

ESG RISK IDENTIFICATION MATRIX - GUIDE



BY:
Amunga Miriam

Contact:
amungamiriam.s@gmail.com

ENVIRONMENTAL (E) RISKS

RISK ID	ESG RISK DESCRIPTION	Relevance (YES/NO/NOT APPLICABLE)	NOTES
E-01	<ul style="list-style-type: none">Rising Energy Costs & Supply Volatility: Inefficient energy use leading to high operational costs and exposure to price shocks		
E-02	<ul style="list-style-type: none">Water Scarcity & Cost: High water consumption or dependency in a water-stressed region		
E-03	<ul style="list-style-type: none">Waste Management Costs & Regulation: Increasing landfill taxes, regulatory fines for improper disposal, or missed recycling revenue opportunities		
E-04	<ul style="list-style-type: none">Pollution & Hazardous Material Spills: Risk of contaminating air, soil, or water, leading to liability, cleanup costs, and reputational damage		
E-05	<ul style="list-style-type: none">Raw Material Scarcity & Price Volatility: Dependency on finite or conflict materials with unstable supply chains		
E- 06	<ul style="list-style-type: none">Climate Change Physical Risks: Operational disruption from extreme weather events (floods, fires, storms) or long-term shifts (drought, sea-level rise)		
E-07	<ul style="list-style-type: none">Climate Change Transition Risks: Future costs associated with carbon taxes, stricter emissions regulations, or shifting market preferences to low-carbon alternatives		
E-08	<ul style="list-style-type: none">Loss of Biodiversity & Ecosystem Services: Operations impacting local ecosystems that the business depends on		

SOCIAL (S) RISKS

RISK ID	ESG RISK DESCRIPTION	Relevance (YES/NO/NOT APPLICABLE)	NOTES
S-01	<ul style="list-style-type: none">Employee Health & Safety Incidents: Workplace accidents, injuries, or exposure to harmful conditions		
S-02	<ul style="list-style-type: none">High Employee Turnover & Low Engagement: Costs of recruitment, loss of institutional knowledge, and low productivity		
S-03	<ul style="list-style-type: none">Poor Labor Practices: Risks related to unfair wages, excessive working hours, or child/forced labor in your operations or supply chain		
S-04	<ul style="list-style-type: none">Lack of Diversity, Equity & Inclusion (DEI): Inability to attract diverse talent, pay inequities, and discrimination lawsuits		
S-05	<ul style="list-style-type: none">Skills Gaps & Inadequate Training: Workforce unable to adapt to new technologies or processes		
S-06	<ul style="list-style-type: none">Data Privacy & Security Breaches: Loss of customer, employee, or business data		
S-07	<ul style="list-style-type: none">Product Liability & Safety: Products causing harm to customers, leading to recalls and litigation		
S-08	<ul style="list-style-type: none">Negative Community Impact: Operations causing nuisance (noise, traffic) or conflict with local communities		
S-09	<ul style="list-style-type: none">Unethical Supply Chain: Supplier violations of human rights or labor standards creating reputational contagion		

GOVERNANCE (G) RISKS

RISK ID	ESG RISK DESCRIPTION	Relevance (YES/NO/NOT APPLICABLE)	NOTES
G-01	<ul style="list-style-type: none">Lack of ESG Oversight & Strategy: No board or management-level responsibility for ESG, leading to unmanaged risks and missed opportunities		
G-02	<ul style="list-style-type: none">Weak Cybersecurity Governance: Inadequate policies and controls to protect against cyber attacks		
G-03	<ul style="list-style-type: none">Unethical Conduct & Corruption: Bribery, fraud, or other misconduct by employees or agents		
G-04	<ul style="list-style-type: none">Poor Regulatory Compliance: Failure to track or comply with existing and emerging ESG-related regulations		
G-05	<ul style="list-style-type: none">Inadequate Risk Management Framework: No formal process for identifying, assessing, and mitigating business risks, including ESG		
G-06	<ul style="list-style-type: none">Data Privacy & Security Breaches: Loss of customer, employee, or business data		
G-07	<ul style="list-style-type: none">Lack of Transparency & Stakeholder Engagement: Failure to communicate with key stakeholders (investors, customers, employees) on ESG matters		
G-08	<ul style="list-style-type: none">Executive Misalignment & Compensation: Compensation structures that do not incentivize long-term, sustainable value creation		
G-09	<ul style="list-style-type: none">Succession Planning Risk: Lack of a plan for key person dependency, especially in leadership		

ESG RISK REGISTER TEMPLATE - GUIDE

ESG Category	Activity / Process	Risk Description	Likelihood (1–5)	Impact (1–5)	Risk Rating (L×I)	Mitigation Measure

EXAMPLE

ESG Category	Activity / Process	Risk Description	Likelihood (1–5)	Impact (1–5)	Risk Rating (L×I)	Mitigation Measure
Environmental	Manufacturing	Improper disposal of chemical waste	3	4	12 (High)	Train staff, implement waste segregation & disposal SOP
Social	HR	Workplace injuries due to lack of PPE	4	4	16 (High)	Procure PPE, conduct safety audits
Governance	Procurement	Conflict of interest in supplier selection	2	5	10 (Medium)	Introduce supplier vetting policy & COI declarations

RISK SCORING MATRIX - (LIKELIHOOD SCALE)

Score	Description
1	Rare
2	Unlikely
3	Possible
4	Likely
5	Almost certain

IMPACT SCALE

Score	Description
1	Negligible
2	Minor
3	Moderate
4	Major
5	Severe / Crisis-level

RISK RATING BANDS - GUIDE

TOTAL (L×I)	RISK LEVEL	Action
1-5	• Low	Monitor only
6-10	• Medium	Manage with periodic review
11-15	• High	Immediate mitigation required
16-25	• Critical	Urgent response and leadership oversight

ESG RISK MITIGATION & ACTION PLAN - GUIDE

RISK ID	MITIGATION OBJECTIVE	ACTION STEPS	OWNER	START DATE	DUE DATE	STATUS	RESOURCES NEEDED	KPI
E-01	Reduce electricity consumption by 10% in 12 months	<ul style="list-style-type: none"> Conduct energy audit Replace lighting with LEDs Install programmable thermostats Launch employee "Switch-Off" campaign 	Ops	[Date]	[Date]	Not Started	KES 3M capital	kWh consumed per month; KES savings
S-02	Reduce voluntary turnover by 15% in 18 months	<ul style="list-style-type: none"> Conduct "stay interview" survey Review compensation Implement career development program Improve internal communication 	HR	[Date]	[Date]	Not Started	Staff time; Training budget	Turnover Rate; eNPS Score
G-01	Establish formal ESG governance within 6 months	<ul style="list-style-type: none"> Appoint ESG Champion Form cross-departmental "Green Team" Draft ESG Policy Schedule quarterly ESG reviews 	MD	[Date]	[Date]	Not Started	Staff time	ESG Policy approved; Meeting minutes

MONITORING, REVIEW, AND CONTINUOUS IMPROVEMENT

ESG is not a one-time project. Integrate this toolkit into your regular business planning cycle.

1. Monitoring

The "Owner" is responsible for updating the "Status" in Section 3

Track progress against the KPIs monthly/quarterly

2. Review

Discuss progress on the Action Plan in quarterly management meetings

Re-assess the Risk Matrix in Section 2 annually, or when a significant change occurs

3. Continuous Improvement

As you mitigate high-priority risks, move to the next set of priorities

Use successes and lessons learned to update this workbook and refine your strategy

Company: _____

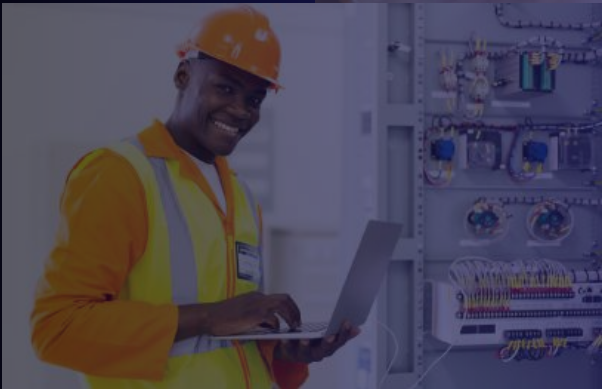
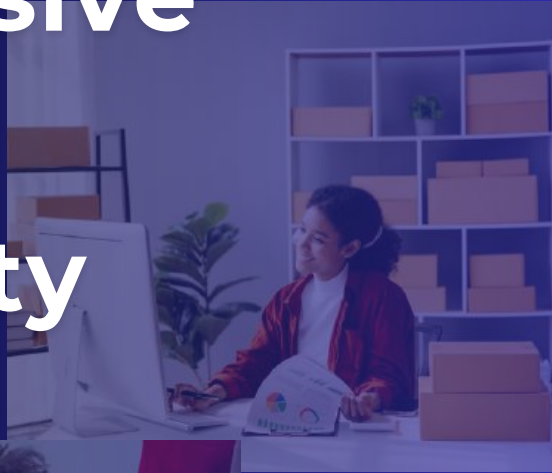
Date Completed: _____

Prepared By: _____

Next Review Date: _____

This toolkit is a foundational guide and does not constitute legal or financial advice.

Comprehensive ESG and Sustainability Training Program for MSMEs



Contact: amungamiriam.s@gmail.com

Impact Begins With Knowledge