

Ben Ashwell:

Hello, ladies and gentlemen, and welcome to the latest webinar from IR Magazine and corporate secretary in partnership with Broadridge. Today, we are going to be discussing 'Finding an audience for your ESG story'. My name is Ben Ashwell, I am the editor of IR Magazine and Corporate Secretary.

Investor relations, governance and sustainability teams have taken tremendous strides in ESG reporting in recent years. But once you have the information your stakeholders want, how can you make sure you are presenting the right information to the right audience? In this webinar, we will discuss the different avenues for ESG storytelling, whether it is sustainability reports, proxy statements, investor days, earnings calls, and so on, and how to make sure that you are tailoring your message to different stakeholder groups.

We will also discuss how the leadership change at the SEC with the confirmation of Gary Gensler recently has prompted a rapid shift in focus on ESG and what that ultimately means for the future of ESG reporting.

I would like to go ahead and introduce our panelists for today's session, starting with Alexandra Dobkowski-Joy, executive director of ESG at The Estée Lauder Companies. Alexandra, thanks so much for joining us today. Perhaps you could just provide some brief background on your current role in your career so far?

Alexandra Dobkowski-Joy:

Absolutely. And then key for that introduction, Ben. As you mentioned, I am the executive director of ESG at The Estée Lauder Companies and have been with this role for almost three years now, following many years as a sustainability and ESG consultant for major corporations.

It is really a tremendously exciting time to be in the field, and also with my company as a newly established role for The Estée Lauder Companies and really underscores how important ESG is to the company overall.

So in my day to day job, what I do, I am essentially the central nexus for collecting and consolidating data and information related to our environmental and social performance, and I work really closely with multiple data owners across our brands, regions and functions, and also with the global communications, investor relations and corporate governance teams to transparently communicate our progress and achievements to our stakeholders.

Ben Ashwell:

Excellent. Thank you so much for joining us today, and we look forward to hearing much more about your new role and your experience during this webinar. Thank you.

Next up, we are joined by Connor Kuratek, chief corporate counsel and assistant corporate secretary at Marsh McLennan Companies. Connor, thanks so much for joining us. Again, perhaps you could just provide a brief introduction.



Connor Kuratek:

Great. Really happy to be here. As you mentioned, I am our chief corporate counsel at Marsh McLennan, and that has responsibilities for our public disclosures, corporate finance, M&A and governance. And I know that sounds super boring for this audience, but actually, the real reason I am here today, though, is because we recently hired an ESG reporting lead to help publish our first ever consolidated and inaugural ESG report, and that person reports to me. So I have been greatly involved in crafting our ESG story over the last year.

Ben Ashwell:

Congratulations on the publication of that report, and we look forward to hearing more about the journey that you went on to get that out during this webinar. So thank you for joining us, Connor.

And last but certainly not least, I would like to introduce Joseph Vicari, managing director and ESG practice lead at Broadridge. So, Joe, over to you for a quick introduction.

Joseph Vicari:

Thank you, Ben. As Ben said, I am Joseph Vicari, managing director and ESG practice lead at Broadridge Consulting Services. Prior to that, I spent many years developing products and services for our corporate issuer segments around corporate governance and IR.

Our practice with ESG provides functions and services such as benchmarking and gap analysis. We do help with policy development as well as strategy, content and disclosures. And for those more advanced companies, we assist in things like carbon offset development and carbon accounting.

So very nice to be here, Ben. Thank you for this opportunity.

Ben Ashwell:

Absolutely. Thank you so much for joining us. And this is actually the very first IR Magazine Corporate Secretary video webinar. So with any luck, you can hopefully see the four of us now. That is a new dynamic for us, to work with on these webinars. But again, thank you all so much for joining us.

We are going to start this discussion by talking about how to create an ESG story for multiple stakeholders with different interests. I think we have a tendency when we talk about ESG reporting to think about the audience as one sort of monolith. And of course, the audience is made up of different stakeholders with different interests.

So, Alexandra, I would like to start with you because as a consumer brands company, Estée Lauder is extremely thoughtful about how it tells its ESG story to different stakeholders, whether that is investors, customers, employees. So I wonder if you could talk us through the different types of sort of ESG reports and kind of outputs that you produce, and the extent to which the audience determines the content.

Alexandra Dobkowski-Joy:

Absolutely. as you referenced, we are certainly aware that some of our key stakeholders really are looking for different things. So whether we are talking about investors, consumers

or employees, we carefully think about how we can make information available on our ESG performance that is readily accessible, easily digestible, something that they can find and relate to and really dig into at the level of detail that they are looking for.

So, for example, we are really proud to have just very recently launched our beauty inspired values driven commitments on our corporate website, and that is an initial support portal where all of our stakeholders can click into it and then dig deeper into additional content. That initial view allows them, if they would want to, to go and find our corporate responsibly, our citizenship and sustainability report. And really, that is actually a very comprehensive document that we publish on an annual basis and really is a company index.

We honestly do not expect any one of our stakeholders to read cover to cover because it is close to 120 pages long. But we know that we can certainly direct stakeholders to different portions of it, and it is a primary information source for our investors, for our ESG readers and writers, especially as they are looking for alignment to that alphabet soup of standards and frameworks.

So we have SASB, we have TCFD, we have GRI, we have the U.N. Sustainable Development Goals. We also take care to enable finding qualitative and quantitative information. So again, our annual Citizenship and Sustainability report has a whole separate section with data metrics and also an index that really cross-references the different standards, if you are that type of expert audience.

Of course, not everyone is going to be a super expert in ESG. And, for example, our consumers, they have a different viewpoint. They are looking to align their purchasing behavior with companies that share their values, which can demonstrate how they are creating social impact, how they are helping to work with the environment to promote sustainability.

For example, one way that our brands accomplish this in terms of dialog with our consumers is through publishing ingredient glossaries on their brand websites, where consumers who really want to know what is going into this product, what am I putting on my skin or my face, can really learn about our products and the ingredients that go into those products.

And then, what I think is very exciting, it becomes entrapped in the sense that some of these ingredient glossaries are also shoppable, so consumers can immediately say, "Oh, that is that". It is exciting. I know more about this product, the ingredients, and I can actually purchase some of my favorite products and try them out".

Another instance of how our brands really engage with our consumers is that, for example, brands like Aveda, very sustainably focused, very interested in issues such as renewable energy, water conservation. In honor of Earth Month, not only can you learn about Aveda's water conservation efforts on its website, you can also join in and join a call to action. And there is a digital run walk that you can sign up and register for in partnership with Charity Water, where the run is 3.7 miles long, which is the average distance that women and girls travel to collect water every day in certain parts of the world. So really making those connections with consumers, not just pushing an excel, but also allowing them to engage with our brands, our company.

And finally, I will just touch on one more audience, and that is our employees. I would be remiss if I did not say these are most engaged in passionate sustainability and social impact advocates. So we want to make sure that they have the information they need in whatever

role they set to be able to contribute to our success and our progress on environmental and social goals and initiatives.

On the internet, we have a study stream of content with regards to those information, as well as participatory opportunities so that you can join in our flagship causes, such as a breast cancer campaign.

What I think is really fun and exciting that just came up recently is that, as an employee, I can click into and see how much renewable energy is being generated at solar panels at our facilities, there are these dashboards that are accessible to employees to look at that information. So very tangible information.

And we also hold other types of communications venues, such as town hall events, where employees can not only listen to our senior leadership speak on various environmental and social topics, but also submit questions and engage in that kind of dialog.

So as you can see, there is there is a whole panoply of different channels, formats, opportunities to engage, and we are really tailoring content for each of those separate audiences.

Ben Ashwell:

That is that is really helpful to understand. Thank you so much. And I think it is a great way to kick off this webinar because, as I mentioned, you are extremely thoughtful about it as a as a company and really as a portfolio of brands. And I think that is an interesting part of this as well.

And with that in mind, Connor, I would like to turn to you to hear about your experience. You mentioned in the introduction that you have just launched an inaugural ESG report. I am curious to what different stakeholder groups you were thinking about when shaping the ESG report and how that informed again the content and the frameworks that you use.

Connor Kuratek:

Definitely. And for first of all, we are super excited about our first report and the journey we have been on. We have been publishing sustainability reports for a long time, and I will go into this a little bit later, but as a professional services company, ESG has always been something that has been a part of the framework of our company, and it has been really important to us, but this was something different. We really wanted to make this report something really new and really user-friendly, and really to try to push to be at the vanguard of this type of reporting.

But we essentially went from pen to paper to publishing in a matter of months with a very skeleton team. So it was really quite the sprint, and sort of a unique journey when it comes to these kinds of reports with companies that might have fewer resources or the infrastructure in place for a more mature ESG reporting company.

So at first, in order to realize who how to report this is, to know who our stakeholders actually are, we mentioned the typical ones, and I think it is what we ended up deciding, but we really wanted to break them out into different groups. So first and most important to us was our colleagues, second, our clients, and then we have our investors, and last but not least, regulators. As being a legal person, that was also important to me.



Transcrição do evento Finding an audience for your ESG story

So we really wanted a report to be a one-stop shop for these stakeholders. Alexandra mentioned all the different sort of mediums we have to reach out and the different kinds of reporting, and we have that too, and I encourage people to go to our website, but we really wanted to use this report to be the one place where we could talk to all these stakeholders in one cohesive way. So that is way challenging because, as we have been mentioning, each of these stakeholders have different views of what they want to see and different sophistication levels.

So the first thing we did was, we thought it would be good to start with a simple ESG philosophy. And we all sat down and just sort of said, “OK, what do we care about? What is our ESG philosophy?”. And from there we would go and we would talk to these stakeholders under the umbrella of that philosophy.

So just to quickly mention what our philosophy was, we made five different pillars. First was our commitment to ESG starts at home, meaning that if we want to talk the talk, we have to walk the walk. Second was our people are our greatest strengths. Third was that the future requires climate resilience. Fourth was our company plays an important role in that. And then fifth is that change is up to all of us.

So from those basic pillars, we then crafted narratives that were targeted specifically to each of those stakeholders. So, for example, for our colleagues, what was really important to us was engagement, and making sure that they were included in part of the, in and part of the journey we were going on.

So in different sections, we had colleagues stories and highlighted client colleagues spotlights on what specific offices and businesses are doing locally in their jurisdictions. For clients, and this was very important to us and I will go into some more detail later, we had case studies to show clients, for example, what our thought leadership is publications we have written or contributed to that highlight to them, “OK, this is how we are contributing to advancing thought leadership in each of the E, S and the G”.

And then for regulators, and again, Alexandra mentioned this already, but unfortunately, we are in a case right now where some of ESG, with this patchwork of frameworks is checking the box. So we wanted to make sure we had very detailed appendices that included just data and metrics that investors could go in one place and see. “OK, here is all the data”, and then second, “here are the various frameworks, including SASB, TCFD, GRI, and here are the exact pages for each of these elements”. You can click on from a report in other places, from our ESG website, where you can get that information. So we wanted to make it sort of just full proof that anyone could get the information from one document.

And finally, to finish on the little challenges, we knew people were not going to be reading an 80 page report. So a lot of the report in crafting our story was like anything you read. We wanted to make sure in the first couple of pages, if that is all of the time you had, you can walk away understanding what our philosophy and our story was.

So some of the things we did is, we have one page that when we were thinking about in terms of designing this, I said, I want one page that we could send to our investors that we could send to colleagues, that in one spot showed very succinctly what our commitments were and what our accomplishments were on each of the E, the S and the G. I found that very helpful, consolidating and making concise the story.

And then the funny thing just to mention too, and I am sure you have all experienced this a little bit too, but the ratings now, a lot of these things are searched by bots, so we were very

specific on some of the wordings we used to, which is a new sort of challenge that we all have to deal with.

So, for example, our HR team would kill me if I used the word 'turnover' because it sounds too corporate. They would prefer something like 'outward mobility' or something, just to give some kind of good feelings. But we were very careful to use and be faithful to our culture and our terms, and at the same time acknowledging that the bots are looking and investors are looking for specific things and specific words and how they relate to different frameworks. So we were very careful to mesh that in with our own corporate culture.

We can go into it more later, but it was really important for us to just really to craft a cohesive story.

Ben Ashwell:

That is that is really helpful to understand. Thank you so much, Connor. And just to stay with you for a second, actually, the process you were talking about, about producing an easy to digest sort of one page summary at the start of your ESG report, I am curious whether you see any parallels between sort of introducing proxy summaries to start proxy statements, which I think has now emerged in recent years as a best practice, the vast majority of proxy statements now do that, and I am curious whether that is a kind of muscle that you have flexing for want of a better phrase with the proxy statement. And maybe that made it easier to approach producing a summary with this with this ESG report. Was that something that you found?

Connor Kuratek:

Yes, 100%. One of the reasons we put ESG reporting into this world of corporate legal, which might seem a little strange, sometimes it is in comm, sometimes it is IR. So why did it land in legal? For us, it was exactly to leverage that kind of efficiency through our proxy, through our annual report. The person who runs our proxy is also on our small skeleton ESG team. I run our annual report and our financial disclosures.

So we absolutely had, over the last couple of years, really beefed up our proxy in terms of making those highlights and spending three hours trying to find a good Covid graphic and how that pops to investors and to stockholders.

So we leveraged a lot of that same learning and how to be concise and how to graphically resonate with stakeholders, and use that with our ESG report as well.

Ben Ashwell:

Excellent. Thank you so much for that, Connor. And Joe, I would love to bring you in. I think it is really interesting hearing both Connor and Alexandra because we are hearing solutions that they have come up with that are sort of consistent with their brands, the sort of authentic solutions to ESG storytelling. And I think that is a really important part of this telling a story to multiple groups of stakeholders.

I am curious about how you think about this, this challenge of identifying the issues that different stakeholders may be interested in, whether that determines the content. So when you are working with your clients, and I am curious about the extent to which this is effective for you. But also, whether there are certain reporting frameworks or standards that lend themselves more towards different stakeholder groups, perhaps.

Joseph Vicari:

Great question, Ben. As Alexandra mentioned, there are so many framework standards and rating agencies. It can be very confusing, a bit like alphabet soup. Focusing specifically on the frameworks, we advise our clients that are investors and a broad spectrum of stakeholders, they have a definite focus on the Sustainability Accounting Standards Board, or SASB, because it covers a wide set of relevant sustainability factors segmented by industry.

And so the disclosures based upon SASB should satisfy most investors, customers, supply chain participants, employees and other stakeholders, because it is so broad and far reaching.

Another important framework to consider is the task force on climate related financial disclosures, or TCFD, with its focus on carbon emissions and climate change. The reason why investors are increasingly focused on TCFD is that it aids in the understanding of the most material climate related risks that companies face, and how companies are managing them.

I believe that ESG, at its core, is the identification of environmental, social and governance risks, and the mitigation of those risks, and thus ensuring financial sustainability for the company. Investors want to know. They want to know that companies and their boards are on top of this. And these frameworks help companies guide their disclosures to understand what is important.

Frameworks are important, but the narrative is too. You heard both Connor and Alexandra talk about that quite a bit, which is very interesting for me. Often it is not what you say, but how you say it, and you need to take into account the varied audience that will consume the information for a variety of purposes.

It needs to be easy to read and well presented. Connor, you mentioned graphics. So important. You need to think of this not just as getting that, checking the box and getting those metrics out and those points out, but truly in a sense of storytelling. Tell your ESG journey, tell your story, control the narrative and ensure that there is a good understanding of the views and the values behind those metrics.

Ben Ashwell:

I think that is really good advice, and there is a real art to that process as well where sort of, if you lean too heavily on the visuals, then I think it can be jarring. And so it is a real learning curve that companies have been on for the last few years thinking about sprucing up disclosures in a variety of different forms with these visuals.

So I would love to move on a little bit now to talking about once you established your ESG story and thought about what is meaningful to different audiences, how you then tell that story. And so, Alexandra, I would love to come back to you. You spoke a little bit earlier about the way that you sort of published information based on different stakeholder audiences intranet for employees, for instance, and so on. But I love to dive into that a little bit deeper to sort of understand.

For instance, you work with the communications team around social media, and Estée Lauder is a company that posts screengrabs or extracts from corporate disclosures on Instagram, for instance, which I think for most people just sounds kind of anathema, what they are used to thinking about. So, again, I would love to know kind of the collaborative process inside Estée Lauder, the kind of multifunctional groups that you are involved with to say, OK, what would

be meaningful to pull out for our audience on Instagram, versus is our employees on our intranet, versus our investors who are going to our website and so on.

Alexandra Dobkowski-Joy:

It is it is an interesting process, and I will refer back again to say the reason we put so much effort into making our annual CNS report so comprehensive is that we leverage that in many different formats.

So, for example, with regard to investors, that is not just “here is this book, read it”. On our Investor Relations website on our corporate the landing page for our website, there is a link to the full report, but there is also PDFs that are standalone PDFs for the metrics, tables for the progress against schools because we know that those are some of the main things that investors are looking for. Are you making good progress and accelerating the momentum towards reaching your goals? How do your metrics compare? Do we have the ability to put you up against another company and assess the value creation potential there?

And we do not leave it with that. So, for example, we then take that information and also incorporated as ESG highlights into our quarterly earnings calls, or our annual shareholder meeting. So when we reached our net zero goals and RE100 goals, that was part of our earnings release.

And so that is a way that we are taking information that we are collecting throughout the year. We do not just say, “okay, we are going to publish this report once a year and leave it at that”.

Also for investors, to stick with that for a moment, we participate in investor led conferences. We have annual proxy outreach calls where our senior vice president at citizenship and sustainability sits in on those calls and answers ESG questions as they come up.

And across all of these different avenues, we really use the principle of transparency to guide us that we are making that information available to all our investors, whether they are large institutional or holders. I see a question here about retailer and small, and retail and small are shareholders as well. It is available. We know that investors need to have the data and materials to make their own conclusions and to conduct those internal valuations.

In terms of those of one on one calls with investors, we really see that as an opportunity to have a dialog and to say, are we communicating well? Are we sharing the information in the manner that you need it? Is there more that we can do? Can we be more transparent? What is useful, what is meaningful? And we see that, as the report is a foundation, oftentimes, industrial companies say, “Hey, I read X, Y and Z in your report. Can you give me more color around that, give me more context around that?”, So that is that is perhaps an investor perspective.

To your point about consumers, completely different animal, in a sense that we look to have campaigns on Facebook and LinkedIn and Twitter and Instagram, and all of those require, again, that close collaboration with their comms teams to make sure that we are tailoring the content in those bite sized chunks to then drive consumers back to either brand website or to our corporate website, because there is only so much you can say in 140 characters; it is longer now.

But we do also track metrics against that and say, OK, is this working? We see that consumers are very responsive to that. Our consumer shows on these different platforms, and that is where a lot of information can be shared and a lot of engagement can happen.

I will just end with our employees, too. It is again trying to not be a static sort of thing that we say can go read this report or go look at these fact sheets. We also took our annual Citizenship and Sustainability report and took that content and converted it to an interactive training portal that is actually available to all of our global employees across our corporate, manufacturing, sales sites. It is a portal where you click into it, you can explore different topics, take quizzes, links to new information, and that is actually been translated into 31 global languages, because we are a global company and we want to make sure that we are inclusive of all of our global family members.

Ben Ashwell:

Thank you. That is really helpful to understand. You mentioned it earlier, and I would encourage anyone in our audience to go and check out Estée Lauder's shoppable reports. I think it is a really great example. Again, it makes sense in the context of our Estée Lauder, and I think it is a great example, it essentially tells a story to multiple stakeholders just by doing that. I think it is quite compelling.

And I agree 100% that the point you were making about having a report and then thinking about how to cherry pick information and kind of extend the shelf life of that report. On the Investor Relations side with IR Magazine, we are hearing more about IR teams producing essentially editorial calendars now. It is much more my language, really. How can we stagger the release of this in different bite sized chunks for different audiences or on different channels over time? Some IIR teams are putting paid social campaigns behind those now, which again, is something that two years ago just, I think, would be kind of unthinkable.

Alexandra Dobkowski-Joy:

Just to add on to that point, I think what we are all realizing is a once a year publication is insufficient. There is a steady stream of progress, initiatives, achievements that the company is involved in year round. We want to make sure that our investors or our other stakeholders are aware of what is happening and that they are not waiting to get that information. So I am smiling when you say editorial calendar. Maybe we have not called it that, but they are doing something very similar.

Ben Ashwell:

Yes. Joe, I would love to bring you in on that point about sort of what you publish, where and so on. With proxy statements, for instance, we have seen some companies will pick several pages from their sustainability report and republish them in the proxy statement, and add an ESG section that is a carbon copy of what was in the sustainability report, for instance. We know that some investors do not want to read a 150 page sustainability report. And we know that some employees and customers do not necessarily care about financial materiality. So I am curious about how you think about this, shaping what information goes where, and how you do not promote it.

Joseph Vicari:

It actually may be appropriate to republish pages from the sustainability report into a proxy statement, but it depends upon the content of those pages. So what is appropriate? ESG governance developments, as well as other material ESG business achievements, it is relevant. Information on how the board oversees ESG, so the governance of ESG of the company. Very important. How the company is aligning ESG disclosures with external

frameworks such as SASB and TCFD that I mentioned earlier. Ways that ESG may be or is integrated into financial reporting is very appropriate.

Also, some other things that are important to consider, there is a growing convergence around compensation in ESG for senior management. Information regarding human capital and corporate culture, beyond, of course, what is required by statute. Discussions on how the board oversees people with regard to recruitment, retention, employee engagement and diversity, also under consideration for inclusion in the proxy.

As for your question regarding publishing a 150 page sustainability report, I believe that if you have 150 pages of relevant, and I underscore 'relevant', ESG information with metrics, performance and goals, then you should publish 150 pages. But that said, if you do publish your report that dense, you need to consider usability for a variety of consumers of the report. So it should be well indexed, ideally interactive navigation of that document so people can zero in on what is relevant to them.

Also, with a document of that size, you should consider an ESG summary report, with highlights to satisfy a broader group of stakeholders. There are some companies that have actually begun that publishing summary ESG reports, and for the very reason that they have very large, dense main reports.

Our most successful clients with regard to promoting and getting the best ROI on their efforts, they have taken a multi-channel approach, often including a press release and ESG microsite with highlights and resources available, a comprehensive report, of course, as part of that, and an outreach program with some of the rating agencies. Some have included social media campaigns, incorporated their ESG program in their investor day presentation.

It is a bit like it is marketing 101. We heard from Alexandra in Estée Lauder, a consumer brands company, and I was not surprised to hear elements of this type of promotion and campaign around ESG disclosure from her and her company. And there is a lot of non consumer brand companies that can learn from that.

Ben Ashwell:

I think that is really helpful. And thank you, Joe. Just a brief plug for IR Magazine, the issue of linking executive compensation to ESG was the cover feature of the spring issue of the magazine, and it is very much a burgeoning topic, and one that we have an entirely different webinar about.

Joseph Vicari:

I knew that. I threw you a softball on that one.

Ben Ashwell:

Thanks very much. But Connor, I would love to bring you in on this as well, because I think Joe raises a really good point. I think ultimately finding the medium that makes sense fit for you as a company, and as I was saying earlier as well doing it in context, I think that given the difference between Estée Lauder and Marsh McLennan companies, I would not imagine that you are spending too much time thinking about Instagram, for instance, in terms of telling your story.

But I am curious about, you work for a portfolio of companies that advise clients about ESG and ESG integration. And so I am curious about how that informs your own ESG messaging, and how you plan to tell your corporate story, your corporate ESG story to your clients.

Having just finished that rather wordy question, it looks like we may have briefly lost Connor, unfortunately. So we will hope that Connor is able to rejoin us in a moment, but we will move the conversation on in the meantime. And if Connor rejoins us, then I will pose that question to him again.

In the meantime, while Connor gets up and up and running, Alexandra, I am going to put another question to you. We discussed in our pre call for this this session, and it really kind of stood out to me, a lot of companies are being asked about sort of ESG risk in that supply chain. And of course, I think that is a question that many companies are being asked about, whether there is sort of essentially ESG risk or reputational risk in the supply chain.

That conversation does almost entirely focus on risk and the pitfalls, and it tends to be a conversation about risk mitigation. And you mentioned that, of course, that is that is partly what you are coming at this from, but that you have also created some guidelines for your suppliers to say, rather than just saying “we kind of exclude all the stuff that we do not want to see”, we are going to actually tell a slightly more positive story about that as well and provide a bit of a roadmap for our suppliers. So maybe you could speak to that a little bit as well, because I thought that was quite meaningful.

Alexandra Dobkowski-Joy:

Absolutely. So our suppliers, we partner with them. We collaborate that we need our suppliers in order to be successful as a company. So it is it is obviously in both our best interests to help each other succeed and to help each other achieve greater environmental and social impact.

Last year, we updated our supplier conduct, and as we were doing that, we said, “Okay, there is this fairly dry or legalistic document that we are putting out there”, and saying, “Hey, suppliers, we are requiring that you do X, Y and Z things”.

But we thought that, well, can we go a little bit further? Can we provide some additional support, some additional resourcing? And so in addition to that sort of fairly dry supplier conduct, we also published a supplier sustainability guidelines document. And so this is just taking it a step further and saying, sure, there are actions that if you are looking at our code of conduct and kind of wondering, what do we mean or what do we expect you to do, here is some guidance that we can offer to you as we work together and partner for that greater social environmental impact.

So the guidelines document is really structured as a self assessment tool, and it outlines a bit of a like a three step hierarchy. So we say here is a basic practice if you are only going to meet the requirements that we set out, here is kind of what you need to do. So it is a basic practice.

And then we also say, “we can go further than that”, and here is an example of good practice. And then if you want to go even further than that, here is what we consider to be best practice to give you a more tangible example of that. So a requirement is that we ask our suppliers to strive to promote an environment that is free from discrimination and that is inclusive for all people, and essentially make that part of their approach. And so basic practice is for our suppliers to have an equality inclusion diversity policy.

When you are moving to best practice, that might mean, all right, suppliers, you should also be thinking about setting quantitative, measurable time based goals for achieving diversity and equality in all [inaudível] employment, or potentially joining local networks organizations that are locally meaningful as relates to gender issues.

So again, just trying to double click into that situation that outlined in the Code of Conduct itself to say If we want to help you succeed, we want to help make sure that you know what our expectations and what is of potential best practices are.

Ben Ashwell:

I think that is I think that is really helpful to understand. And something I really like about that is that it is sort of aspirational by its by its nature. It is not exclusionary. It is saying, well, here is how you can progress to the behaviors, kind of best practices that you say that we would love to see. But we are not going to screen you entirely on those.

I think, in a lot of ESG topics it is helpful to acknowledge that we are all on a journey. And the conversation five years ago would be entirely different to the one that we are having today. And so I think by having that sort of aspirational pointing in a certain direction, I think it is really helpful to everyone involved.

But Connor, I wanted to bring you back in. I was sort of midway through asking you midway through asking you this question, and I was not sure whether there was a deer in the headlights, because it was a more difficult question that anticipated or whether your scream was frozen. Glad to know it is the latter.

But the question was really what kind of companies is your portfolio of professional services firms? Of course, you are advising your clients around ESG from a variety of different angles, depending on the company and the practitioners within that company. As we think about telling a corporate ESG story to multiple stakeholders, I am curious about how that that overall corporate messaging that you have been working on sort of filters into the work that you are doing at a firm by firm level, if that makes sense.

Connor Kuratek:

I apologize. I did have connectivity issues, but yes, the client experience to us was paramount. I talked about the four stakeholders. Each one of the stakeholders has a different view of what they want to get out of the report. But for us, the professional services company, as you said, each of our businesses advises in some form or another in ESG matters, and ESG is good business, and we want to use it as an opportunity to promote our business.

For example, Marsh, an insurance broker, last year we launched the first integrated global renewable energy practice for insurance broking. That is pretty cool. We wanted our clients to know that and that we offered those services.

On the consulting side, we had basically insurance broking and then consulting. Mercer, one of our companies, advises companies on gender pay gap diversity, inclusion, the future of work and return to the workplace after Covid.

So it is really important for us that this also serves as a marketing document, that there are legal disclosures, IR disclosures, but we did not want to miss the opportunity here to really show, "Hey, this is our value add proposition to clients and this is what differentiates us from our competitors. So this is why you should come to Marsh McLennan for these matters".

So to do that, I think we ended up doing sort of it. And going back to the storytelling aspect of this, we really wanted a consistent approach in how we did this. And I mentioned when I first started that our number one philosophy of the pillar is ESG starts at home.

In each section of the report, we started at home. We told our story, what we are doing internally, but we mirrored that with an internal discussion to an external discussion in every section. For environmental, for example, we would go into what were our commitments this year in terms of carbon neutrality, which we recently made a public commitment to that.

But then second, and we would say that is internal, then we would tell another story in that section about all the work we are doing from an internal perspective on how to advise clients in this area. So very much a marketing story. And so to do that, we took a variety of approaches that I sort of hinted on before, but we have highlighted thought leadership. We do case studies. We tell clients stories. We would specifically make sure we had quotes from business leaders in different parts of the business.

I mentioned before the bots, but also press. When press are looking at stuff, you probably know that they want to see. We put it in big, bold, highlighted with a picture next to it. If someone wanted to just copy and paste, OK, what is the CEO of Marsh saying? It was right there for them and easily accessible to them.

And we also highlighted major client achievements of the year. So this panel really on the storytelling, I felt it was really fun, and part of one of the things that made our ESG report, and I feel like it is really unique, is the services we offer. And so we really use that to tell a different kind of story, to tell the internal story that stakeholders are expecting. But we had this extra, I would say, spice in the mix that that we were using it for a second purpose to do good for our business as well.

Ben Ashwell:

I think that is I think that is really helpful to understand. Thank you so much, Connor. I think it is really just very helpful for our audience. Speaking of our audience, we have had plenty of really excellent audience questions coming in, and we are going to do our best to get to get to some of those in a couple of moments time. We have one more topic that we wanted to cover before getting to audience questions.

Joe, I am going to come to you first to ask about the change in SEC leadership. Of course, Gary Gensler was recently confirmed as the new chair of the SEC. Even before his confirmation, when he had been nominated, but not confirmed, for some people, there was a surprising amount of activity coming out of the commission before Gensler's confirmation. So I am curious about what you think we can see with this new administration and new leadership coming out of the SEC in terms of either rulemaking or enforcement around ESG.

Joseph Vicari:

So Gary Gensler, now the chair of the Securities and Exchange Commission, stated at his confirmation hearing that he supports greater corporate disclosure about climate. Cannot get much clearer than that. He emphasized that investors are demanding these disclosures, and to counter resistance, he made it clear that it is the investor community that gets to decide what is material to them. Again, very specific, very clear on intent.

I think that is the best window into the future on what is on the horizon from a disclosure perspective. Other indicators on direction and emphasis can be found in some of the SEC activities. And I will admit, I have a little cheat sheet here, sorry.

So perhaps the most telling activity was when the SEC launched a new page on ESG and climate change issues, visibly telling everyone that they intend to focus on ESG and climate. I think that was very public.

On March 15th, the SEC published a request for comment with 15 specific question areas regarding whether current disclosures adequately inform investors on climate change disclosure in support of the SEC staff tasked to evaluate the disclosure rules. Again, very telling.

The SEC created a climate and ESG task force in the Division of Enforcement with the initial focus to identify any material gaps or misstatements in the disclosure of climate risk under existing rules. So they are putting their weight behind this, as well as a as a regulator.

And the SEC's Division of Examinations is massive focus on climate and ESG related risks by examining proxy voting policies and practices to ensure voting aligns with investors' best interests, regulation BI.

I think that this is actually not everything that the SEC has done to date since the change in administration with regard to ESG and climate, but I think it is a very telling pattern. I think the jury is still out with regard to specific forms, format, frequency and specific data points. Those are the details, but I think everyone agrees more disclosure is inevitable.

Ben Ashwell:

Connor, that was a very comprehensive overview there from Joe. Is there anything that you would like to add? I am sure that you keep a keen eye on developments of the SEC.

Connor Kuratek:

As I mentioned before, I think we are a little unique in the sense that our ESG reporting lead reports into me and I am the chair of our disclosure committee, and also the head of our SEC reporting. So these sort of matters are near and dear to my heart.

I would say three quick things that we are doing to prepare for this, because no one knows what is coming. The first is obvious, just being abreast of the developments, not just in the US, but really particularly in Europe and in some parts of the Pacific, like Australia and New Zealand.

What we have seen is that Europe is taking the lead on a lot of these initiatives and disclosure requirements and that we are almost playing catch up to that from a principles based disclosure regime in the United States, obviously, that we are all familiar with, whereas in Europe they are starting to require more and more metrics out there.

So keeping abreast of those developments, especially in Europe, not just with the SEC, it is helpful to see where the SEC could be going down the future and what a potential US disclosure regime related to environment and ESG matters could look like.

Second, I would say it is really doing a catalog of what you know and what you do not know. So what we what we did is, even though we did not particularly disclose to every single

framework we created internally, we looked at all the frameworks, looked at what they were requiring disclosure from professional services company. And we gathered that data knowing we would not disclose all of it, but we wanted to make sure if the time were to come and we were asked to, we knew who was responsible for it at the company, the rigor behind the processes of getting the data.

So we basically put these spreadsheets together that just really cross-referenced every known framework that we have in the back of our pocket in case something develops quickly; and not that these things have moved too quickly.

But then third, and this is very related, and this is the SEC lawyer in me. But potential think about potential audits of this information coming down in the future. Auditors are extremely scared of what that would mean if they now had to audit and provide reports on the internal control reporting over ESG reporting.

So what we did is we just make sure, as I said, we had a rigorous backup for every metric that we put in the document. So treat it like it would have SEC legal liability to it. And so I would say those are the three things we are doing to be prepared.

But obviously there is no crystal ball, but just being prepared for this stuff, if the worst thing that could happen is to play catch up and have to rush out a messy disclosure that potentially has inaccuracies and that will create legal liability to you in the future.

Ben Ashwell:

I think that is excellent advice in terms of thinking about the information that you report versus the information that you gather, it is less like an iceberg, I suppose. And having the stuff that is publicly visible is a fraction of what you what you have internally. And to the point about keeping an eye on what is going on in Europe as well as what is coming potentially from the SEC, one point I would highlight is that, if you are based in North America, you have not read up on sort of the same climate votes that are happening at some companies in Europe at the moment, and it is anticipated that that is on its way across the Atlantic in the not too distant future. And I have talked to companies that have been engaged by shareholders about that issue in North America this year. So it is a really an interesting question and a twist on the say on pay votes that we all love so much.

Connor Kuratek:

Just to interrupt really quickly, I was just reading. I think not to call them out, but I think S&P Global got a [inaudível] that they ended up including into their into their proxy this year. I am sorry, [inaudível]. So that is fascinating to see from a from a US perspective already that it is already here.

Ben Ashwell:

Absolutely. We do have some audience questions. Actually, we have got a lot of audience questions coming in. We have got about seven minutes left. So we are going to try and do a couple of sort of lightning round questions or try and consolidate a couple of them.

So we had a number of questions really here about sort of resources, the amount of time that your company spends on ESG reporting. And I think also sort of who's involved at what stage and kind of what your internal working group looks like. So maybe Alexandra, we could start with you and then kind of I will go to you in terms of you have both sort of alluded to there

being a cross-functional working group. I we would love to get a sense of who is specifically involved and kind of other than the obvious of what their job title is, sort of what they contribute and when.

Alexandra Dobkowski-Joy:

It is a very collaborative effort, and I think the saying “it takes a village” applies absolutely to this process. So although my team leads the development of the annual Citizenship and Sustainability Report, the publication date is usually in early November, and we started our next report last week. So it does take a lot of time because we want to be comprehensive. We want to make sure that we are capturing the information accurately.

And this is from data providers, but also leaders across the organization for leading programs and initiatives for driving progress against closing targets. And as Connor mentioned, we take that same approach of treating this information as equally valuable and important as something that might eventually become the mandated disclosure through the SEC.

So part of the effort and the resourcing is really making sure that we have rigorous controls and processes to collect that information for any metric or any statement that goes into the report and goes through both internal audit as well as external assurance for a number of our metrics.

So the process is months long, but different players are involved, whether from a creative design, communications perspective, from a content development perspective. And then also there are numerous rounds of reviews, and we are very close friends with our legal team. They are really important partners to make sure that we are being very consistent and comprehensive with the information we are sharing and that we are substantiating anything that we are actually putting out there.

Connor Kuratek:

I see one of the questions, someone saying I work at a company that does not have this sort of framework already. How do I go back and start it? I do not think we were in a dissimilar place. It takes some leadership.

And luckily, our deputy general counsel, Kate Brennan, this was her sort of brainchild. But what she what she originally did as a first step was create what we called an ESG management committee. And on that, exactly as you said, that was the first step. We had representatives from each of our four businesses and then each of the functions. There was legal, there was H.R., there was external commerce, there was IR, all in one room and we brainstormed together. It was the first time we brought every person who sort of has a seat at this table into one conversation. And it was from there that we really decided to come up with our current plan and our current trajectory.

But in terms of management, right, it is not always easy. You have to convince them that this makes good business sense. I think that was harder a couple of years ago. I think the world has changed so incredibly fast on this that the business case for devoting ESG resources, whether it is in terms of time or money, I think it is a very easy argument to make these days with the amount of attention it is getting.

We talked a little bit about this, but climate change is the number one risk facing the world for the foreseeable future, and every company needs to be involved in it.

Joseph Vicari:

I think the large asset managers have made the business case for everyone. They basically put every company on notice that if you want to play in the capital markets, you have to report, you have to pay attention to this and you have to disclose. And there is no ifs, ands or buts to that. And in the long list of asset managers, it is not just the BlackRock's Larry Fink that put out, it is a very long list.

Ben Ashwell:

One other thing to add on to that is, even when you when you have established a cross-functional working group and there is that management by informed by your institutional investors and so on, that does not mean the be all and end all. We talk to plenty of companies at IR Magazine and Corporate Secretary who have that management by, and it is recognized that they need to focus on ESG reporting. There is a mandate to produce industry report that is a real challenge to get the data from the necessary departments. They need to chase internally to try and make that case. And so that is a slightly different challenge for maybe another webinar. But I think certainly having that work group is a very good jumping off point.

And Joe, a question here. You mentioned that the sort of this is being defined by institutional investors to some extent. And you mentioned that as well. And in relation to SEC action. We had a question here, though, about retail shareholders and the extent to which that is a consideration in terms of ESG storytelling.

I guess a kind of addendum to that as well is, do your clients think differently about retail shareholders, and maybe customers for a lot of retail shareholders right now, a lot of new retail shareholders are interested in consumer companies and brands that they know, for instance?

Joseph Vicari:

First of all, I think the institutional investors are not defining but are driving this, making it at the forefront and important for companies to recognize that this is important to them. Going back to the narrative, I think that the storytelling, the narrative, the disclosure is what is key to retail investors. That is what will resonate versus tables of numbers, facts and figures.

And so, while the narrative is fed by those metrics and those performance indicators, I think that both to consumers, for a company, as well as their retail shareholders, that narrative is key. And getting that narrative out, we have all mentioned social media, a very important communication channel for this type of information, especially for retail investors or consumers and other stakeholders like them.

And so, I know that Connor is an attorney, but I think that he minored in marketing because it is really nice to hear how it was not just legal for the factual piece, but truly the storytelling. And I think that was a great indicator of where Marsh is in their ESG journey.

Ben Ashwell:

Excellent. We have so many more audience questions that unfortunately, we will not have time to get today, but I think it is an indication of really engaging conversation that we had so many questions. And so I really appreciate the three of you for joining us. I think this conversation could have lasted twice as long, frankly.



Transcrição do evento Finding an audience for your ESG story

So, Alexandra, Connor and Joe, thank you so much for joining us today. I have learned a lot from listening to you, so I really appreciate it. Thank you very much.

Joseph Vicari:

Thank you.

Alexandra Dobkowski-Joy

Thank you.

Ben Ashwell:

If you have enjoyed this please do go to the IR Magazine and Corporate Secretary websites to check out our future and upcoming events. The slide that is just loading up should display those in a moment's time. We have upcoming governance priorities in 2021 event which is coming up in just a couple of weeks time on the 6th of May, full by IR Magazine forum and our European Magazine Awards in June, and then our quality in our forum slightly later in June.

If you attended this webinar, which you did because you are here, you receive a discount on registration for those events by using the discount code Webinar 15 at checkout. So again, please do check out those future events.

Once again, a huge thank you to Alexandra, to Connor and Joe, and to you, our audience, for tuning in on Earth Day and for asking many fantastic questions. Thank you all so much and we hope to see you again on another video webinar very soon. Thanks very much. Bye.