



## 2019 – Best Communication of ESG

*Categories: FTSE100, FTSE250, Small Cap & AIM, and International*

### IR Principles

Please note that for all awards categories, companies need to emphasise how you have successfully addressed the following IR principles:

- Having an equity story and investment case that are clearly communicated across all stakeholders and delivers long-term value creation
- Helping investors, analysts and others to understand the growth and value drivers of a company, such that there is a fair and orderly market in its shares
- Meeting or exceeding all regulatory requirements around disclosure and focusing on greater transparency of information both internally and externally

### Award Description

For this award we are looking for evidence of a year-round communication approach to investors and wider stakeholders. It should provide insight into how environmental, social and governance (ESG) risks and opportunities are identified, understood and proactively managed and measured to contribute to a business' competitive advantage. As well as have a positive impact on the employees, associated communities and operational partners.

We recognise that this is a developing area for many companies and each will be at different stages of their journey. We would like to see businesses demonstrate that their internal approaches are changing and that the ownership of the ESG communication does not rest with one department or team. But that a cross section of departments works together to deliver a consistent and holistic communication approach to ESG.

Businesses are expected to adopt a more thoughtful approach to wider value and evidence mounts for the importance of governance and overall stewardship to investors. We believe that a real opportunity exists for companies to be proactive in setting out their long-term strategies against a defined reporting framework and ESG issues when engaging with the investment community and we encourage companies to move in this direction.

Overall, judges will be looking for evidence of a clearly defined approach and consistent communications, with a consistent and proactive point of view on material ESG issues and long-term value creation across all communications with investors.

#### Some of the relevant ESG elements could cover but are not limited to:

<b>Environment</b>	Climate change, water, waste and potential reporting against TCFD or similar
<b>Social</b>	UN SDGs; safety; social impact; diversity and gender pay gap; supply chain; access to work (graduates etc.)
<b>Governance</b>	Socially responsible investing policies; initiatives (UK Stewardship Code, UK

	Corporate Governance Code etc.); succession planning, Exec Rem linked to non-financial KPIs
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## Entry requirement

The award is assessed on an equally weighted qualitative and quantitative basis. To stand the best chance of winning you need to provide a statement in relation to the qualitative element, so in 600 words or less write a short statement referring to the following:

### Qualitative assessment

#### Objectives

- What were your objectives for this year? How does this support your overall long-term value creation business strategy and investment proposition?
- How has the importance of ESG evolved in the context of your investment proposition and business model?
- Who was your target audience and what attributes are you trying to emphasise and why?

#### Strategy

- What is your approach to the communication of your long-term sustainable value creation and what channels (Annual Report, ESG Report, Website, Roadshows, Presentations, Social Media etc.) do you use?
- What are the principal elements of your narrative?
- Define the framework or approach you are reporting against, be it the business' own framework or that of a third part (SDG, TCFD, GRI)? And explain why you believe this framework or approach to be the most beneficial to your organisation.

#### Outcomes

- Can you evidence that long-term value creation communications has been effective at strengthening investor relations and the company's equity/investment story. What measures are used and why? (This could be supported by quantifiable or anecdotal results or unexpected outcomes. Results should be relevant to your initial objectives and the context of your business.)
- Is there any evidence of collaboration between the CR/IR teams to define, measure and proactively communicate the company's ESG risks and performance to mainstream as well as specialist SRI investors?
- Can you evidence that long-term value creation communications has had a positive effect on the company's relations with other stakeholders?

### Quantitative Assessment - Guidance Notes

For the **quantitative element**, judges will consider the following criteria as guidance for assessment:

#### Strategy

- Clear communication of the company's strategic framework for long-term value creation
- Clear and consistent communication of a robust set of ESG targets, key performance indicators and metrics that underpin long-term value creation

## **Governance**

- Tone at the top – evidence of an engaged board and commitment to managing for the long term
- How Board of directors' outlines the company's purpose and the Board's role in developing the strategy for long-term sustainable value
- Evidence how the Board is taking into account market trends and understands their investors and other key stakeholders and the issues that might affect the company's potential for growth
- Clear communications of management team's responsibilities for delivery of long-term sustainable value creation and evidence of how that is being articulated in a consistent and coherent manner
- Communications of the link between strategy, performance, and remuneration

## **Approach to long-term value communications**

- Demonstrate an effective creative and engaging approach to communications with investors and wider stakeholders in line with overall long-term value creation strategy
- Approach to defining material issues based on relevance to key external stakeholders as well as business criteria which impacts core and long-term financial performance
- Outline of how sustainability and ESG risks and opportunities are identified, understood and proactively managed and measured to contribute to competitive advantage