



Making ESG work

What does ESG really mean in the C Suite?

Luke Gaydon - CEO/Co-founder

Peter Flett - Head of Strategy

Introduction

ESG: A Definition

ESG is a collective term for how a company;

- integrates **E**nvironmental, **S**ocial and **G**overnance practices into its operational model
- assesses and discloses the effectiveness of those practices with internal and external stakeholders
- sets objectives that advance and improve the effectiveness of those practices

ESG: The Silos of Activity



ENVIRONMENTAL

How are companies using energy and managing their environmental impacts?
How prepared are they to face the challenge of climate change?

e.g. Carbon and GHG emissions, waste disposal, resource depletion



SOCIAL

How are companies fostering people and culture. What kind of impact does that have on their own employees and the wider community?

e.g DE&I, gender bias/pay gap, human rights



GOVERNANCE

How are companies directed and controlled and how are leaders held accountable?

e.g. Company direction
accountability, &
oversight

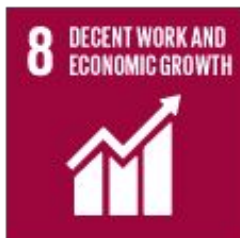
ESG & The UN Sustainable Development Goals (SDGs)

UN SDGs



SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD



UN SDGs Organised into E, S & G Pillars

ENVIRONMENT



SOCIAL



GOVERNANCE



Stronger ESG leads to stronger companies



STRONGER REPUTATION

Knowing how to communicate well with customers about ESG performance and strategy can help **solidify brand reputation, avoid greenwashing claims and improve overall market perception.**



BETTER PERFORMANCE

McKinsey analysis finds that **ESG reporting increases equity returns 63%** of the time while a Nasdaq report revealed that companies were less volatile in the 30 day period after making public ESG disclosures.



EMPLOYEE RETENTION

Marsh & McLennan reports that **“ESG performance will become increasingly important to attracting and retaining talent”** in the coming years.



INCREASED TRUST

Solid ESG reporting strategies demonstrate good governance, **transparency and future-readiness to investors**, strengthening overall trust in the company.

The Business Case for ESG

ESG/Sustainability is becoming critical to B2C Sales



Gen Z/Millennials now equate to 49% of the global population - 82% express concern about the health of the planet.

75% are eco-conscious to the point and are changing their buying habits to favour environmentally-friendly products**

71% willing to pay 10% more for sustainable products*

*Marsh & McLennan 2022

**Kadence International 2023

RFPs for Companies across all sectors now include ESG data



If you're in their supply chain, opting out isn't an option

ESG: Drives employee engagement and motivation



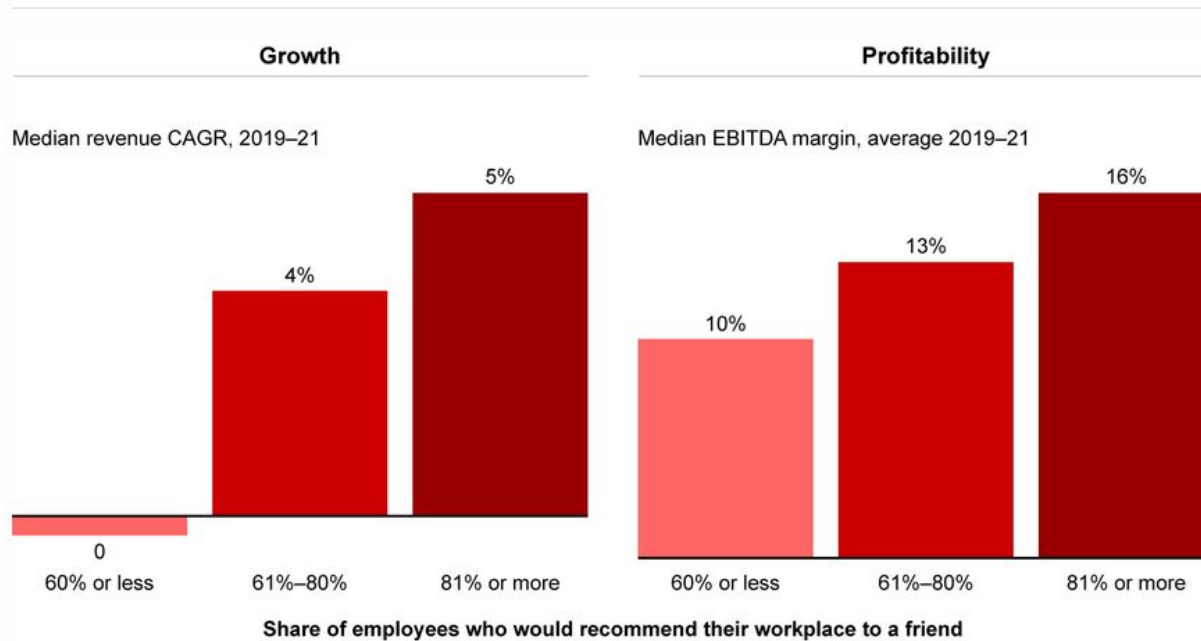
70% find sustainability programs make employers more appealing

77% want their employer to be more transparent about their environmental impact.

86% of employees prefer to support or work for companies that care about the same issues they do.

Mckinsey 2023

Happy Employees means faster growth and greater profitability



Bain 2022

...It also means safer investment and better exit multiples...

Corporate Knights Ranking: Who's doing ESG well?(!)

2023 G100		2022 G100				Overall
Rank	Rank	Name	Function	HQ	Score	
1	15	Schnitzer Steel Industries Inc	Smelters and steel making	USA	A+	
2	1	Vestas Wind Systems A/S	Machinery Manufacturing	Denmark	A	
3	10	Brambles Ltd	Furniture and general manufacturing N.E.C.	Australia	A	
4		Brookfield Renewable Partners LP	Power Generation	Bermuda	A	
5	3	Autodesk Inc	IT services except telecom and hosting	USA	A	

38	78	Unilever PLC	Personal products (retail chemical)	United Kingdom	B	
66	82	Adidas AG	Textiles and clothing manufacturing	Germany	C+	
73	48	Apple Inc	Telephones and telecom equip manufacturing	USA	C+	
86	52	Tesla Inc	Cars and trucks manufacturing, including parts	USA	C	

Companies building 'strong' credentials



patagonia[®]

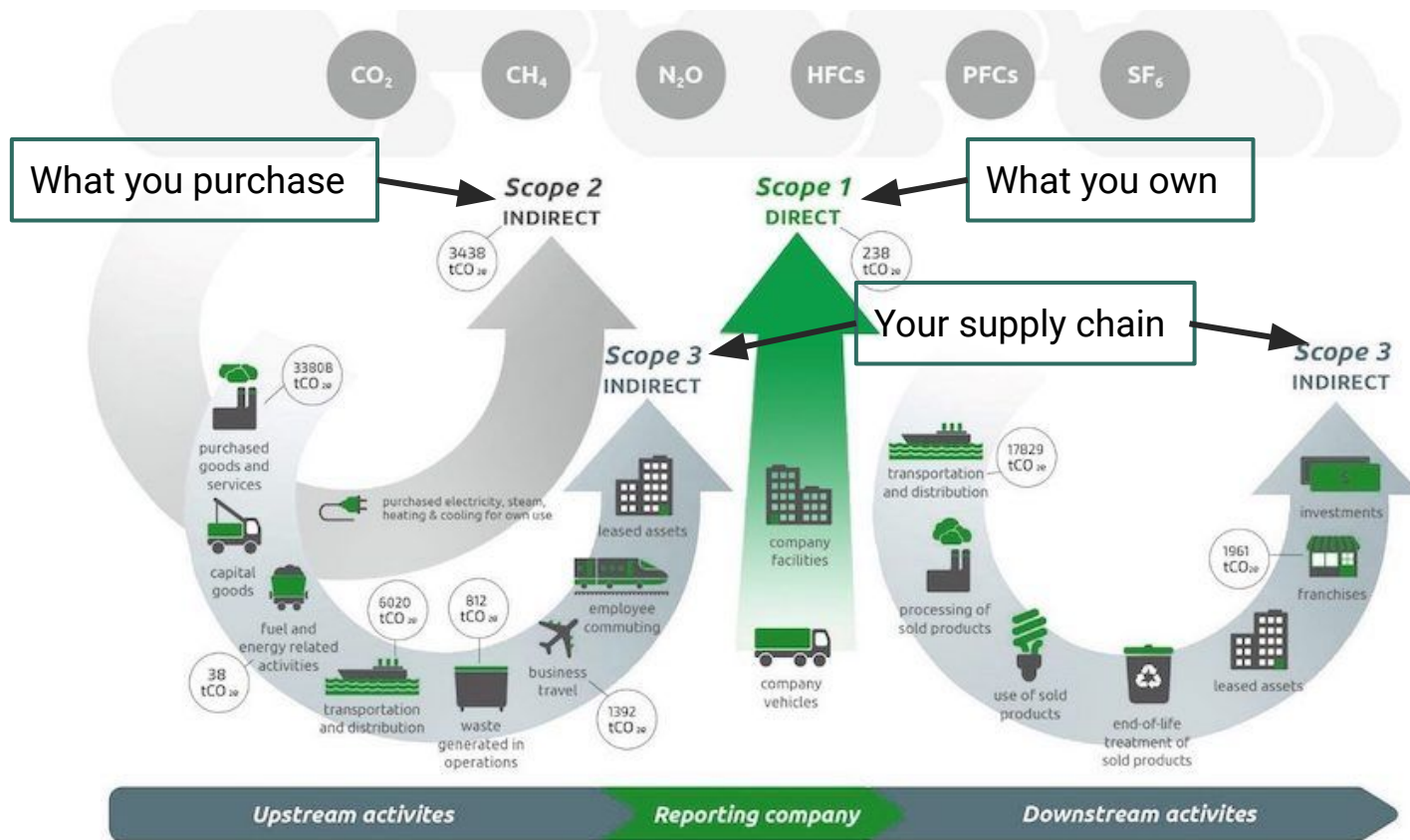


PANGAIA

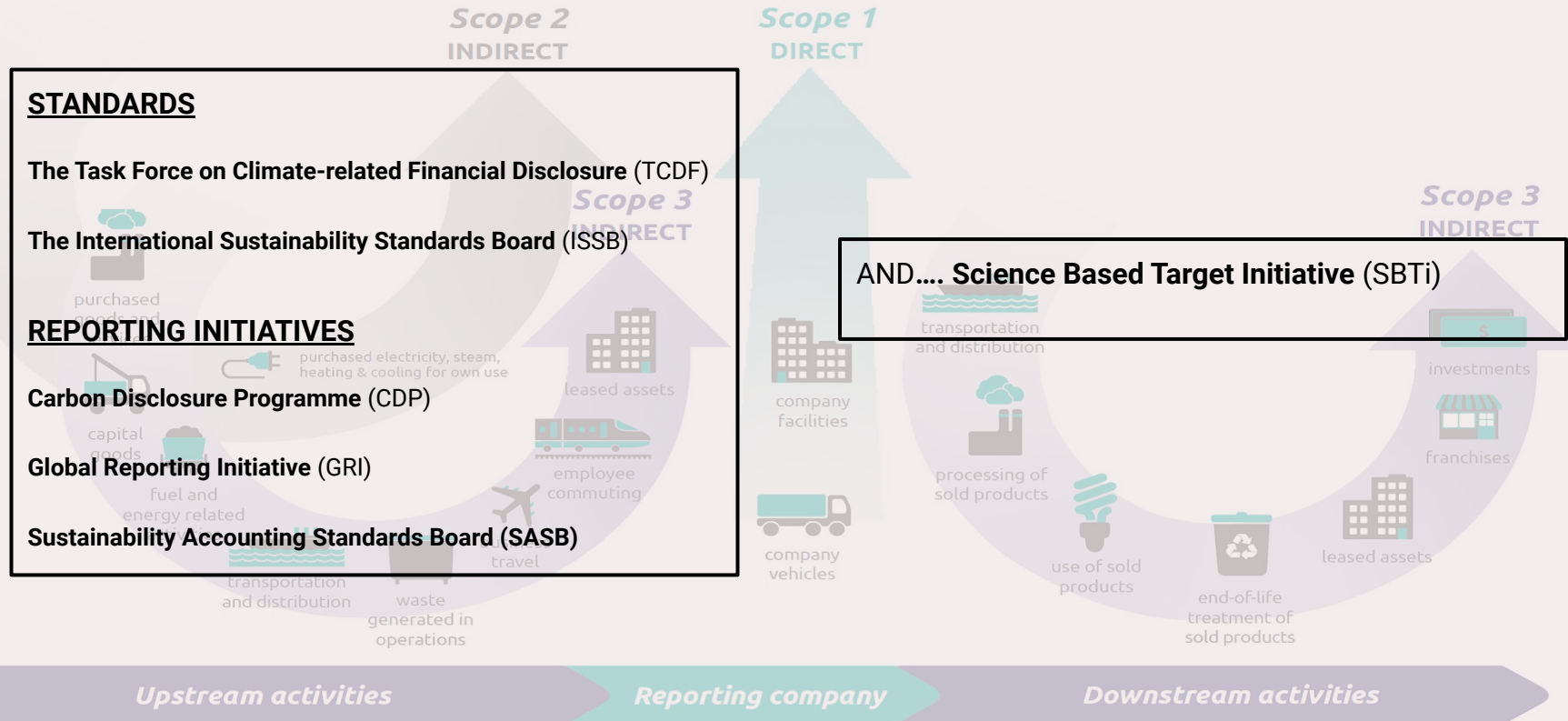


Carbon Accounting, Disclosure & Regulation

Carbon Accounting: GHG Protocol 3 Scopes of Emissions



ESG Regulation: Key disclosure standards & reporting initiatives



ESG Regulation: UK, US & EU



SDR - Sustainable Disclosure Requirement
SECR - Streamlined Energy and Carbon Reporting
CFRD - Climate Related Financial Disclosure
FCA - TCFD for listed companies
ESOS - Energy Savings Opportunity Scheme

FCA - For Asset Managers & Owners
SDR - For UK Asset Managers & Owners

Reporting in 2024 using 2023 data



CSRD - Corporate Sustainability Reporting Directive

SFDR - Sustainable Finance Disclosure Regulation



SEC - Disclosure Rule
California - SB 253 & 261
Federal Contractors Rule

SEC - Fund Labelling
California - SB 253 & 261
Federal Contractors Rule

* SDR is expected to launch in 2024 however this has not yet been confirmed

Scope 2
INDIRECT

Scope 1
DIRECT

Scope 3
INDIRECT

Upstream activities

Reporting company

Downstream activities

How to 'do' ESG

Developing your ESG strategy



ASSESS

Current state - where are you?

Goals and priorities - what matters to you?

Stakeholders - who are they?

Materiality assessment - what matters to them?

youdo Discovery



IMPLEMENT

Pilot projects - where is your low-hanging fruit?

Create a team - who will drive this forward?

Document - what policies - much is publicly available

Report, report, report
(transparency)

youdo Develop



ENGAGE

Educate & engage - are your staff bought into what you're doing?

Review & improve - be transparent, solicit feedback and share your successes (and failures!)

youdo Dive

Key takeouts: Where to focus



PEOPLE

Build an internal capability / allocate responsibility across functions



METHOD

Align with a framework:

- [UN Global Compact](#)
- [CDP](#)
- [GRI](#)
- [SASB](#)



GOALS

Set clear objectives & communicate them to stakeholders



REPORTING

Monitor and report on progress regularly.

and...C Suite Leadership is critical

youdo portfolio



ENVIRONMENTAL

Emissions reduction

Carbon accounting

Carbon offsetting



SOCIAL

DE&I

Employee
Engagement / ERGs

Impact Reporting



GOVERNANCE

Board Evaluation

youdo

Making ESG work

Thank you

luke@youdoplay.org

peter@youdoplay.org