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ESG beyond box-ticking: Four action points for decision makers

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Companies' ESG Performance under Increased Pressure

Environmental, Social and Governance (ESG) considerations have been rising as important business topics in recent last years. In the WEF 2019 Global Risks Report, environmental risks continue to dominate the survey.[1] The reality of this shift is being experienced by those companies that are facing growing pressure in this area from customers, investors, regulators and the public. For companies the challenge is, "what does ESG mean for us?". To help companies, including the Board of Directors, with this challenge, this viewpoint offers four action points that could help kickstart an ESG strategy. First, we provide some background.

Sources of Pressure

One source of increased stakeholder pressure is **customers.** Several studies suggest that some consumers are willing to pay more for sustainability or ethically produced goods.[2] This means that companies can actively position their brand and, in some cases, even charge a premium for socially or environmentally friendly products or services.

Also, the **investment sector** is changing its attitude to ESG. According to ISS, sustainable investing "has evolved from niche to a necessary component of institutional investment and asset management".[3] BlackRock CEO Larry Fink put it this way in a 2018 letter to CEOs: "In addition to financial performance companies must also demonstrate to what extent they make a positive contribution to society".[4] In Switzerland, the topic is also on the rise. Total sustainable investments increased by 83% from 2017 to 2018.[5] In addition, more and more Swiss **pension funds** are considering ESG factors in their investment decisions to reduce long-term risk.

Moreover, **proxy advisors** are requesting evidence of more ESG efforts. For example, Actares "expects companies to follow best practice rules in the areas of environmental sustainability, social responsibility and corporate governance, to provide transparent and substantive information, and to demonstrate significant and measurable improvements".[6] Other proxy advisors such as ISS, Glass Lewis, zRating/Inrate or Ethos are increasing their tracking of ESG performance of companies and expect "transparency and clearly defined, regular communication".[7] Pressure on companies, however, is not only coming from external stakeholders, but also **employees.** This is particularly the case among younger generations who value making a positive difference in society, beyond job recognition.[8]

A Barrier for Getting Started

In the above context, one might ask why ESG is not yet on many corporate agendas? One reason is the lack of a clear definition of ESG. For example, "12 people often have 12 different perceptions of what should be comprised within the 'S' topic alone",[9] says the Head of Research of Inrate, an independent Swiss sustainability rating agency. To implement ESG criteria in the daily processes of the organization, a clear consensus within the corporation is indispensable.

According to Inrate, a second obstacle is the "misperception that ESG focus goes hand in hand with a (potential) lack in economic performance".[10] Proxy advisor Actares believes Swiss companies frequently only see the costs related to ESG standards and, consequently, feel ESG could disadvantage them over competitors. This view may be re-enforced by the fact that "current remuneration practice does not incentivize" ESG efforts sufficiently.[11]

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[1] *World Economic Forum (WEF): The Global Risks Report 2019*
[2] See e.g., Trudel, R., & Cotte, J. (2009). Does it pay to be good? *MIT Sloan Management Review, 50(2)*
[3] ISS Governance: https://www.issgovernance.com/esg/
[4] Black Rock: https://www.blackrock.com/corporate/investor-relations/2018-larry-fink-ceo-letter
[5] Swiss Sustainable Finance: *Swiss sustainable investment market study 2019*, June 2019
[6] Interview with Roger Said, responsible for fundraising & communication at Actares, May 23, 2019
[7] Interview with Antonius Knep, Head of Research Operations at Inrate, June 1, 2019
[8] *The 2015 Deloitte Millennial Survey, Executive Summary*
[9] Interview with Antonius Knep, Head of Research Operations at Inrate, June 1, 2019
[10] Ibid
[11] Interview with Roger Said, responsible for fundraising & communication at Actares, May 23, 2019

Figure 1: Overview of HCM's four action points

In HCM's experience, decision-makers often also get distracted by the complexity of the subject. In fact, while some two-thirds of executives believe that ESG topics are important for the long-term strategy, only one third have actual ESG initiatives.[12]

Where time, experience and a long-term view is lacking at the executive level, the Board of Directors may have to step up and help ensure that ESG issues start being considered at all levels. There is a growing view that ESG is in the final analysis a board-level issue. Therefore, some see it is important for the board to lead and as necessary "take control and make the best use of additional insights into risks and opportunities from an E, S and G perspective".[13]

But where to start? In light of the increasing demands and pressure from inside and outside stakeholders, the following four action points can support decision-makers, whether at the management or board level, to drive ESG-based initiatives in their company.

Action Point 1: Define Your Key ESG Topics

A first step is to define the concrete ESG risks of the company and develop a long-term ESG strategy. One start is by conducting a materiality assessment. In this assessment, an organization's most critical ESG risks or issues are identified and condensed into a comprehensive ESG report.

In the above effort, a first strategy is to also look beyond the company and see what topics are deemed material across the company's industry. The Sustainability Accounting Standards Board (SASB), for instance, provides a map with specific material ESG issues for 77 industries. Examples for selected industries are given in the figure below.[14] In choosing on which issues it will work, a company should consider its limits on what it can realistically address and put into practice.

Secondly, decision-makers should reach out to key internal and external stakeholders to develop consensus on ESG risks. This could include talking to customers, employees, suppliers and regulators. Such active exchange with key stakeholders can help align expectations and define priorities. Mevina Caviezel, Head Sustainability and D&I at Sonova, the Swiss provider of innovative hearing care solutions, observes "It is important that the materiality analysis is not just a purely theoretical exercise, but that it is put in use and builds the basis for prioritizing themes, projects and measures in sustainability management and reporting".[15]

In fact, some research suggests that companies which outperform on material ESG topics can also improve their financial performance.[16] At the same time, this may depend on whether the company is focusing on material risks and topics or not. In our experience key is defining concrete and fitting ESG topics on which to focus. Progress on the defined topics is then reviewed regularly by both top management and the Board of Directors.

Other stakeholders, such as large institutional investors, may request more. For example, JANA Partners, an activist hedge fund, successfully engaged with Apple to address the overuse of iPhones by children and teenagers after several studies found evidence of negative health and other effects.

[12] *How Companies Manage Sustainability*: McKinsey Global Survey Results, March 2010
[13] Interview with Antonius Knep, Head of Research Operations at Inrate, June 1, 2019
[14] Sustainability Accounting Standards Board (SASB): https://materiality.sasb.org/
[15] Interview with Mevina Caviezel, Head Sustainability and D&I at Sonova, May 3, 2019
[16] Khan, M., Serafeim, G., & Yoon, A. Corporate sustainability: First evidence on materiality. *The accounting review*, 91(6), 2016

	Health Care	Financials	Infrastructure	Technology & Communications	Consumer Goods
Governance (Examples of KPIs)	▪ Business ethics ▪ Competitive behavior	▪ Systemic risk management ▪ Legal and risk management ▪ Data security	▪ Critical incident risk management ▪ Systemic risk management	▪ Competitive behavior ▪ Systemic risk management	▪ Business ethics ▪ Legal and risk management
Social (Examples of KPIs)	▪ Product quality ▪ Access and affordability ▪ Data security	▪ Selling practices ▪ Employee engagement and diversity ▪ Project finance	▪ Access and affordability ▪ Service safety ▪ Labor practices	▪ Data security ▪ Consumer privacy	▪ Data security ▪ Product quality ▪ Product safety
Environmental (Examples of KPIs)	▪ Energy management ▪ Waste management ▪ Circle economy	▪ Sustainable investment management ▪ Circle economy ▪ Project finance	▪ Gas emissions ▪ Air quality ▪ Overall ecological impact ▪ Circle economy	▪ Energy management ▪ Waste management ▪ Circle economy	▪ Water and waste management ▪ Energy management ▪ Circle economy

Figure 2: Overview of material topics for selected industries[17]

Shortly after, Apple responded to these concerns by developing new tools to educate and control overuse by younger consumers.[18]

Thirdly, it is crucial to visualize the relevant information in a way that allows informed decision-making, such as through the use of a materiality matrix. In a materiality matrix two dimensions can be shown: On one axis, the different issues which substantively influence the assessments and decisions of key stakeholders are categorized according to importance within the company. On the other axis, the potential impact of such issues on the economy, environment and society are depicted.[19] The respective issues are not only relevant for sustainability reporting but deliver important insights for the company's strategic orientation as well. They help identify the company's most crucial issues and determine where which ESG initiatives could have the highest impact.

Action Point 2: Formulate Your Long-Term Strategy

ESG topics are characteristically long-term in nature. To be most effective, an ESG strategy should form part of the overall long-term strategy of the company and not be viewed separately. To achieve this, decision-makers need to develop a common vision of the direction of the company both financially and in terms of ESG. But this requires focus and expertise. Some Boards are creating an ESG board committee. In Switzerland, almost half of the largest firms such as Roche, Nestlé, Zurich Insurance or Lindt & Sprüngli already have such a committee in place. Other companies are creating ESG functions or teams at the management level.

To systematically build such a team, ESG expertise could be taken into account in Board and management recruitment. Through the force of a team with an ESG background as well as "diversity in backgrounds and beliefs"[20], management can then be challenged and supported in sound decision-making regarding the long-term ESG strategy. According to Actares, "no company that wants to be successful in the future can afford not to give ESG issues the highest priority" with requirement profiles for board members having to reflect this need.[21]

Once the right expertise has been acquired, ESG topics need to be integrated into the long-term strategy of the company. Not only should risk management regarding ESG topics be considered in this process, but

[17] HCM expertise based on Sustainability Accounting Standards Board (SASB): https://materiality.sasb.org/
[18] Letter from JANA Partners & CalSTRS to Apple, Inc., Harvard Law School Forum on Corporate Governance and Financial Regulation, January 19, 2018
[19] Global Reporting Initiative: https://www.globalreporting.org/standards/questions-and-feedback/materiality-and-topic-boundary/
[20] Interview with Antonius Knep, Head of Research Operations at Inrate, June 1, 2019
[21] Interview with Roger Said, responsible for fundraising & communication at Actares, May 23, 2019

also opportunities for driving long-term value creation. For example, the quantification of carbon emissions to produce a certain product can be used for promotion among newer environmentally aware client groups.

To bring credibility to an ESG strategy, it is essential to define how ESG criteria will be embedded in the company's operations. At the same time, simply having random environmental, social and governance-related initiatives is not a strategy in itself. In fact, higher credibility among stakeholders and increased financial returns can be achieved when the company is clear on its ESG strategy and its relation to the purpose of the company. A Harvard Business Review article also recommends companies to publish a "statement of purpose" to communicate the company's place in society, the reason for being and in what time frame management's decisions are evaluated and rewarded.[22] Such a public statement, if properly elaborated, can also inform the overall ESG strategy. As such it can serve as a compass for the Board, executives and other decision-makers and motivate specific ESG initiatives at every level of the company.

Numerous studies have also shown that ESG-based business models are less likely to become obsolete as market and regulatory changes take place. Environmentally friendly and social companies tend to attract and retain highly sought-after talent and to become attractive to investors. Finally, established ESG processes can enable innovative potential in other areas and create completely new business opportunities.

Action Point 3: Get Your Employees on Board

One important stakeholder group for ESG does not come from the outside but from within the company. Just as with any change of organization or strategy, it is critical that employees are brought on board when ESG initiatives are being considered. Instead of a top-down only approach, it is crucial to also get the support and ideas from employees on every level. A recent UBS study shows that many Swiss companies have already acknowledged this potential in relation to green ventures: "46% of the 2'503 companies surveyed in Switzerland name their employees as the driving force behind more ecological value creation".[23]

By actively involving employees in brainstorming sessions and by providing training on material ESG topics, their perspectives and expectations can be gathered and considered. Not only are employees more familiar with daily operations but they may be more able to spot further areas of improvement. Moreover, their commitment to implementing ESG strategies can be higher when they feel having been consulted.

In fact, some of the most successful ESG implementations have occurred in companies where employees were involved from the very start. According to behavioral economist Moritz Jäger, "employee cooperation is a decisive factor" with any ESG strategy being "only as good as the support it enjoys from employees".[24] Potentials for cooperation are created via participative goal-setting and the development of alternatives, as well as "a test-and-learn-culture with tight feedback loops, continuous training, allocation of necessary resources and alignment of incentive structures".[25]

In our work with clients, we often see decision-makers being more ready to share on ESG topics with higher executives than with other employees. This can create a disconnect that could delay if not hinder ESG implementation. Thus, decision-makers need to both set the right tone from the top and lead by example, while actively involving employees. In light of the current war for talent and increasing employee expectations, this could help attract young generations which are even accepting lower salaries for "a job that makes a social or environmental impact".[26]

Action Point 4: Hold Management Accountable

A key challenge that ESG initiatives face is measuring impact or success. While companies have expertise in tracking financial returns, tracking impacts on the environment or the society is far less clear to them.

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[22] R. G. Eccles and S. Klimenko, *The Investor Revolution*, Harvard Business Review, May 2019

[23] *Schweizer Unternehmen widmen sich nun den Umweltthemen*, Bilanz, April 15, 2019, https://www.bilanz.ch/unternehmen/schweizer-unternehmen-widmen-sich-nun-den-umweltthemen

[24] Interview with Moritz Jäger, Partner at Tsuku GmbH, May 1, 2019

[25] Ibid

[26] *Net Impact Talent Report: What workers want in 2012*, Net Impact, May 2012 . See also G.S. Varges, The New Generations Within Boardrooms, https://ethicalboardroom.com/the-new-generations-within-boardrooms/

However, parallel to gaining clarity on what ESG actually entails, companies are also learning how to measure ESG more effectively. This is the case as regards greenhouse gas emissions, use of natural resources, safety and fatalities, diversity, employee engagement, customer satisfaction and compliance breaches. Nevertheless, measuring is not yet a science. Decision-makers thus should retain a level of discretion on how they will measure success or impact of ESG initiatives.

But while measuring is critical, it is also critical for there to be accountability on ESG progress. As part of its supervisory duties, it is appropriate for the Board to expect management to take responsibility for driving ESG successfully. In our experience, one way to do this is to ensure there is some link to the performance management and compensation systems. This is beginning to be done in the marketplace. For example, Alaska Air Group currently rates its CEOs on customer satisfaction, while Campbell Soup has included employee engagement in its CEO metrics. Such metrics are valuable because they provide leading indicators about the long-term viability of a company's sustainability strategy.

Yet not only social aspects of ESG can be implemented in executive pay. At DSM, a global leader in nutrition, health and sustainable living, the long-term incentives of top executives heavily depend on environmental criteria, namely greenhouse gas emission reduction and energy efficiency improvement.[27] Mike Stevens, Senior Director People & Organization, explains: "Executives receive also a cash-settled short-term incentive, which is partially based on sustainability measures such as employee safety, and sales based on DSM's Brighter Living Solution products".[28] Having linked ESG topics to executive pay, he emphasizes that it is important to "truly embed sustainability as deeply as possible in the company culture" by designing ESG-based rewards for other employees as well and to attract new talent by including ESG topics in the company's employee value proposition.[29]

Designing the ESG Incentives

In making the link to compensation, ESG is beginning to learn from earlier efforts in the governance and compliance areas. In these domains, considerable progress has been made on working through the various challenges of incorporating individual or company compliance performance to the various parts of the company's compensation system, from short-term incentives to long-term incentives. Some companies have even gone further in making compliance performance links to the overall bonus pool and introducing ways to recoup (through so-called clawbacks) already paid out variable pay when facts later reveal that the compliance performance actually was not at the level on the basis of which the bonus had been paid out.[30]

But how to design ESG-related incentives? A first step is to define who is eligible for such incentives. While senior managers should always be included, over time ESG-based compensation plans can also be rolled out to a wider population to ensure ultimate alignment.

A second step is to consider which ESG criteria to link to compensation. While some criteria are more appropriate for short-term incentive plans, other ESG criteria may have a longer horizon and, therefore, are better captured in a long-term compensation plan.

A third step is to ensure that those affected understand how and in what way performance on the ESG criteria will impact their pay. This way they will know what they have to do to help the company achieve the ESG goals.

An emerging issue relates as to whether ESG performance should only result in downward pay adjustments (such as when the ESG performance is below a certain level) or also in upward pay adjustments (such as when the ESG performance is of particularly high quality). While an important question, the answer depends on the specific ESG metric selected. For example, some ESG metrics may be thresholds or boundary conditions where going

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[27] Interview with Mike Sevens, Senior Director People & Organization at DSM, April 30, 2019

[28] Ibid

[29] Ibid

[30] Following the 2008 financial crisis, considerable work was done in the financial services sector to understand how compensation could better be used to incite positive, desirable behaviors, and avoid excessive risk taking. See G.S. Varges "Governing Remuneration" in S. Emmenegger (ed.) Corporate Governance (2011) ttps://www.schulthess.com/buchshop/detail/ISBN-9783719031367/Emmenegger-Susan-Hrsg./Corporate-Governance

beyond does not bring additional value. But other metrics (such as increasing the market share in "green" products) might lend themselves to higher performance levels and thus to upward pay adjustments. Important to keep in mind, however, are potential incentive conflicts, such as between other performance metrics the company uses and ESG-related metrics, or even between ESG-related metrics themselves.

Furthermore, a decision must be made on how many ESG criteria should be pursued. In our experience, focusing on a few but highly relevant ESG criteria is more powerful than having a panoply of less material ESG criteria.

Ensuring Right Governance and Transparency

While metrics are important, success in integrating ESG factors in compensation stands or falls based on whether there is the right governance around it. In this regard, having a well-composed ESG committee can help not only in ensuring there is appropriate ESG know-how and experience but in bringing governance legitimacy such as in more objectively evaluating ESG performance. [31]

Next to having the right metrics and governance, reporting and transparency also play a crucial role in ESG success. In the recent past, an increasing number of companies have published an ESG-related report as part of the annual reporting package. In 2017, 93% of the world's largest 250 corporations reported on their sustainability performance – and this trend has continued in 2018.[32] In fact, EU rules on non-financial reporting now require large public-interest companies with more than 500 employees to report on their management of social and environmental issues. This covers approximately 6'000 large companies across the EU.[33] In general, the request for transparency in ESG initiatives and reporting has grown over the last years as more and more stock exchanges have called for enhanced ESG disclosures. By choosing a suitable reporting and accounting framework, a company is not just meeting public expectations but potentially helping itself. Reporting permits a company to inform its stakeholders on its progress in ESG-related initiatives. The initiatives can vary from the ambitious to the more modest. For example, a company may wish to measure energy or water usage and report on progress in this area either against its own targets and/or benchmarked against other companies.

In choosing initiatives and reporting strategies, a company can also consider current and emerging market standards such as the ISO standards, the Global Reporting Initiative (GRI), the Global Compact or the Sustainability Accounting Standards Board. Sonova, the Swiss hearing aids manufacturer, for instance, has defined clear targets which are tracked and reported regularly to both internal and extern stakeholders. It uses as reporting standards those from the GRI, the UN Global Compact and the CDP (formerly the "Carbon Disclosure Project").[34]

Reporting helps in meeting investor expectations on transparency and disclosure.[35] By using market reporting standards, companies can avoid reporting in a manner that is incompatible with other companies. It also can help in ensuring quality ESG disclosures and producing a more holistic ESG report. Using an objective third-party to prepare or review the quality of the proposed ESG reporting can provide further quality assurance and solidify external credibility.[36]

Board Independence and Ongoing Improvement

While Board oversight and involvement are important for ESG, some studies suggest that such oversight yields better results when the Board members involved are independent.[37] Additionally, the strong presence of independent directors on ESG committees has been found to be a good indicator that the firm is committed to taking ESG actions and increase benefits to all stakeholders.[38] A proper Board role can also help in bringing stewardship to the ESG strategy as this strategy necessarily evolves. ESG is a living, developing a concept and a company's ESG strategy has to adjust to market changes, new risks and new demands. This

[31] The use of internal committees of this sort is considered as a good internal governance practice. See G.S. Varges, *Internal Governance: The Next Frontier*, https://ethicalboardroom.com/internal-governance-the-next-frontier/

[32] *KPMG Survey of Corporate Responsibility Reporting 2017*, KPMG, October 2017

[33] European Commission: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting

[34] Interview with Mevina Caviezel, Head Sustainability and D&I at Sonova, May 3, 2019

[35] Interview with Antonius Knep, Head of Research Operations at Inrate, June 1, 2019

[36] In addition to assisting companies with environmental, social, governance and compliance strategies, HCM also assists companies in reporting and providing an outside-in-view on ESG initiatives and reporting.

[37] Danvila del Valle, I., Esteban, D., Maria, J., & Péres, O. L. D. F. (2013). *Corporate social responsibility and sustainability committee inside the board*

[38] Ibid

means revisiting and fine-tuning the strategy regularly. Conducting periodic reviews – whether alone or with the assistance of an independent third party – can serve as a practical roadmap if done taking into account the company's specific conditions and the four action points outlined in this publication.

Why do ESG Initiatives Sometimes Fail?

ESG initiatives can have many upsides but if not carefully conceived, governed and executed they can fail to achieve the desired result...or even be damaging.

For example, a misalignment between ESG strategy and the company strategy, or between incentives for ESG versus incentives for other performance, can create conflicts and lead to potential contradictory actions by employees. This topic not only concerns financial rewards but also affects company culture and what is perceived as "acceptable". Moritz Jäger emphasizes that non-financial incentives and social norms in relation to ESG implementation play a crucial role: "Human behavior is strongly influenced by what people think is socially appropriate. Social norms have the power to either boost or override financial incentives, processes and regulations."[39]

Another reason why ESG implementation efforts often fail relates to poor change management. Establishing an ESG strategy and implementing it in daily business operations is complex and changes the way "we do things around here". In other words, introducing ESG is in effect change management at its most complex form and can produce all the typical apprehensions about change and transitions among employees. It is crucial to ensure that employees are fully included from the outset. In fact, in some ways, "what matters is not so much what is decided in the board room, but what is said at the coffee machine".[40]

Lastly, ESG initiatives can fail when the relevant employees and functions in a company do not have the authority to get the necessary ESG tasks done. Giving the ESG function budgetary, organizational, hierarchical power and direct access to the most senior managers and the Board can be key for implementing the ESG strategy. Such access can also help in motivating leadership and promoting that the right tone from the top is set and communicated.

Enhancing Capabilities

As in the area of compliance, one is learning that another success factor is ensuring that employees at all levels are sensitized and provided training to improve their skills relating to ESG. Quality training can help deepen the understanding of ESG and its business relevance. It can help overcome the view that ESG is a "nice-to-have" rather than something that needs to become an integral part of business operations to help assure the future existence of the company. Questions such as these can enrich the dialog: Which ESG issues most concern our business and our stakeholders? What steps are we taking to really understand how ESG is developing the market? How do we compare to our peers regarding ESG disclosure?

Moreover, it is important to communicate company-specific ESG benefits internally to motivate employees and demonstrate how collective engagement is needed – not only to have financial but also ESG success, and indeed ultimately to appreciate how ESG itself helps with financial success.

As Vas Narasimhan, CEO of Novartis, has put it: "People have rightfully become tired of companies making bold statements but not living by them".[41] While the Board and executive management are fundamental drivers, the enthusiasm and engagement by employees may turn out to be the key lever for making ESG initiatives successful. And if the company has appropriate ESG-related incentives, all involved can also see how their ESG efforts can bring benefit to everyone, the company, society, the environment and employees. It has been observed that "successful companies redefine sustainability challenges as an opportunity to empower people, strengthen their skills and give companies meaning to their work".[42]

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[39] Interview with Moritz Jäger, Partner at Tsuku GmbH, May 1, 2019
[40] Ibid
[41] CNN: https://www.cnnmoney.ch/shows/executive-talk/videos/novartis-ceo-vas-narasimhan-how-be-boss-unbossed-company
[42] Interview with Moritz Jäger, Partner at Tsuku GmbH, May 1, 2019

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About HCM International

HCM International Ltd. (HCM) is a leading independent international advisory firm specialized in the strategic aspects of Governance, Compliance, and Compensation, with deep experience across various industries and in the advising of boards, board committees, senior management and control functions.

HCM's partners, managers, and analysts work in its offices in Zurich, Geneva, and Kyiv. They are bolstered by our global partners in the US, UK, France, Australia, Singapore and China, which allow HCM to reach major markets and support companies of all sizes, from large multinationals and public institutions to mid-sized and smaller companies. HCM Chairs the Global Governance and Executive Compensation Group (GECN).

Our Services Related to ESG and Compliance

HCM provides an independent outside-in view on whether the company is on track and doing the right things (and not just doing things right), whether with regard to environmental and social matters or governance or compliance practices.

We work with various stakeholder groups (institutional investors, proxy advisors, rating agencies, regulators, international standard setters, etc.) as well as with Owners, Board of Directors, Senior Management and the heads of key functions such as ESG departments, HR, Risk, Compliance and other functions.

Our services include:

– Supporting decision-makers considering a new ESG strategy or (re-)organization, including strategic assessments and support for devising and implementing effective ESG initiatives

– Designing training, communication and stakeholder engagement strategies, including strategies to reduce internal blockages and get better support for ESG topics from employees, management and Board of Directors

– Aligning with international best practices and developments on ESG topics, including regulatory developments

– Assessing the alignment of existing compensation systems to the company's ESG (or compliance) strategy and proposing alternatives

– Integrating ESG topics into the performance management system and compensation frameworks, including design and parametrization of compensation elements that better capture and reward ESG performance based on market practice and trends.

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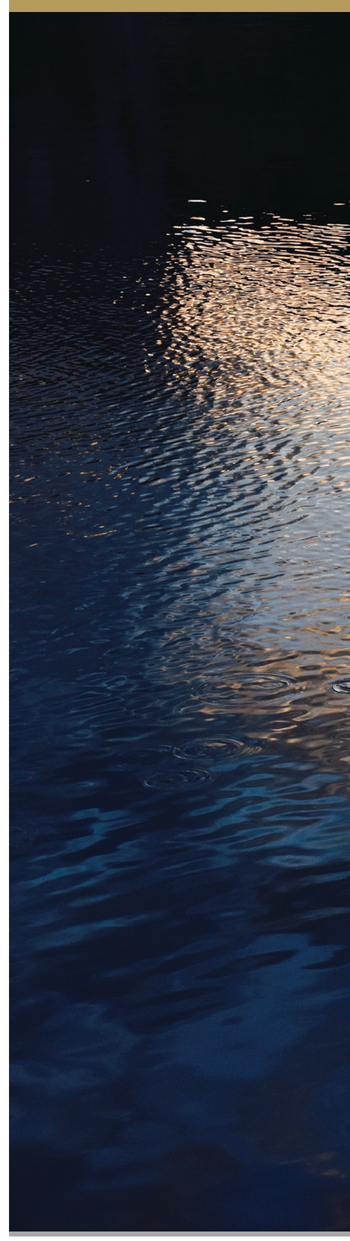

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