance the ability to make more informed and ethically sound decisions in the future. Likewise, the Review phase of the CEPAR® model maintains the iterative character of the reflection and assessment process as mentioned in the Reflect (CFA) and Risk Monitoring and Reporting (four-step). The focus lies on assessing the outcome against specific evaluation criteria, which encompass long-term objectives, ESG goals, non-financial KPIs, contributions to SDGs, and financial KPIs.

Furthermore, the notion proposes the pursuit of direction, evaluating alternative actions, and reflecting multiple times as new information and consequences unfold (CFA Institute, 2019). Generally, both the Reflect and Review approaches emphasize the importance of the iterative reflection and internal review to enhance ethical decision-making processes, while also prioritizing the interests of clients and organizations. This is not a final stage.

Table 1 provides an overview of the referenced idea and the model structure of both approaches (CEPAR® vs. CFA) with respect to the four-step risk management process. Both approaches adhere to a structural framework for problem-solving and decision-making, emphasizing addressing challenges, evaluating options, planning actions, taking action, and reviewing the outcomes.

Methodology

The CEPAR® model is a five-step methodology newly developed by ICSD as a practical tool for stakeholders and professionals in the industry. Its purpose is to facilitate the adoption of essential knowledge and skills, as well as the effective evaluation of underlying ESG-related risks. Ultimately, it aims to tackle the most pressing ESG issues, enhance the effectiveness of decision-making and increase business opportunities. Table 2 summarizes the questions and guidelines on how to adopt the CEPAR® Model for particular scenarios and case studies.

Case studies and discussions

This section presents two case studies that examine the concepts of social (S) responsibility (Case Study 1) and environmental (E) responsibility (Case Study 2). These case studies exemplify the implementation of the new CEPAR® model in various disciplines.

CEPAR® Model	CFA Framework	Reference Ideas	Four-Step Risk Management
Challenge	Identify	<u>Challenge</u> : includes identifying core corporate-level challenges or potential ESG-related challenges <u>Identify</u> : involves identifying the challenges or dilemmas in general	Risk Identification
Evaluation	Consider	<u>Evaluation</u> : involves evaluating the materiality of the challenges identified and considering ethical aspects in the decision-making process <u>Consider</u> : emphasizes the importance of ethical considerations in the evaluation of challenges and decision-making processes	Risk Assessment
Planning Action	Act	<u>Planning</u> : involves developing a comprehensive and organized action plan that is adaptable to changing circumstances <u>Action</u> : allocates resources and implements action plan <u>Act</u> : make a decision and act	Risk Treatment
Review	Reflect	<u>Review</u> : evaluates the outcome of the actions taken against various specific evaluation criteria and identifies areas for improvement <u>Reflect</u> : encourages a rigorous examination aimed at identifying areas in need of improvement and informs subsequent ethical decision-making processes.	Risk Monitoring and Reporting

Table 1. Overview of the referenced idea and model structure of CEPAR® and CFA Framework, with respect to the four-step Risk Management process

Source: By authors

Challenge	<p>What is your Challenge?</p> <ul style="list-style-type: none"> ➤ Identify one or more core business challenges related to ESG risks and opportunities, such as (E) environmental issues of carbon emissions, waste management, pollution; (S) social issues of employee benefits, Diversity, Equality and Inclusion (DEI) issues, human capital management; and (G) governance issues of board diversity, general business ethics.
Evaluation	<p>Is your challenge material to the corporation's business?</p> <ul style="list-style-type: none"> ➤ Consider double materiality in light of both the impact materiality on society and the environment and the financial materiality of its implications. This step confirms the materiality of the challenges identified using the materiality matrix of the corporate stakeholders, if available, Sustainability Accounting Standard Board (SASB) materiality framework checking, and also stakeholder analysis by identifying both long-term and short-term goals of stakeholders. ➤ Stakeholder analysis: identify major stakeholders and prepare a stakeholder impact map (Schoemaker and Schramade, 2019, pp. 136-137). ➤ The materiality analysis confirms the relevance of the challenges to the long-term sustainability of the corporation and justifies its allocation of resources. ➤ It should prioritise the challenges if more than one challenge were identified in step 1.
Planning	<p>What are the policy directions that are beneficial to the corporation and the stakeholders?</p> <ul style="list-style-type: none"> ➤ Determine the policy plans that are beneficial to the ESG risk mitigation/transition to a sustainable world. Develop a strategic plan, refined business proposition and even a modified business model that is adaptable to changing circumstances. ➤ Discuss whether the plans contribute to frameworks like the specific goals of the SDGs, ISO standards, SBTi, TCFD, TNFD, GRI, SASB, CSRD, IFRS S1 & S2, etc. ➤ From the policy plan, the direction to determine the policy's success will be discussed. ➤ Set target performance and metrics.
Action	<p>How can you implement the action plan?</p> <ul style="list-style-type: none"> ➤ Illustrate the action plan (i.e., resource allocation, incentive schemes for management and employees, training and culture-building activities, etc.) to facilitate the implementation of the ESG solution. Consider the concept of just transition in the process. ➤ The solution to ESG risks and opportunities intends to help corporations sustain long-term sustainability and competitiveness by re-affirming social license to operate, enhancing customer loyalty, improving efficiency, alleviating climate physical and transition risks, reducing regulatory pressure, increasing employee satisfaction, mitigating negative externalities, or ensuring benefit from sustainability megatrends.
Review	<p>How would you evaluate the implementation outcome?</p> <ul style="list-style-type: none"> ➤ Review the outcome of the actions taken against various specific key performance indicators. The key performance indicators take into account qualitative as well as quantitative benchmarks to determine the success of the policy plan. The key performance indicators can reference the sustainability report data disclosure required by the government for listed companies and international standards. ➤ Evaluate if the outcome meets the desired goals and identify areas for improvement. This stage also serves as a feedback loop to modify the policy plan and target performance defined in the Planning step.

Table 2.
Overview of how to
adopt the CEPAR®
Model for a business to
evaluate the
underlying ESG-
related issues

Case Study 1: Disability Inclusion in a Global Credit Card Network Company	
Challenge	An international credit card network group received complaints about its outdated diversity and inclusion policy and concerns about employee rights and reputation risks.
Evaluation	<p>In the SASB framework, “Employee Engagement, Diversity & Inclusion” is considered as one of the ESG material issues for the group. Discrimination in the workplace may weaken employee motivation and loyalty, and even violate relevant government policies in some countries. An appropriate DEI policy can ensure the group’s social licence to operate, and therefore, is financially significant to the company. For disability inclusion, the company is one of the signatories of Valuable 500, a global organization with 500 CEOs supporting disability inclusion. It is one of the value propositions for the company to support a diverse, inclusive, and balanced workforce including physically challenged staff. Therefore, in terms of double materiality, a well-developed DEI policy has both financial and social impact materiality effects on the group.</p> <p>The materiality analysis extracted from a stakeholder impact map can help the company to justify the inclusion challenge as shown below:</p> <p>Employees – The company should play a key role in cultivating a purposeful work environment for everyone. This includes a level playing field for employees from different walks of life.</p> <p>Shareholders – The company’s commitment to inclusion will be supported if it is proven successful from the financial key performance indicators.</p> <p>Financial institutions, merchants, and consumers – The company’s commitment to the inclusion is supported, since it symbolizes its firm commitment to working with partners for commercially sustainable and accessible fintech products. This can help financial institutions and merchants remain competitive with the most advanced fintech products for consumers.</p> <p>Suppliers – The company’s commitment to inclusion can help the suppliers justify the higher premiums paid to people with disabilities by framing it as necessary for engaging with large and reputable companies like the group in this case.</p> <p>Government and regulatory bodies – They are likely to support the company’s inclusion initiative, as this can help them address social issues, including employment opportunities for people with disabilities, and encompass accessible banking.</p> <p>Non-governmental organizations – They are likely to support the company’s inclusion initiative, as this can provide gainful employment opportunities for people with disabilities. These organizations can also advise the company on widening the talent pool and implementing effective workplace accommodative measures.</p>
Planning	<p>Considering the above stakeholders’ expectations, a group-wide strategic move that suits the value proposition is essential. The company recommended a disability inclusion plan with the following directions:</p> <ul style="list-style-type: none"> • Benchmarking itself against competitors in terms of disability inclusion targets (key performance indicators) like the percentage of staff with disabilities. • The company should look for opportunities to support inclusive fintech products through research and development and offer venues for testing the products. • Disability inclusion can help the company to achieve the United Nations Sustainable Development Goals:

<ul style="list-style-type: none"> ○ Goal 8 – Decent Work and Economic Growth - Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all ○ Goal 17 – Partnerships for the Goals - Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development 	
Action	
<p>The group implemented a new five-year initiative with several hundreds of millions of US dollars in a commitment to combat racism and create equal opportunities for all, including people with disabilities. To facilitate disability inclusion, substantial resources will be allocated to staff policy, product development, supplier policy, and stakeholder engagement and communication. The following detailed strategies are recommended:</p>	
Stakeholders	Actions
Employees	Collect ideas from employees for setting inclusion policies that form an essential part of the company's creation of a level playing field for employees from different walks of life. Disability inclusion allows employees to learn about working effectively with people with disabilities.
Shareholders	Gain the support from major shareholders that disability inclusion is a key part of the company's strategy, providing a widened talent pool as well as increased opportunities for current and future products to be commercially sustainable and accessible for people with disabilities and their caregivers.
Financial institutions, merchants, and consumers	Showcase that the disability inclusion is the company's commitment to co-pilot commercially sustainable and human-centered products for people with disabilities and their caregivers.
Suppliers	Disability inclusion is the company's expectation for suppliers to support people with disabilities by recruiting and purchasing their products.
Government and regulatory bodies	The company will show commitment to disability inclusion by working with government and regulatory bodies on measures that best incentivize employers to hire people with disabilities.
Non-governmental organizations	The company will support non-governmental organizations by providing internship and career opportunities to people with disabilities. Their views on the company's products and services will be sought for higher accessibility. The company will also offer staff volunteers to empower people with disabilities and share skills and knowledge related to fintech.
Review	
<p>The company can consider the following key performance indicators as a part of the measurement for its disability inclusion initiative:</p> <ul style="list-style-type: none"> • The percentage of employees with disabilities in the company and supplies across different seniority levels • The percentage of changes in applicants identifying themselves as having disabilities. 	

- The hiring ratio of employees with disabilities to other employees
- The turnover rate of employees with disabilities
- The number of days of absence for employees with disabilities
- The number of complaints filed due to disability discrimination
- The number of employees attending training in working with people with disabilities and the evaluation results of the training programs
- The number of the company's disability inclusion partners from government and non-governmental organizations

In 2021, a non-profit organization for global disability inclusion awarded the company as one of the best places to work for people with disabilities.

The company can further consider the following areas to review its work on disability inclusion:

- Employees' and suppliers' experience of working with people with disabilities.
- Disabled employees' experience in working for the company.
- Financial institutions, merchants, and consumers' views of the company products in terms of accessibility for people with disabilities and their caregivers.
- Government and regulatory bodies and non-governmental organizations' perceptions of the company's support for people with disabilities.

The following actions are recommended if the outcome is unsatisfactory:

- Surveys should be conducted to understand the challenges facing employees and suppliers in facilitating disability inclusion.
- Interviews should be conducted to learn about the experiences of employees with disabilities in the company.
- Surveys should be conducted with shareholders on how the company should communicate disability inclusion as a part of the company's strategy.
- Consultations should be launched with government and regulatory bodies and non-governmental organizations on how the company can better support disabled employees and tell its story of disability inclusion in society.

Case Study 2: Environmental Impact of ABC Minibus Company
<p>Challenge</p> <ul style="list-style-type: none"> • The company's minibuses are causing environmental pollution. • Future governmental policy trend: possible mandatory phasing out of the diesel minibus. • Intensified competition from other means of transportation like bus services.
<p>Evaluation</p> <ul style="list-style-type: none"> • The company owns over one hundred diesel minibuses. The large amount of GHG emissions has a material impact on the environment. Meanwhile, the company's service mainly covers rural areas, which are mostly country parks, campsites, piers, etc. Air-polluting minibuses will stifle citizen's motivation to enjoy outdoor activities, leading to a drop in the number of customers visiting those rural areas on weekends/holidays. In other words, environmental risk is financially material to the business. • Considering SASB materiality framework for the "Road Transportation industry",

<p>“GHG Emissions”, “Air Quality”, and “Driver Working Conditions and Accident & Safety Management” are the significant issues that merit concern. Financial materiality is further evidenced.</p> <ul style="list-style-type: none"> • In Hong Kong’s Climate Action Plan 2050, the government proactively promotes the 2050 net zero emission target. The risk of phasing out diesel minibuses in the coming years is significant and may become the major consideration in the government’s franchise renewal of minibus service. • Customers may switch from minibuses to buses due to their increase in the routes, the frequency of service, as well as the arrival time featured at the bus companies’ apps that notably reduce waiting time and improve service reliability. • The priority of the challenge is: 1) government policy change, 2) competition from bus service, and 3) environmental pollution. • The views extracted from the stakeholder impact map are as follows. The results give further insights into different stakeholders’ perspectives that generally warrant policies and actions for the mini-bus company. 					
Material issue	Local community	Tourists/passengers	Employees	Government/NGO	Local Business
Short-term goals	Reliable transportation	Access to remote areas and commune with nature (outdoor activities)	Good pay, Work-life balance, medical benefits	Service pledge	More customers Lower cost
Long-term goals	Promote traveling to rural areas	Enjoyment and better health	Financial security	Support local development without violation of regulations	Success in business
Positive impact	Take customers to their destination	Bring the public to the scenic spot	Job fulfilment	Provide essential transportation services	Provide means of access for the public from outside
Negative impact	Transportation costs affect liveability	Transportation cost	Working hours, Accidents, Health issues	Disappointment with unsatisfactory service performance	Income limited by transportation capacity
Planning					
<p>A substantial change in business model and strategy is suggested:</p> <ul style="list-style-type: none"> • Replace diesel vehicles with electric vehicles/HFC vehicles to eliminate carbon emission in operation. • Set up green minibus stations. • Develop eco-tourism using new minibus routes. • Develop mobile apps showing minibus arrival times. • Set key performance indicators (KPIs): <ul style="list-style-type: none"> • Installing EV charging stations and PV panels at minibus stations can provide affordable and clean energy. The cost will be reduced through generating electricity for the company's own use and selling to the power company through the feed-in tariff scheme. The reduction in electricity cost would be a KPI. • Developing new routes on holidays/weekends can increase the awareness of eco- 					

<p>tourism, which meets one of the Sustainable Cities and Communities goals to establish affordable and sustainable transport systems. Using mobile apps can not only reduce the traffic waiting time but also boost the confidence of customers in the local transport system. The increase in customers would be another KPI.</p> <ul style="list-style-type: none"> • Contribute to SDG Goals: <ul style="list-style-type: none"> ○ SDG7: Affordable and Clean Energy ○ SDG13: Climate Action ○ SDG11: Sustainable Cities and Communities
Action
<p>New electric vehicles/ HFC vehicles:</p> <ul style="list-style-type: none"> • The government is preparing to launch an \$80M pilot scheme on e-PLBs, subsidizing the trials of e-PLBs on various green minibuses. The company will apply for the government subsidies. <p>Renovation of the minibus station:</p> <ul style="list-style-type: none"> • Installation of EV charging stations • Installation of PV panels for EV charging/local display/streetlights • Rural minibus stations are considered to be an ideal trial location for installing EV chargers and PV panels because they are outdoor stations with direct sunlight. <p>Application to develop new routes to special tourism locations on holidays/weekends.</p> <ul style="list-style-type: none"> • Redirecting tourists to sightseeing spots in rural areas • Increasing the awareness of environmental protection in enjoying the beautiful views <p>New mobile apps</p> <ul style="list-style-type: none"> • Collaborating with the government and other minibus companies • Allowing better time management with the arrival time feature <p>Overall customer satisfaction, environmental protection, fulfillment of government policy direction, and competitiveness can be enhanced.</p>
Review
<p>A review should be conducted after a three-month period of implementation. Surveys and interviews can be organized with different stakeholders, e.g., customers and staff members. Checking the progress of the achievement of KPIs is also crucial. If the outcome is not satisfactory, a further investigation is needed, possibly utilizing external consultants.</p>

Conclusion

Globally, there is a growing trend among corporations to prioritize sustainability by actively pursuing ESG objectives, driven by the significant repercussions of climate change. Addressing ESG-related risks has become an essential element of business strategy (Schoemaker and Schramade, 2019). However, most of the tools have only focused on ESG ratings and measures for reporting instead of supporting stakeholders and professionals to better comprehend corporate risk and effectively tackle urgent ESG concerns. The new proposed five-step CEPAR® Model methodology expects to narrow this gap. The CFA Institute's ethical decision-making framework (CFA Institute, 2017) serves as the structural foundation for the new proposed CEPAR® Model, which also includes the principles from the six-step financial planning process developed by Financial Planning Standard Board and the four-step risk management process (Rejda, 1998). The method and guidelines are outlined in this study for easier appreciation by any stakeholders and workers of corporations to analyze ethical dilemmas, make principled decisions, take actions, and review outcomes. Two case studies from different fields (social and environmental) are introduced to illustrate the practical

adoption of the CEPAR® model. Ultimately, organizations and businesses that adopt the model are expected to enhance their short- and long-term decision-making skills, improve the overall ESG and sustainability performance of the company and increase business opportunities.

The new five-step CEPAR® model was developed in 2020 by ICSD and is currently being adopted in the Certified ESG Planner (CEP®) education program (ICSD, 2023). The concept was initially inspired by the globally recognized advanced certification for financial planners known as Certified Financial Planner (CFP) that follows a six-step approach to financial planning (CFP Board, 2024). The aim of the Certified ESG Planner (CEP®) education program is to equip students with the essential knowledge and skills to cope with the most pressing ESG issues in a complex world. As of now (2024), over 3,000 people have taken the education program, and the ICSD has over 2,000 members from different industries, and holds the title of Certified ESG Planners (CEP®). They are familiar with the new CEPAR® model and capable of addressing sustainability problems and providing practical advice. The CEPAR® model has also been utilized as an assessment tool for both undergraduate and postgraduate ESG-related courses in universities (i.e., The Chinese University of Hong Kong, Lingnan University), as well as executive training programs at a professional organization (i.e., The Hong Kong Management Association). Future study may seek to analytically assess the effectiveness and practicality of the model among a wide range of stakeholders/organizations from various industries.

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About the authors

Paulina P.Y. Wong holds a Doctorate degree in Geography from The University of Hong Kong and a M.Sc. (GIS) from the University of Auckland, New Zealand. She is Associate Professor and Head of the Science Unit at Lingnan University and Associate Director of the LEO Dr David P. Chan Institute of Data Science. She is an environmental geographer specializing in environmental health, urban sensing, GeoAI application and ESG. She is a Certified GIS Professional and ESG Planner (CEP®).

Mike S.F. Hui is Founding Vice Chairman of International Chamber of Sustainable Development (ICSD), Adjunct Lecturer at School of Professional and Continuing Education, The University of Hong Kong, and Part-time Lecturer of various universities in Hong Kong. He obtained his DBA degree from University of Wales TSD and is a Chartered Financial Analyst with working experience in banking and securities sector. His research focus is sustainable and responsible investment, ESG and behavioral finance. He is a Certified ESG Planner (CEP®).

Angus W.H. Yip is Founding Chairman of International Chamber of Sustainable Development (ICSD) and Adjunct Associate Professor at School of Professional and Continuing Education and the Institute of China Business, The University of Hong Kong. He has been advising listed companies in ESG reporting since 2015 and worked in the banking and asset management field for more than 30 years. He holds DBA degree from University of Wales TSD, a Master's degree in Sustainability Leadership from Cambridge University and a Master's degree in Management from Harvard University. He is a Certified ESG Planner (CEP®). Angus W.H. Yip is the corresponding author and can be contacted at: angus.yip@icsd-global.org

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