

ESG: A new perspective on the balance sheet

Speakers



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Moderator:

ESG: A new perspective on the balance sheet

Introduction: Financial and non-financial reporting

Key concepts

CSR

explains how
the company
behaves

ESG

codifies what
the company
discloses /
reports

SRI

drives
investment
based on
companies' ESG
disclosure

3 important ESG trends in 2019

- Transformation in management of climate-related issues
- Growing mainstream investor attention to ESG's impact on the bottom line
- Rapidly changing regulation

ESG: A new perspective on the balance sheet

ESG integration with IR

New paradigm for IROs

- Funds are driving the global ESG agenda as they themselves are rated on ESG

- ESG is extending beyond corporate reporting into equity storytelling

- Active and passive investors see ESG as core to decision making

- Lack of engagement with ESG rating agencies and indexes represents a key risk

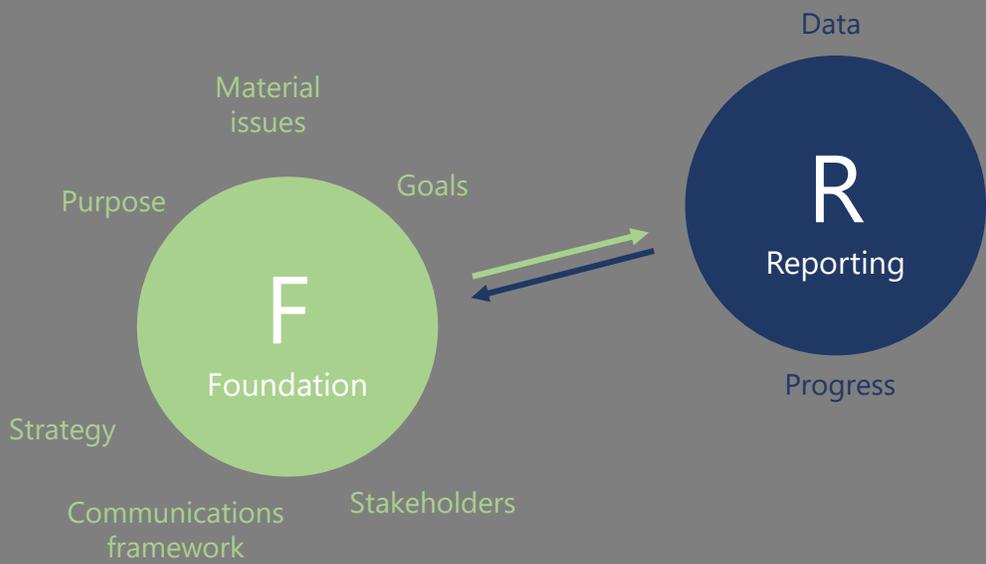
83% investors

bring ESG specialists
to meetings
compared to

28% issuers*

IR communication practices

How successful engagement can improve companies' operating performance, profitability and governance

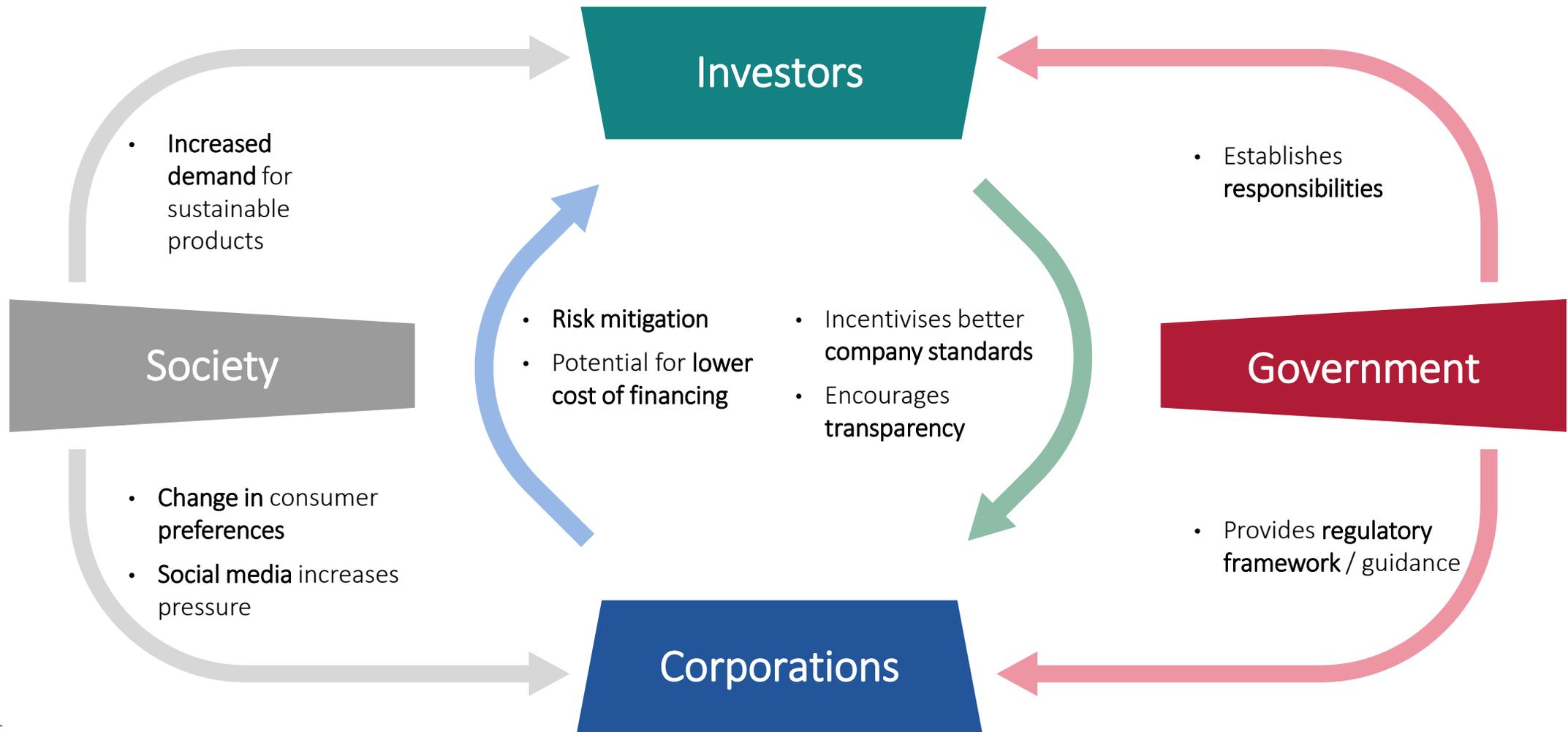


ESG
in action

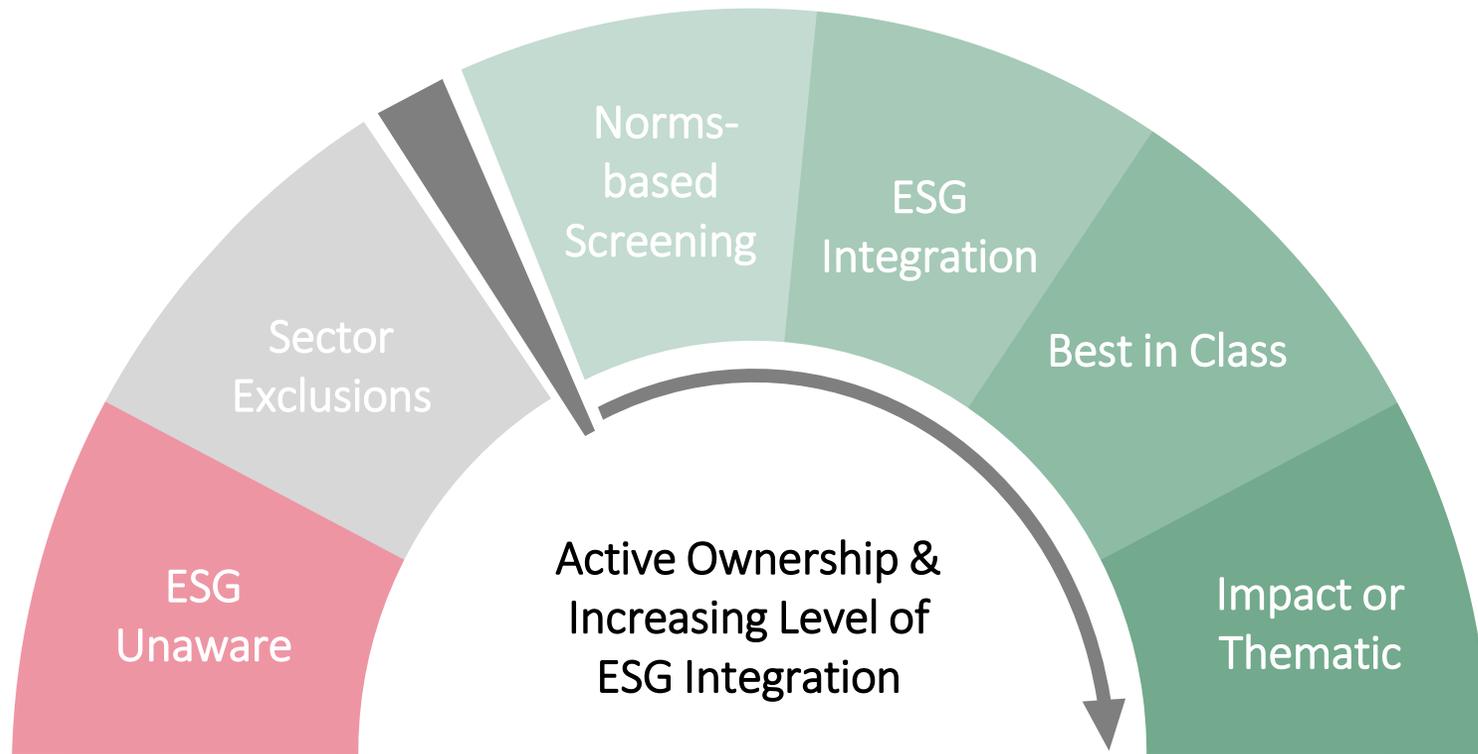
Reaction
to **ESG**

ESG: the investor view

Incentives for a Sustainable Investment cycle



Types of ESG strategies



▶ Norms-based Screening

- ESG used in equity research
- Exclusions based on international norms, geography, or type of business operations

▶ ESG Integration

- ESG used in equity research
- ESG analysis used for asset selection in fund
- No ESG target

▶ Best in Class (Positive Screen)

- ESG used in equity research
- ESG analysis used for asset selection in fund
- Only top ESG performers per industry are eligible for selection
- Active engagement with ESG laggards

▶ Impact or Thematic Investment

- ESG used in equity research
- ESG analysis used for asset selection in fund
- Specific ESG target based on Fund Theme
- Active engagement with ESG laggards

What is spurring the growth of ESG investing?

- Risk mitigation
- Higher long-term returns
- External demand

Shareholder engagement – issues to navigate

The bare reporting minimum?

ESG integration into asset management

Proprietary scoring and rating agencies

Who is accountable - CEO, IRO, CSO?

ESG in financial modelling

Sell-side's role in ESG

ESG in the Middle East: are we there yet?

Evolution of ESG reporting requirements, trends in MENA

E, S or G – what is the priority?

Green, social and sustainable **bonds** in MENA

Reporting challenges – international best practice or purely local focus?

ESG rating agencies and MENA country risk factors

Regional differences in data collection and reporting across MENA

ESG regulations in the region

Shareholder engagement – issues to navigate

Frameworks

Which one is material and feasible for you?

Stakeholders

Are your messaging and communication channels aligned with your stakeholders' needs?

Risk

What ESG risks are material to your company? Are included in company risk matrix?

Supply chain

How well do you know your suppliers? Are suppliers aligned with your company and investors' values?

Proxy

How do you manage proxy advisers' and rating agencies' perception?

Sell-side

Have you engaged with research analysts on ESG?

Q & A

Key Takeaways

Thank you

Recording will be available shortly

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