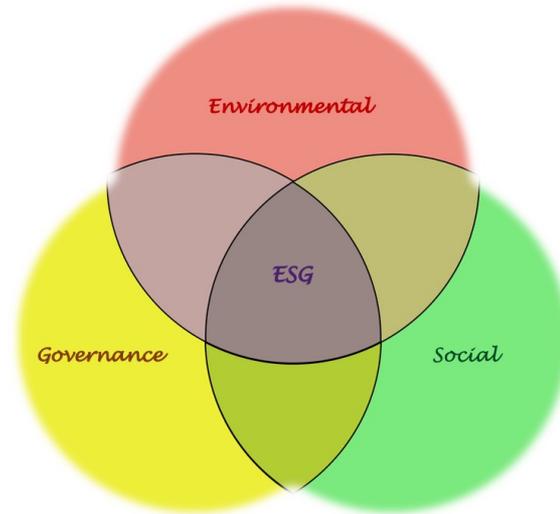


Environmental Social Governance



ESG Advisory Services



Sustainability Advisors

ESG... *Environmental, Social and Governance*

Good environmental, social, and governance (**ESG**) practices have become a new normal in doing business, a way to support companies' financial performance and their ability to grow;

There is growing evidence that suggests that ESG factors, when integrated into investment analysis and portfolio construction, may offer investors potential long-term performance advantages.

Integrating
ESG
factors into
investment
or business
decisions is
no longer
an option,
but a
necessity
for survival



ESG... *Cont'd*

Responsible investing is rapidly becoming a mainstream concern within the investment industry and it involves the integration of **ESG** factors into investment processes and decision-making;

Reputational risks, stakeholder demand and a variety of research into financial performance of early adopters is making companies think seriously about ESG impacts, take corrective action where required and publicly disclose the details of their effort.



ESG... *Cont'd*

What are the key ESG Factors:

- ESG factors cover a wide spectrum of issues that traditionally are not part of financial analysis, yet may have financial relevance;
- ESG typically includes climate change, diversity, gender pay equity, human rights, human capital management, political spending and regulatory environmental and health & safety issues;
- ESG issues often:
 - derive from a risk or impact inherent in the core operations/products of a particular company; and
 - have the potential to significantly damage a company's intangible value/reputation/ability to operate.



Why ESG?

A recent analysis of 656 companies in IFC's portfolio found that companies with good environmental and social (E&S) practices outperform clients with worse E&S practices by 210 basis points on return on equity (ROE).

Another study of IFC investee companies showed that businesses with better governance— exhibited an average ROE that is about three times higher than those with poor ESG practices



Why ESG?

Similarly, a 2015 *Deutsche Bank Asset Management* study done in cooperation with PRI asserts that of more than 2,200 studies since 1970, 63% found a positive link between a company's ESG performance and its financial performance

The evidence is overwhelming: Good E&S management and governance improve business performance. Integration of these value-creating practices in the management system provides powerful synergy for innovation, competitiveness, and business growth



ESG- *Importance to Investors*

A recent PWC survey showed:

- 97% of investors believe responsible investment will increase in importance over the next two years;
- 83% believe that better management of ESG factors will either improve returns or reduce risk, meaning that ESG management is part of their fiduciary duty;
- 19% of investors currently attempt to quantify the impact of their fund managers responsible investment efforts;
- 18% of investors have withdrawn from an investment or withheld capital on ESG grounds.



The Benefits of ESG- *Investors*

- There is clear evidence that engagement by investors with companies on environmental, social and governance (ESG) issues can create shareholder value;
- In recent years, this framework has become a way for investors of all kinds to measure a company's progress in implementing sustainable practices. And more and more companies are realizing its value—and providing information to investors on their progress;
- Findings from *BofA Merrill Lynch* Global Research show that companies with high ESG ratings tend to be healthier financially, and less likely to go bankrupt, than those with lower scores; and
- It also found that ESG is a strong predictor of a company's future earnings performance.



ESG for Business

Managing ESG Risks have several benefits which is increasingly recognised by businesses:

- Reduce risks related to E&S regulatory compliance;
- Manage business continuity risks arising out of E&S issues;
- Adequately address climate related business risks- eg disruption of supply chain, availability of water;
- Improve Reputation and Trust:
- Attract Investors;
- Enhance Management Efficiency and Employee Relations;
- Develop Competitive Advantage and Increase Visibility;
- Enhance Risk Management Ability



ESG for Business

- For a company to be attractive to sophisticated investors, E&S management systems need to be fully integrated into governance, thus providing institutional mechanisms for shareholders to influence a company's strategy and practices;
- Corporate governance is also a critical pillar of a company's own sustainability over the long term. It provides crucial tools for ownership and management succession, and for devising a strategic course of development to maximize value to all shareholders.



ESG Advisory Services

We at *Sustainability Advisors* work with investors and businesses to identify the ESG risks, assess the gaps, and the opportunities and provide tailormade and cost-effective ESG solutions



ESG Advisory Services

ESG ASSESSMENT

We do a diagnostic to assess the current understanding of ESG risks and help set up a corporate governance structure, establish good practices, and to integrate environmental and social issues into processes for high-level decision making, strategy setting, and risk management

ESG IMPLEMENTATION

Our team of experts help in drafting ESG Policy, develop a bespoke ESG management system (ESMS), develop sector specific standard guidance documents to assist a company with implementation of priority ESG recommendations identified during the diagnostic

ESG CAPACITY BUILDING

Provide familiarisation and training to your team on the ESMS, policies and procedures as developed and develop capacity for undertaking portfolio assessments on ESG Risks



ESG Advisory Services- *Cont'd*

We also undertake Environmental and Social Due Diligence (ESDD) assessments at your potential investees to identify and address key ESG risks associated with their development or operations.



Who We Are...*The Team*

The ESG Advisory Team is led by **Subir Gupta, *Founding Partner***

Subir Gupta is a Chemical Engineer with 35+ years experience. More than 20 years of these have been leading and managing the India business of ERM, one of the world's leading sustainability consulting firms engaged in providing Environmental, Social, Health & Safety, Risk and Climate Change Services.

He has completed over 500 projects, including ESDDs, EDDs, EHS Performance Assessments, EHS Compliance Assessments, Risk Assessments and Environmental & Social Impact Assessments. Led numerous projects on ESG Assessments, Site Investigation, Hazardous and Solid Waste Management, EIAs, Climate Change, and, CDM verification projects as Sector Expert. Major clients include the World Bank, IFC, Government of India- Ministry of Environment, Forests & Climate Change, Ministry of Mines, Tata Group, Shell, BP, Vedanta, Reliance Industries, Cairn India, GE, General Motors, BASF, Aditya Birla Group, Whirlpool Corporation, Coca Cola, Johnson & Johnson, Abbott Laboratories, ICI, Pfizer, and Lafarge among others



Sustainability Advisors

Sustainability Advisors was founded in 2016 to bring together years of private and public sector expertise to promote sustainable solutions for organisations like yours. We approach each of our clients with fresh eyes to develop customized, unique strategies. We see "clean coal", ESG and sustainability leadership training as the key areas in which we can provide the solutions you need.

Are you ready to set your brand or business on the path to success? Give us a call today and see what we can do for you.



Sustainability Advisors

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