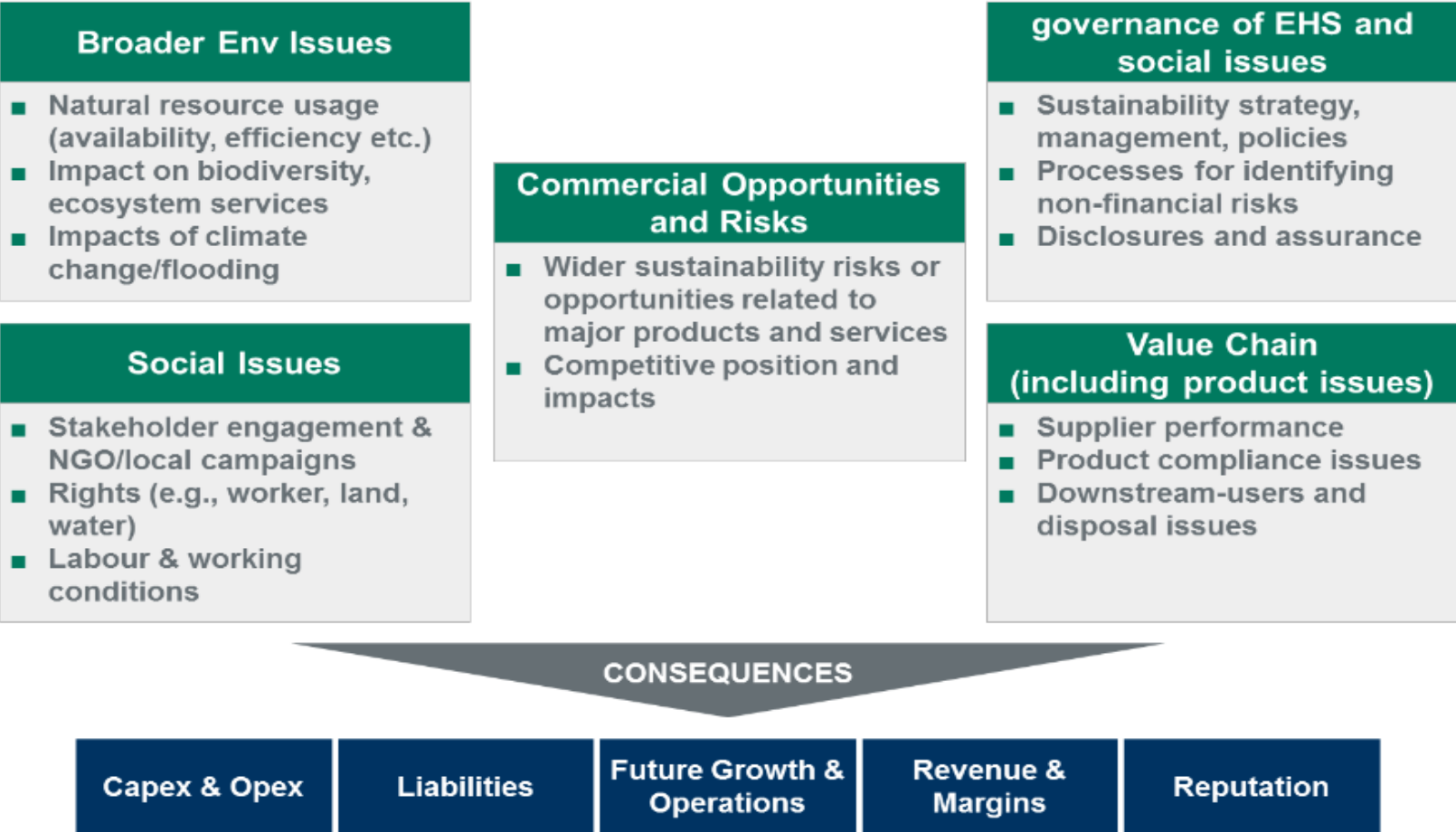


Value Through a New Lens - Environmental, Social, and Governance (ESG)

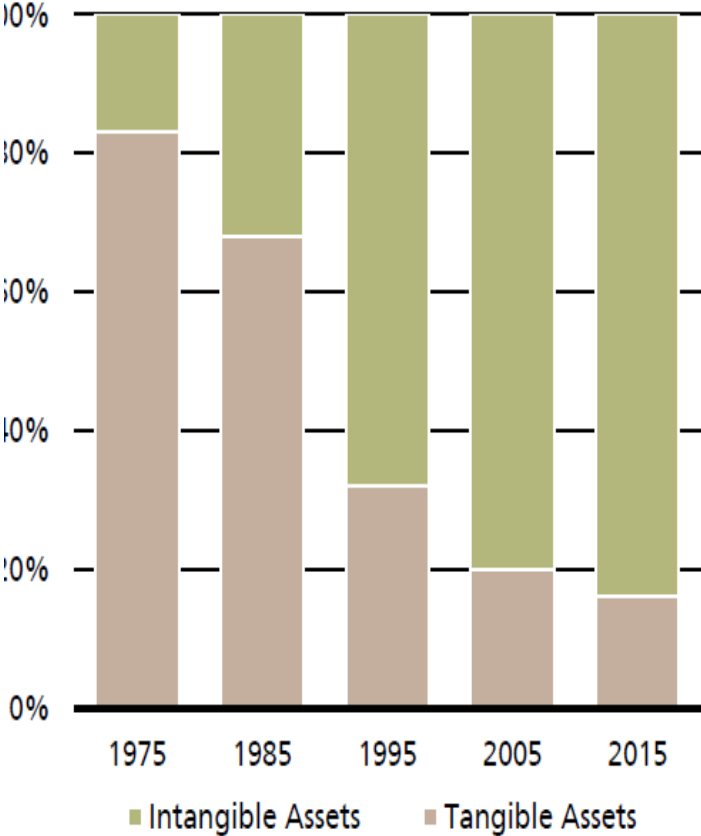
Mark Curran, Principal Consultant - ERM



ESG and the Broader Issues



Intangible Assets Drive Market Value



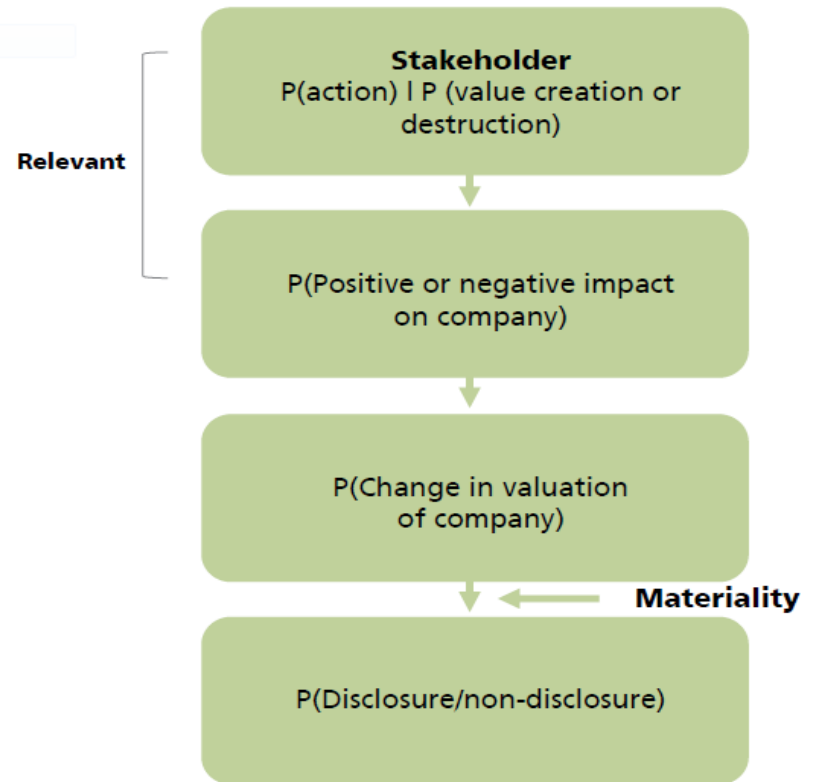
- Brand value (price premium, brand awareness)
- Reputation (social media profile, opinion research)
- R&D pipelines (# patents)
- Customer satisfaction (retention, loyalty programs, boycotts)
- Health and safety record (incidents, accidents, near misses)
- Environmental performance (pollution, penalties, fines)
- Social license to operate (production delays, cost overruns, labor protests)
- Governance (board composition, bribery, ethics charges)

Source: Ocean Tomo, "Ocean Tomo's Intangible Asset Market Value Study," 2015

Adaptation Considerations

Stakeholder Model of Materiality

ESG issues can become material due to internal or external stakeholder actions driven, in part, by how they perceive whether a company is destroying or creating value. *Many issues can be relevant, but not all are material.*



Dinah A. Koehler and Eric J. Hespenheide, "Disclosure of Long-term business value - what matters?," Deloitte University Press, 2013.