

# ESG webinar Q&A



Moving from a company like Marshalls (and their version of ESG) to a highly regulated company like Yorkshire Water, how far would you personally expect to delve into YW performance of topics like leakage or foul flooding from combined sewers?! Do the Met Office view ESG as having different focuses?

This is about the whole Board getting the assurance about performance and risk and therefore you would expect the understanding of both management and mitigation of any key risks your company has identified. Go to site and see the risk. All Board members should understand risk and opportunity.



How would you compare your companies reporting of ESG today with the likes of Kaplan/ Norton "balanced scorecard" from the 1990's?

Many companies would use a balanced score card to oversee performance to drive incentives at executive level, inform on performance and drive the right behaviour at executive level.



Could you please be more granular and specific on critical challenges, concerns or topics discussed deeply at Board?



Is it a true specific topic (ESG) or should it not be more integrated in a company's strategic priorities?

Each pillar is a topic in itself, interrelated but they have different priorities. It absolutely should be at the core of your thinking.



A particular challenge is that there is no "standard" methodology for ESG ratings, and it seems ESG ratings by rating agencies depend fundamentally on disclosure. How can we achieve less subjectivity and greater comparability?

Yes, and it is a problem. It is being addressed in UK regulations and the EU. GRESB - certain raising agencies. We are looking forward to the emerging standard framework - hopefully in the next 3 years.



Risk management. The Board is responsible for strategy, performance people and risk. Symbiotic opportunity and risk - must be driven by our risk and audit work. To understand where key risks are, deep dives at Boards, internal and external audits are both needed to give a holistic view.



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It's worth asking to what extent should organisations be operating under the same governance regimes versus governance relating to the size and impact of the organisation. Currently we see some organisations seeking to move away from being publicly listed which takes away some governance reporting requirements whilst the proposed change in UK governance would incorporate organisations of a size regardless of structure/ listing – has the wider stakeholder impact been considered?



There are different requirements for different companies. Listed on the stock exchange have a stricter regime. All companies should at least understand their impact.



With respect to the “S” should outsourcers and offshore parties be included?



Yes, they should be included. Modern slavery would cover that. Suppliers should be included and audited.



I believe the focus on people will continue. However, I am hearing of organisations returning to BAU as they endeavour to catch up with lost time and business...and perhaps people focus is taking a hint of a back seat. What is the experience of the panel?



Governance is so much more than just compliance and process it sits at every level and sits with each Director/ NED. Agreed it sits within leadership, strategy and finance. Risk is not always negative. What companies tend to forget is that stakeholders sit at the heart of an organisation. Glad we addressed modern slavery.



We agree!



Morgan Stanley Chief Executive, James

Gorman said: "If you can go into a restaurant in New York City, you can come into the office."

Do employees have to be in work? Sometimes. Use them for the right things. Up to all of us to take the best of working from home and the office and blend it.



Are the current annual reporting models sufficient to cater for information needs of Boards and shareholders and do you foresee a higher cadence and greater granularity of KPIs to differentiate?



A framework and coming together of the various rating agencies will sharpen up with a standard reporting frame which will achieve these points. More reliable data to compare across industries. Hopefully within the next years.




# Contact us

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## Windsor

Riverside House, Riverside Walk,  
Windsor, SL4 1NA, UK

 +44 (0)1753 303 600

 [info@etonbridgepartners.com](mailto:info@etonbridgepartners.com)

 [etonbridgepartners.com](https://etonbridgepartners.com)

## London

Nova North, 11 Bressenden Place,  
Victoria, SW1E 5BY, UK

 +44 (0)20 8059 4443

