

# WHY REPORT ON ESG?

A variety of sources and statistical information below

**According to Forbes** “Specifically, the total US-domiciled assets under management using SRI strategies grew from \$8.7 trillion at the start of 2016 to \$12 trillion two years later, an increase of 38%. That’s also 26%, or 1 in 4 dollars, of the \$46.6 trillion in total assets under management.”

**According to the UN Global Compact**, the share performance for companies in the [Global Compact 100 Index](#) (a group of companies measured on ESG issues, along with profitability) actually outperformed other major indices.

Global investor survey on corporate reporting, PWC, November 2017



88%

“My perception of the quality of a company’s reporting impacts my perception of the quality of its management.”

84%

“Understanding management’s view of potential risks and their mitigation strategies is important for my analysis and decision making.”

86%

“Disclosure in an annual report about strategy, risks and opportunities and other value drivers can have a direct impact on the discount rate I use in my analysis.”

37%

“I believe that companies do a good job in linking strategic goals, risks, key performance indicators and financial statements.”

27%

“I believe that companies do a good job in linking strategic goals, risks, key performance indicators and financial statements.”

38%

“I have enough trust in the information companies report on strategic goals, risks and key performance indicators for me to be confident in my analysis and decision making.”

# BENEFITS OF HAVING AN ESG STRATEGY AND DISCLOSURE PLATFORM/PLAN

## INTERNAL

- **Attract and retain talent**
- **68% of Americans** say that they would want to work for a purpose-driven company (*Cone/Porter Novelli, 2018*)
- **Reduces absenteeism**
- **Increase productivity**—Studies show productivity is increased by 16% for companies who adopt environmental standards
- **Vision and strategy**—can put purpose, vision, and strategy into global sustainability context
- **Management systems**—improves data quality, systems highlight areas of improvement, efficiency and cost saving; streamlines processes
- **Innovation**—add to top line through innovation and identifying new market opportunities
- **Risk management**—early warnings may help seize opportunities or evaluate potentially damaging development early; Increased understanding of risks and opportunities; Supply chains today extend around the world and are vulnerable to natural disasters and civil conflict. Climate change, water scarcity, and poor labor conditions in much of the world increase the risk. McKinsey [reports](#) that the value at stake from sustainability concerns can be as high as 70% of earnings before interest, taxes, depreciation, and amortization. Engaging with/ listening to stakeholders will help the company to identify and address emerging risks
- **Benchmarking**—compare performance internally and between organizations and sectors



## EXTERNAL

- **Reputation and trust**—Authentically communicating with stakeholders about CSR performance helps build brand integrity and promotes competitive advantage; brand loyalty, proactive and transparent communication builds goodwill
- **Attracting capital**—reducing risk signals quality and good management
- **Stakeholder engagement**—builds/restores trust among stakeholders, learn from outside, stay up-to-date on regulatory environment (helps with compliance); helps stakeholders understand company's true value, tangible and intangible assets
- **Competitive advantage**—differentiate business from competitors and possibly obtain more business through commitments to sustainability; Studies show sustainability information has a significantly positive impact on consumers' evaluation of a company, [which translates into purchase intent](#). Consumers are shifting purchasing decisions to brands with integrity, social responsibility, and sustainability at their core. Unilever claims its "brands with purpose" are growing at [twice the rate](#) as others in their portfolio