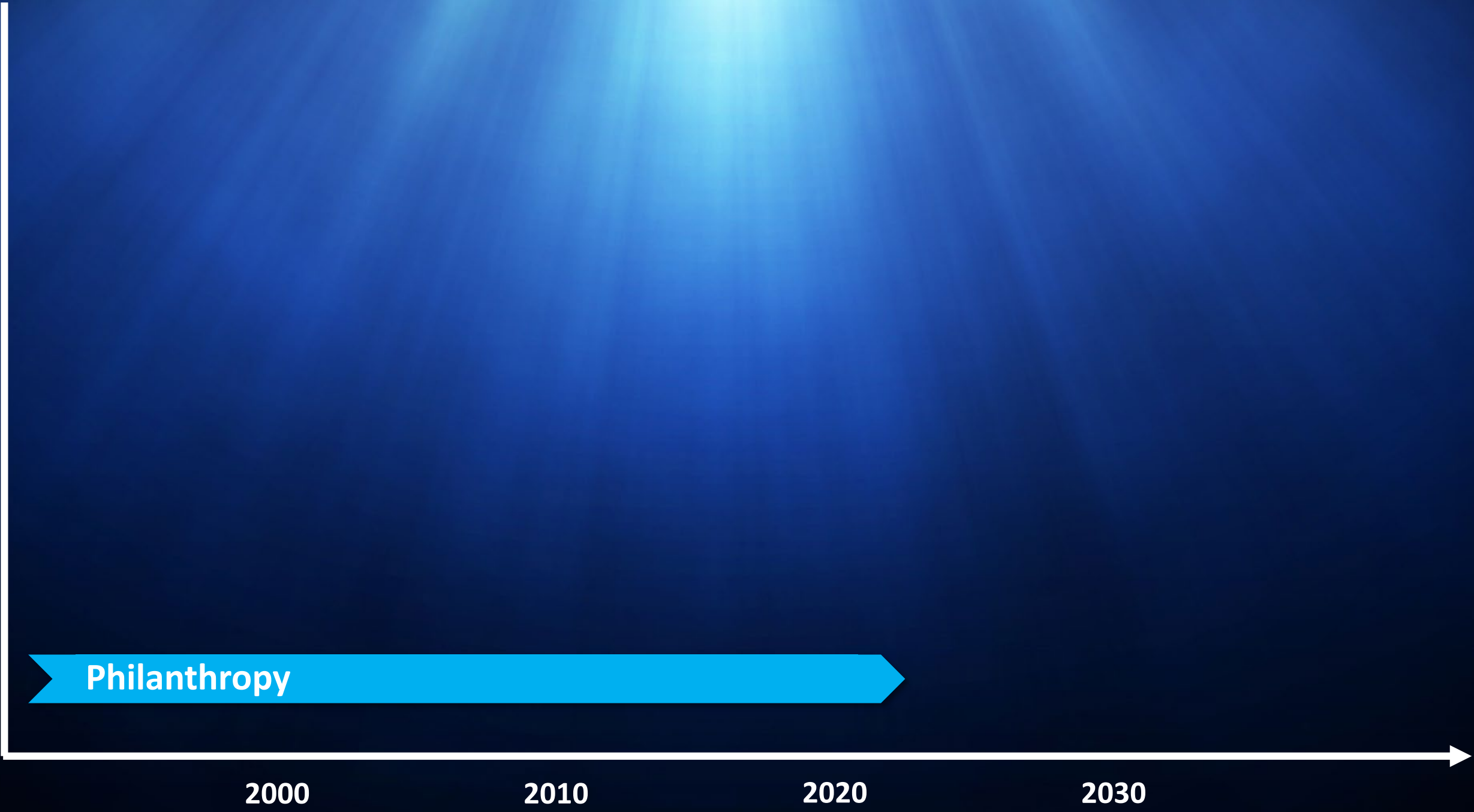


Lead.
Transform.
Succeed.



Philanthropy

2000

2010

2020

2030





UNILEVER SUSTAINABLE LIVING PLAN

SMALL ACTIONS. BIG DIFFERENCE.

SUSTAINABILITY STRATEGY LEADING LEAN PRODUCT DEVELOPMENT IMPROVEMENTS AT INTERFACE



**DON'T BUY
THIS JACKET**

patagonia
patagonia.com

COMMON THREADS INITIATIVE

REDUCE

WE make useful gear that lasts a long time
YOU don't buy what you don't need

REPAIR

WE help you repair your Patagonia gear
YOU pledge to fix what's broken

REUSE

WE help find a home for Patagonia gear
you no longer need
YOU sell or pass it on*

RECYCLE

WE will take back your Patagonia gear
that is worn out
YOU pledge to keep your stuff out of
the landfill and incinerator



REIMAGINE

TOGETHER we reimagine a world where we take
only what nature can replace

patagonia
patagonia.com

**People
& Planet
Positive**



IKEA SUSTAINABILITY STRATEGY

PUBLISHED: JUNE 2018

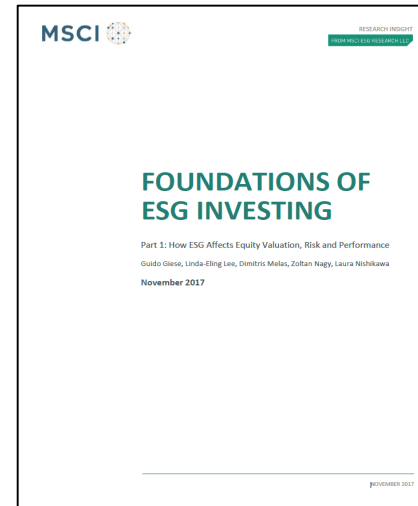


ESG Performance & Lower Cost of Capital



CPA Australia - 2017

Higher sustainability ratings are strongly associated with lower cost capital.



MSCI - 2017

High ESG rated companies experience lower levels of beta, lower costs of capital and higher valuations in terms of book to price and earnings to price ratios.



Int's Journal Business - Mgt 2017

Literature is unanimous on the positive effect that ESG factors have on the reduction of risk and the reduction of the cost of equity.

Companies already gaining advantage



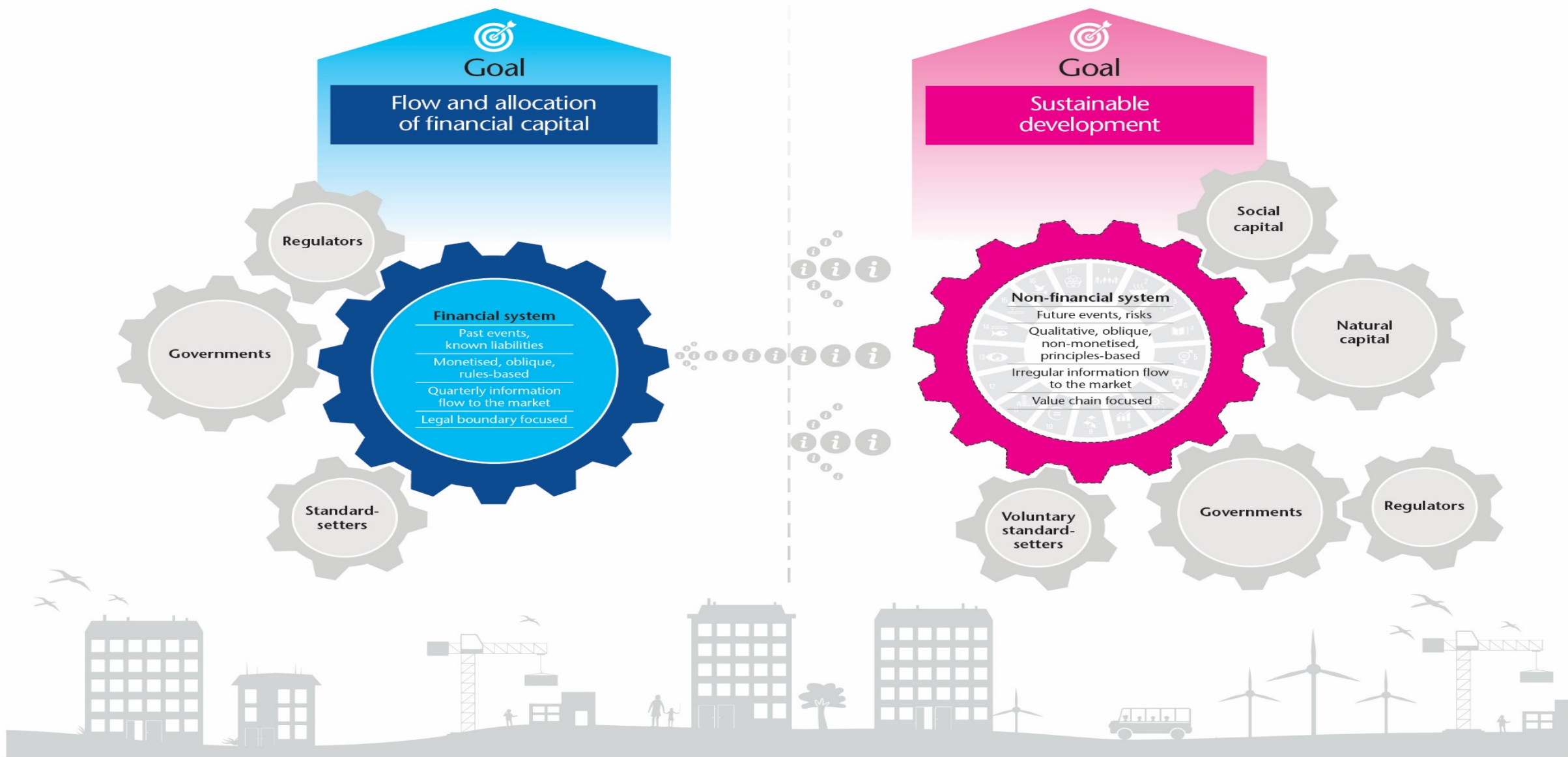


Overview of the Financial System



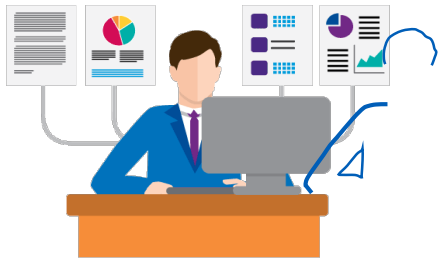
Overview of the Sustainability System





Challenges faced by **companies**

Fragmented reporting landscape



Reporting Exchange contains more than 1,800 reporting regulations, codes and guidance from governments, stock exchanges, sector organizations and others

Limited resources

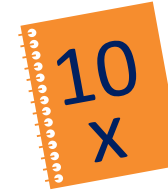


(human and financial) to deliver reporting



Bewildering array of reporting frameworks and approaches

Increasing regulation



10-fold increase in ESG reporting requirements and guidance in 20 years⁽¹⁾

Pressure to **balance short-term** financial success **with broad-based long-term** value creation



Pressure to contribute to societal goals
e.g. SDGs, Paris Agreement



'Non-financial' becoming financial



e.g. TCFD climate risk disclosure

Many and various stakeholder groups



differing and competing needs for disclosure



Lack of coherence

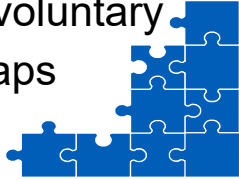
between ESG in internal decision-making and external reporting

Source: (1) WBCSD (2017) Reporting Matters: Striking a balance between disclosure and engagement

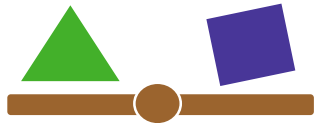
Challenges faced by investors

Incomplete ESG

data: disclosures are often largely voluntary resulting in gaps



Inconsistent data and metrics:



lack of comparability between companies, sectors and geographies; lack of standardization between data providers

Many investors unfamiliar with complex systemic interactions of environmental and social megatrends and potential impacts on investments



High cost



of gathering and analyzing ESG data

Scarcity of ESG data from emerging markets



where ESG is arguably especially useful as an indicator of good corporate governance

Discrepancies between ESG ratings



Not enough sectoral information on differences in material ESG issues between industries

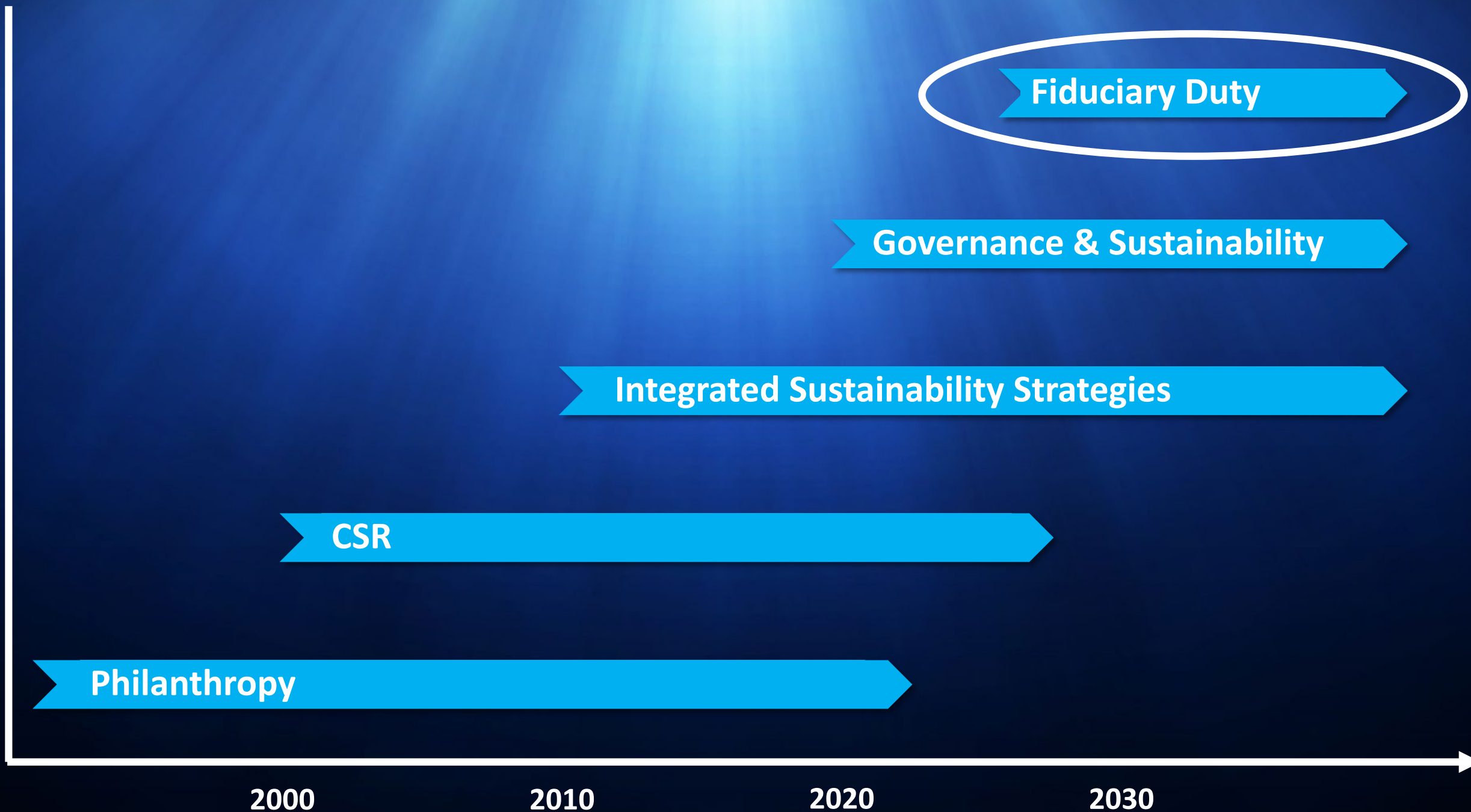
Lack of ESG data with materiality to near-term investment horizons



“In recent years, the market has seen a large influx of ESG data and disclosure standards, but missing elements, including an absence of standard performance metrics, limit their utility for mainstream investors.... standardized global reporting requirements would strengthen the integrity and accuracy with which sustainable investors can do business.”

World Resources Institute⁽¹⁾

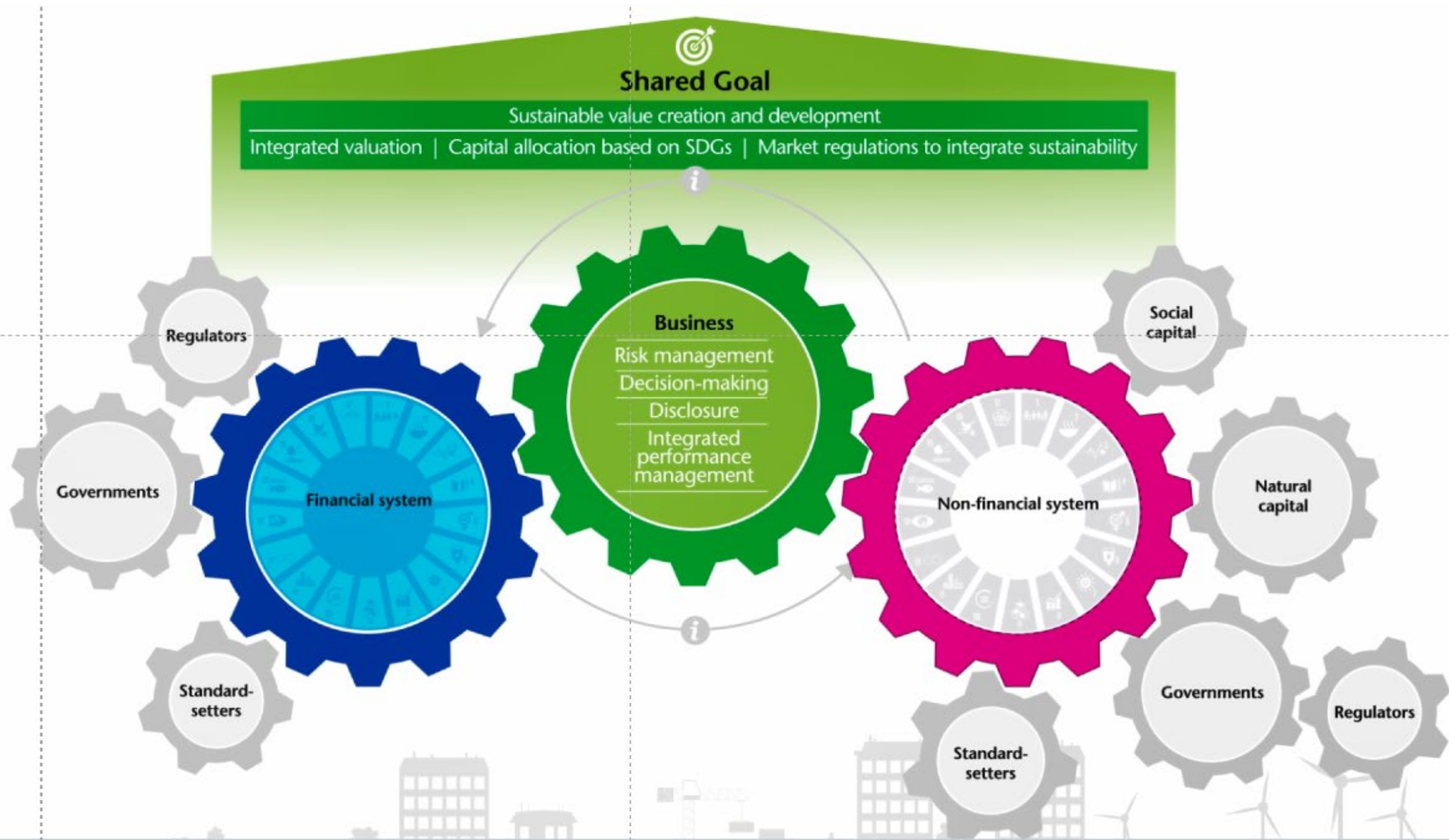
Source: (1) WRI (2017) <http://www.wri.org/blog/2017/01/overcoming-these-3-challenges-can-drive-sustainable-investing-mainstream> Accessed 8 November 2017





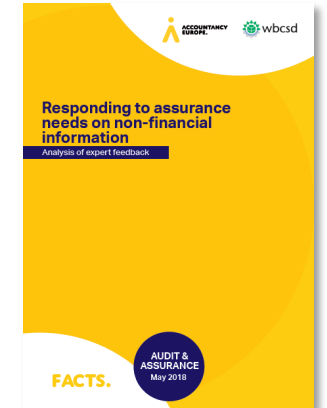
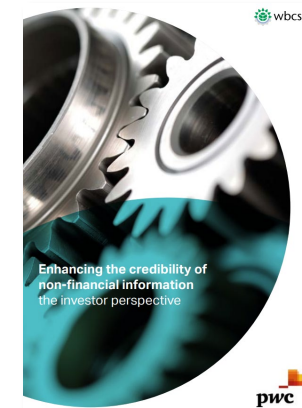
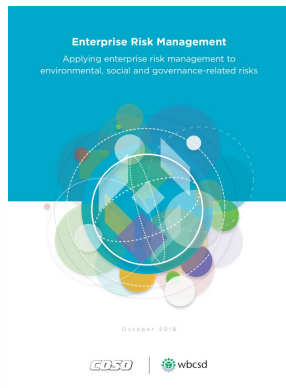
- **Outdated perceptions** about fiduciary duty and responsible investment.
- A **lack of clarity** within prevailing definitions of fiduciary duty about what ESG integration means in practice
- **Limited knowledge** of the evidence base for responsible investment
- **Inconsistency in corporate reporting**, including inadequate analysis of the financial materiality of ESG issues, making it hard to assess investment implications.
- **Weaknesses in the implementation**, oversight and enforcement of legislation

<https://www.unpri.org/download?ac=1378>



Redefining Value's tools

Decision-making





<https://www.wbcsd.org/Programs/Redefining-Value/External-Disclosure/Purpose-driven-disclosure/Resources/ESG-Disclosure-Handbook>

- Reporting Provisions
- Reporting Resources
- Management Resources
- ESG Ranking & Rating
- Library of Indicators

www.reportingexchange.com



Why look at governance?

- Decisions are bounded by the business model and the law
- Directors have a general duty of care along with their fiduciary duties
- Responsibilities are mirrored in those by management
- Breaching these responsibilities can result in severe sanctions which ultimately harm the success of the company
- Increasingly directors and management are being held to account for their actions (and inactions)

Governance & Internal Oversight **Partners**



*Supported by our Global Network Partners
in the 11 countries and local chapters of
Deloitte and Baker McKenzie*

Theory of change

We are working with companies and partners across the world to **integrate sustainability** considerations into corporate governance strategies.

We're **collaborating** with key stakeholders to ensure that the solutions presented are useful and effective for board directors in key jurisdictions.

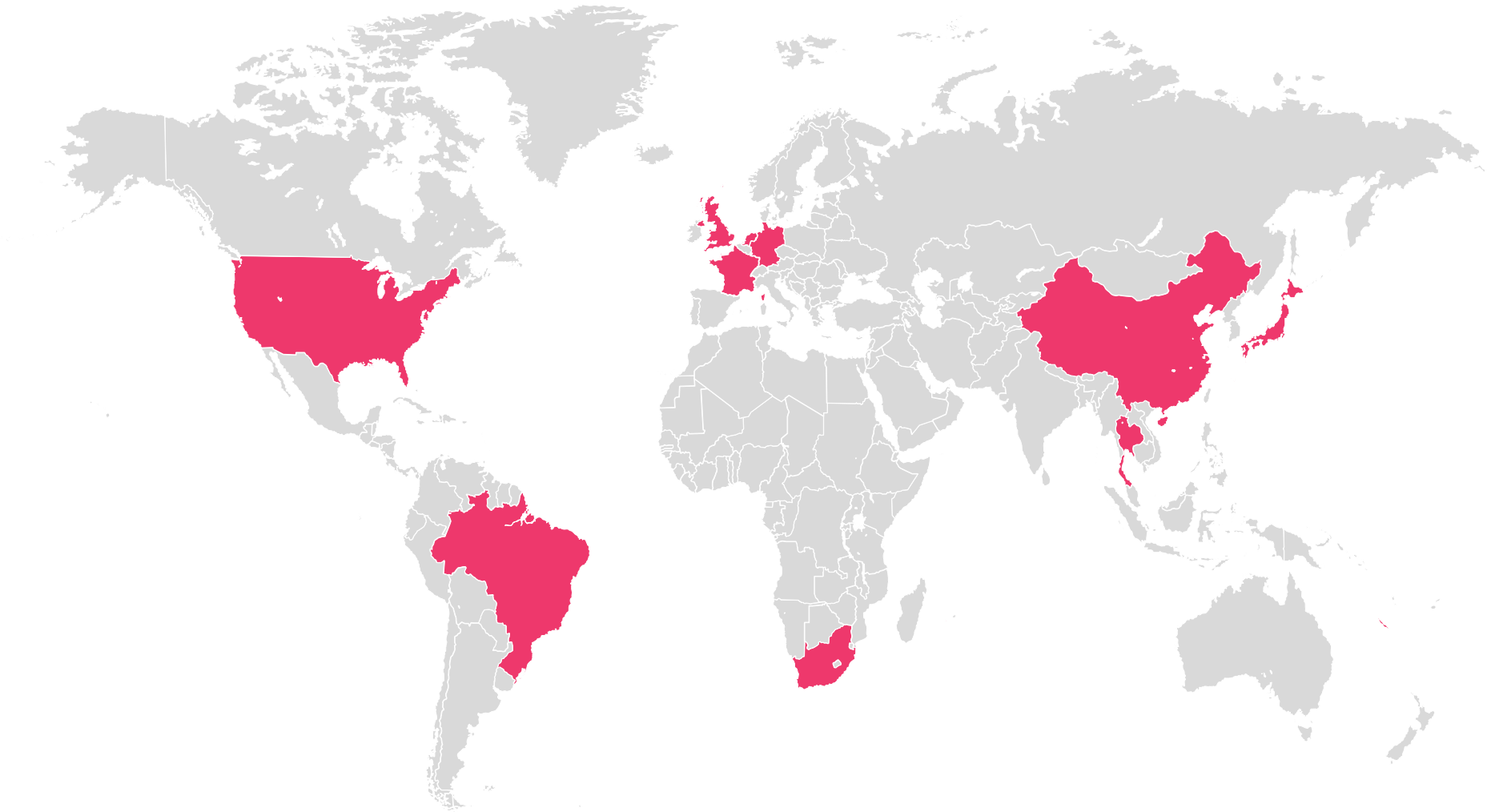
This project will help **board directors improve their decision-making processes** to protect and preserve long-term value.



Governance & Internal Oversight **Approach**



Company **Interviews**



Three-pronged **approach**

To maximise impact and scale of this project we are operating with a three-pronged approach.



Directors

Advisors

Investors

Alignment and collaboration

We are not seeking to re-invent the wheel, but rather build on the work done by others and ensure our projects are carried out by collaborating and engaging with key parties in this field



Breakout discussion

Breakout **Discussion**

- Two breakout discussions
- 30 minute
- Feedback and Q&A

Breakout **Discussion**

- What are your key insights from today's panels and presentations? What are you excited about?
- What are the challenges you are facing as board members? What does it mean in terms of your purpose going forward?
- How will you go about realizing this purpose and turning this into action?
- What are your thoughts on our proposal to address the issue of integrating sustainability into governance?
- What else needs to be done?



Mentimeter - Interactive Presentations

Go to www.menti.com and use the code **68 95 30**

What are your key takeaways from today?



Slide is not active

Activate



 76

Go to **www.menti.com** and use the code **68 95 30**

What are the challenges faced by board members today?



Lead.
Transform.
Succeed.