

STARTING THE ESG JOURNEY:

5 Ways to Get Your ESG Story Straight, Straight from the Start



ESG. It's everywhere you look. Frameworks. Ratings. Directives from the world's leading investors. If all of this is uncharted territory for your company, it can be more than a little overwhelming, leaving you unsure of where to start when it comes to disclosing your ESG story.

While you definitely do need to start, and sooner than later, the thing to remember about ESG disclosure is that **it really is a journey, not a destination**. Indeed, an end point doesn't even exist in the near term, and ESG is going to be a path you're on for some time. In a lot of ways, your ESG communications journey is going to be unique to your individual firm.

But that doesn't mean aimless wandering is a good idea. To be sure, a little bit of direction at the outset can help you focus your attention, optimize your available resources, and ensure you're covering the right ground.



Here are five things you can do right now to get your ESG disclosure efforts off to the best possible start:



Invest some time to understand the most important ESG topics for investors.



Get up close and personal with the ESG factors specific to your industry.



Know your ratings.



Assess the current level of ESG disclosure buy-in from within your organization.



Determine how much budget and bandwidth you really have.

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First, invest some time to understand the most important ESG topics for investors.

Global institutional investors are not shy when it comes to sharing their ESG hot buttons. You won't have to dive too deeply to find out where the major firms are focusing or even to uncover their specific ESG disclosure asks and compliance rules. Still, it's worth setting aside some time to familiarize yourself with what the top 10 or so investors are saying about ESG stewardship and what they want to hear from your company. Here are a few places to start:

[BlackRock: Larry Fink's 2021 Letter to CEOs](#)

[Capital Group: Integrated approach to ESG](#)

[MFS Investment Management: How Sustainability Works at MFS](#)



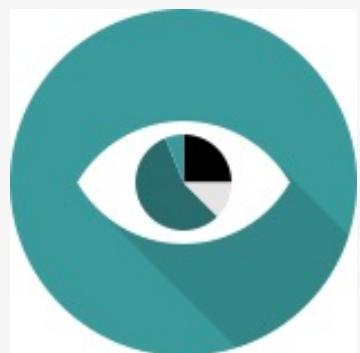
In addition, find out what investors are specifically saying to your IR team and GC. What topics keep coming up in their everyday questions and conversations? In the off season, consider setting up "listening" calls with portfolio managers and your company's head of compliance. Now be prepared to talk conversantly about issues that investors and ratings agencies look at specifically regarding your industry and any actions you have taken to disclose, understand or remediate, but the real value of these calls is that they offer a chance to learn about any emerging issues or topics from the investor's perspective and are useful in getting the attention of your senior leadership team around any areas of concern raised.

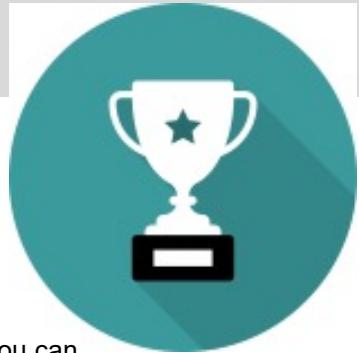
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Next, get up close and personal with the ESG factors specific to your industry.

Make sure you are very familiar with generally agreed upon key topics for your industry as these must be part of your disclosure strategy. Start by reviewing the [SASB](#) framework for your industry. These standards are created bilaterally with investors and companies, so they are extremely relevant and should cover a wide range of industry issues. **All factors on the SASB list should be considered material and important areas of disclosure for your company.** Of course, you can always add additional topics based on your company's own knowledge and conversations with investors.

Pick a few of these topics—such as emissions, water, hazardous waste, human capital, and diversity and inclusion, for example—and find out what your peers are saying about them. Study the disclosures your competitors have published in their CSRs, investor day earnings decks, and 10-Ks. Keep an eye out for any areas that seem to be expanding or that are new to the scene in your industry, as these topics should be on your "what to disclose" list.





3 Know your ratings.

Even if your company is only just now officially launching its ESG communications efforts, you can bet that ratings agencies have already been looking at your disclosures (or lack thereof) for some time. This shouldn't be cause for extreme alarm. But you will want to find out where you currently stand so you have a baseline to build from.

At a minimum, get your scores from the two top ratings agencies. MSCI is the largest provider of ESG ratings and it provides subscription-based access to its reports and ratings through FactSet and Bloomberg. Companies can also get their reports and scores directly from MSCI through the [issuer portal](#). To access your company's report from Sustainalytics, email issuer.relations@sustainalytics.com. Sustainalytics scores are also available on many third-party systems like FactSet, Bloomberg, and Morningstar.

You may also want to review your ISS Environmental & Social QualityScore—note that this is different from the agency's traditional governance report. While today these scores aren't considered in ISS proxy voting recommendations, it's clear part or all will be soon.

4 Assess the current level of ESG disclosure buy-in from within your organization.

It's important to know where the impetus for ESG is coming from within your organization. Is the board actively asking about ESG? Is the CEO regularly bringing it up in discussions? Has your CFO been discussing ESG issues with auditors?

If board members and executives are pushing for a Corporate Social Responsibility (CSR)/sustainability report to simply check a box, you may have some work to do to help leaders internalize the importance of quality ESG disclosure. Here are some key questions you will need to hash out:

How will your organization identify the most material topics to include in the CSR?

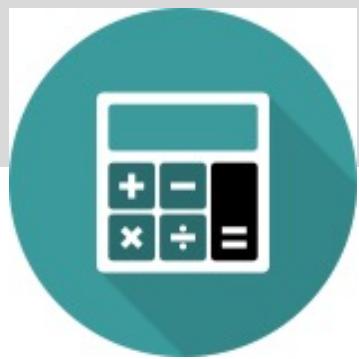
What measurable metrics will be included?

Will you provide diversity statistics?

Will you include emissions information?

What board and/or corporate commitments can you include to give your CSR teeth?





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Finally, determine how much budget and bandwidth you really have.

Most companies just starting an ESG disclosure program fall into one of the following three categories:

A one man show.

If you and you alone are driving your company's ESG communication initiatives, you will need to take advantage of pre-existing resources. Your best first steps will be to:

- Conduct a peer assessment and compare your company's existing disclosures to several key competitors.
- Use the SASB framework to identify material topics and add additional topics that you know have been specifically raised by your investors.
- Ask your GC, your HR team, and anyone else within your organization who is willing to help you identify existing ESG-related policies and commitments that you can make public.
- Create a simple ESG page linked to your IR website that includes these disclosures and statements on the most relevant topics.

Big picture buy-in, but no staffing.

If you are running solo on much of the legwork, you should still take advantage of top-level support wherever and you can. In addition to the items above, be sure to:

- Present the peer assessment to the senior executive team and highlight additional disclosures that are required to close the gap between your ratings and your higher-scoring competitors.
- Ask your executive team to appoint an internal ESG task force with representation from your legal, HR, health and safety, and operations departments. Lean on this group to help you collect, upgrade, and disclose key policies and information.
- Create an ESG page linked to your corporate site with a statement from the CEO outlining the company's ESG objectives. Add policies and metrics to this page as the task force completes them.
- Use information from this site and from your task force to begin reporting aligned with the SASB framework.

Leverage every resource you can.

ESG disclosure is only going to become more important as investors increasingly understand the importance of ESG practices in mitigating risk and opening up opportunity. While it can feel like a monumental challenge to take on ESG communications for your firm, the good news is that you can gain a lot of ground by leveraging work that has already been done. No matter how much internal support you have, don't miss opportunities to adopt the best practices of your peers. Always seek help from experts if you can. And consider leveraging a tool like [ESG Infinite](#) that gives you easy access to all the critical ESG resources you need to share your best possible ESG story with the world.