

# ESG BRIEF

## A Tailored Approach

The new buzz, well maybe not that new, but a newly resurfaced buzzword we are hearing a lot of these days is “ESG.” If you don’t know what ESG is, you’re not alone, but you should quickly get up to speed on Environmental, Social and Corporate Governance.

### **Now that I got your attention, what really is ESG?**

The short answer: ESG incorporates all risks to long-term sustainable value. While it’s not as simple as it may sound, it also doesn’t have to be as complex as some would like to make it. A more thoughtful definition: **ESG is a measurement of a company’s goals and commitment to areas that matter most to the public (in addition to investors).** It would be a mistake to believe that ESG factors matter only to your investors, because they matter to employees too. Slick sustainability reports are good communications tools for Wall Street, but walking the talk is what’s important with ESG and your employees can tell the difference between slogans and actions.

**Are you an ESG minded company?** Many are and should take credit for the areas where they are already excelling. It’s a good idea to break out the individual ESG components to find a few areas with opportunity for improvement. A tailored approach to an ESG program will produce tangible results, as one size does not fit all companies.

A few items to evaluate before building ESG factors into your company’s long-term strategy, because that’s how it has to work. **Goals must be relevant and attainable, then communicated and measured.** Historically the “E” in ESG has arguably received the most attention but there are other factors to consider, especially in light of the recent pandemic and other events that have elevated the importance of these non-financial and social factors:

- *Do you have plans for managing environmental impacts – water, air, spills, wildlife, etc.?*
- *Do you recycle and/or reuse waste where possible?*
- *Do you have an assurance program and key performance indicators?*
- *Do you measure and report on them?*
- *Do you support the communities in which you operate?*
- *Do you have conversations about how to include more diversity in your workforce?*
- *Do you talk about how you’re developing your employees?*
- *Do your employees know you are striving to continuously improve in these areas?*
- *Have you asked for their ideas on how the company can advance ESG goals?*

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If these aren't conversations you're having with (or as) leadership, it's time to get started! ESG isn't just a fashionable buzzword, it is a governing philosophy that will impact how investors allocate capital, which companies attract and retain the best talent and how regulatory agencies will make rules for the foreseeable future.

**One last question...are you positioned to be where you want to be with ESG?** If not, we can help you align your ESG goals with your company strategy using a collaborative, tailored approach.

## CONTACT



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