



EDELMAN ESG CONSULTANCY

2020



ESG INTEGRATION IS NOW **PERVASIVE**

A company's ability to manage environmental, social and governance (ESG) factors is widely viewed by investors as a proxy for prudent risk management, impacting on the cost and access to capital, regulatory scrutiny and increasingly affecting consumer choice.

A successful ESG strategy should both address the most material ESG risks to the business as well as support its strategic objectives, driving its long term sustainable performance and opening up new opportunities to grow.

The cost of not taking ESG seriously has become too high. Companies can no longer afford to be complacent, particularly post COVID-19 and with a greater public focus on diversity and inclusion.

EXAMPLES OF ESG ISSUES

ENVIRONMENTAL

- Climate change
- Resource depletion
- Waste
- Pollution
- Deforestation



SOCIAL

- Diversity & Inclusion
- Human Rights
- Modern slavery
- Child labour
- Working conditions
- Employee relations
- Societal actions



GOVERNANCE

- Bribery and corruption
- Executive pay
- Board diversity and structure
- Political lobbying and donations
- Data privacy

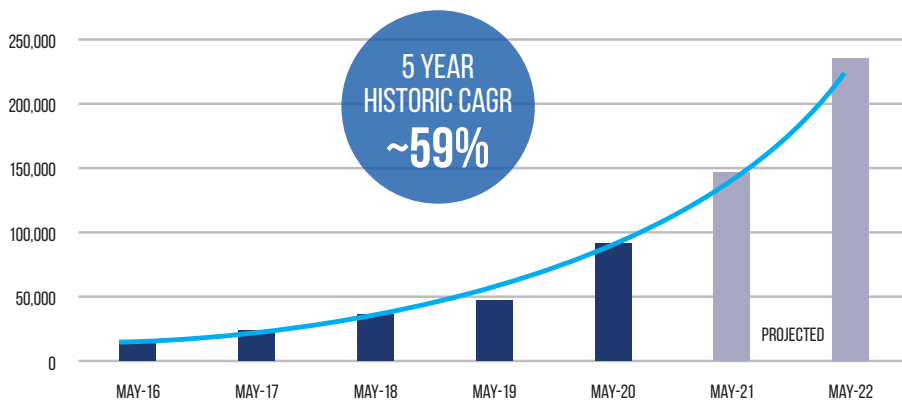


THE ESG BOOM

5 FACTS

1. Globally at least **\$30.7 trillion** is now held in sustainable or green investments, up **34%** from 2016 (Global Sustainable Investment Alliance).
2. More than half of investment professionals and corporate executives say they have walked away from an investment or M&A target due to a poor ESG assessment (2019 IHS Markit survey).
3. In the Edelman 2020 Trust Barometer Special Report on Institutional Investors, **66%** of UK investors say they see a positive correlation between operational performance and ESG disclosure.
4. **50%** of all US professionally-managed assets will be ESG-mandated by 2025 (Deloitte).
5. Almost **six out of 10** sustainable funds delivered higher returns than equivalent conventional funds over the past decade, with early data showing funds outperforming conventional funds through Covid-19 (Morningstar).

TOTAL ESG EXCHANGE-TRADED FUND ASSETS (\$MILLIONS) Y-O-Y



Sources: Edelman research (as of 1 June 2020), Bloomberg

WHY CHOOSE EDELMAN AS YOUR ESG COUNSEL

- Edelman has spent the last twenty years measuring ESG through our flagship Trust Barometer, the leading global trust and credibility survey relied on by governments, institutions and corporations across the world.
- We have a strong track record of carrying out extensive ESG consultancy work for companies and asset managers in the UK and internationally on their management of ESG factors.
- Our London team is recognised as a market leader in advising asset managers, working with some of the largest names in the sector with more than \$5 trillion of assets under management, as well as some of the world's largest Private Equity firms and Sovereign Wealth Funds.
- Therefore we have unparalleled access to the ESG investment community, as well as an in-depth understanding of the latest investor trends and money flows.
- No agency has the same global reach. We have 65 offices in 30 countries. We co-operate daily with colleagues in the US, Asia, Africa, the Middle East and across continental Europe on both retained client accounts and transaction work.
- Due to the wide spectrum of our consultancy across disciplines and expertise in reputation management, we are best suited to provide clients with a broad perspective on their ESG strategy and stakeholder universe.
- Edelman has a clear purpose that informs all of our consultancy - to create a better future by building trust between brands, people and society.

DIFFERENCE BETWEEN PURPOSE AND ESG

PURPOSE

- Who you are as a company
- What your place in society is
- What your brand stands for
- What your vision is and the strategy to get there
- What unifies operations and employees across the world

ESG

- How the capital markets measure a company's impact on society, attributing value to it
- How companies disclose relevant data
- How companies act to improve performance
- How ESG risks and opportunities are tied into a company's overall strategy

OUR APPROACH

- The pressure on companies to report on ESG has led, in a vast number of instances, to disclosure steering strategy. This has been reinforced by advisors focusing on the end output – disclosure and communication.
- Others have confused the difference between ESG and a company's 'purpose'.
- We take a more comprehensive approach, helping clients identify what their most material ESG risks, opportunities and stakeholder expectations are before recommending how to disclose ESG performance effectively.
- We examine the underlying aspects of a company's ESG activity and reputation, mapped against our knowledge of the latest sustainability standards as well as the methodologies used by external parties that evaluate the business (e.g. ESG rating agencies).
- Equipped with this advice, our clients can implement a strategy that has the greatest impact among all stakeholders, and then communicate it in a meaningful way that goes beyond reporting requirements.

IMPLEMENTING AN EFFECTIVE ESG STRATEGY



WHAT WE CAN DO FOR YOU

ESG AUDIT

Using our proprietary analytical methodology, Edelman measures clients' performance against their peers and among stakeholders, pinpointing the material risks and drivers of trust, value, and impact related to ESG issues.

ESG STRATEGY DEVELOPMENT

Following the ESG audit, Edelman works with senior leadership and the Board to develop the ESG strategy and plan. The development of the strategy will address the ESG risks to the business, and consider what initiatives will have the greatest impact.

ESG DISCLOSURE OPTIMISATION

ESG rating agencies apply their own methodologies and weightings on a wide variety of metrics, often with disparities between their findings. We work to ensure a company is adhering to best practice disclosure on its ESG commitments and improving its ESG scores.

ESG NARRATIVE DEVELOPMENT FOR ASSET MANAGERS

Asset managers must demonstrate the robustness of their ESG products and integration processes to guard against accusations of greenwashing. We work with asset managers to develop distinct ESG offerings that differentiates firms in an increasingly crowded market.

TRANSACTION SUPPORT

ESG factors increasingly impact on decision making in M&A transactions, whether the transaction closes and, if so, at what purchase price. We advise on ESG risks and opportunities in corporate transactions, pre-transaction due diligence and post transaction ESG integration.

WE ARE THE LARGEST GLOBAL CORPORATE COMMUNICATIONS FIRM,
WITH A STRONG TRACK RECORD OF ESG CONSULTANCY WORK

65
OFFICES

30
COUNTRIES

5
REGIONS

EDELMAN CLIENTS INCLUDE SOME OF THE WORLD'S LEADING COMPANIES AND INVESTORS

Standard Life Aberdeen

LAZARD

SILVERLAKE



ESG TEAM



**CHUKA
UMUNNA**

*Executive Director,
Head of
ESG*



**ANDY
WILDE**

*Head Of
Financial Services,
UK & Europe*



**JULIA
WRIGHT**

*Associate Director,
ESG and
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