

Is Your IR Website Optimized for ESG?

**3 Ways to Update Your IR Website to Get
the Credit You Deserve**

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IR Website ESG Whitepaper

Tom Runzo, Equisolve

Introduction

ESG (or “Environmental, Social, and Governance”), also known as Sustainable and Responsible Investing (or “SRI”), is no longer optional. ESG investment strategies account for 25 percent of all money under professional management in the United States today, according to a report by Charles Schwab.

The best way to tell your company’s ESG story is to do it proactively rather than leaving it in the hands of rating agencies.

What is ESG?

For many investors today, the value of an investment is more than the sum of its monetary return.

When eyeing possible investments, a growing number of investors want to make a positive impact on society, and this may matter to them as much as the return.

ESG refers to the three main factors that measure the sustainability, risk and ethical impact of an investment: environmental, social, and governance.

Here’s a high-level breakdown of what ESG entails:

- I. Environmental: Climate change, energy, and sustainability
- II. Social: Human rights, diversity, consumer protection, and animal welfare
- III. Governance: Management structure, employee relations, executive compensation, and employee compensation

Not only are issues like climate change, poverty, racial and social inequality, and the environment now crucial to investors, they also impact economies, and by extension, businesses themselves. ESG factors are tools investors use to understand what companies do, how they do it, *why* they do it and the associated risk.

What are ESG rating agencies?

Hundreds of ESG rating agencies exist worldwide. Prominent agencies include the Dow Jones Sustainability Index, MSCI, and Sustainalytics.

The agencies that should matter most to you are the ones your investors and potential investors tend to go to for ratings. For example, Yahoo! Finance uses Sustainalytics, while many institutions and investors use MSCI and Bloomberg and most IRO's want their company to be included in the DJSI.

It's essential to find out which agency your current and prospective investors turn to for their ESG ratings and reports. You will then need make sure you address the specific criteria of that agency(s).

Regardless of the agency your investors use, they will always end up on your investor relations (IR) website looking for ESG information. Your investors (and potential investors) and agencies will use the information you post to formulate opinions about how you view ESG issues. Make sure they can find ESG on your IR website!

Why are ESG rating agencies increasingly used and why is ESG so important today?

Because investors are demanding analysis to reduce crisis-linked investment risks, ESG rating agencies are flourishing—and increasingly influential. In fact, they are drastically changing how capital is allocated.

At the start of 2018, sustainably invested assets reached \$30.7 trillion, a 34 percent increase over two years, according to [Global Sustainable Investment Alliance](#).

The growth of passive investing and the sharp rise of ESG-focused equity indices (designed to target companies that focus on ESG) have also contributed to the interest in responsible investing.

Why is your IR website critical to communicating your ESG efforts and what are some best practices?

Since your ESG initiatives will reveal your company's position on many important issues, your investors will want to know where you stand.

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Again, the first place your current and potential investors go to find out about your ESG efforts is your IR website.

If there is nothing about ESG on your IR website, investors may assume your company isn't making any efforts in those areas.

Use the following best practices to communicate your ESG efforts on your IR website:

Tell a story.

Be sure to do your research to gain a deeper understanding of *your* sector's trends and nuances related to ESG. This way, you'll be better prepared to predict what your potential investors might be looking for. When you've gathered this information, tell your story in a compelling way and make it accessible through your IR website.

Make sure your ESG story is well integrated.

It's important that your ESG story is integrated and makes logical sense.

Some companies release "integrated reports" or annual reports about diversity, sustainability, etc.

Whether or not you release an integrated report, make sure your IR website includes engaging information about how your company interacts with its external environment.

For example, include at-a-glance information about your sustainability efforts along with your revenue and expenditure information.

This way, investors (and rating agencies) can plainly see that ESG efforts are an ongoing part of your short-term and long-term strategy and outlook.

Be memorable.

A great way to stay top of mind is to portray your **people** and **communities** in unique and relatable ways.

Ease your investors' worries by showing them that you always rise above what is expected—while keeping healthy revenues in mind.

Use pictures, data and words to show how your ESG activities are impacting communities, employees, and the environment.

What does your IR website need to say about ESG?

So how do rating agencies decide your ratings who's in and who's out of an index? Every rating agency analyzes and rates companies differently, leading an investor to choose one agency's methods over another's.

Outlined below are a few factors rating agencies might look for to calculate their ESG ratings.

Environmental

1. How does your company address climate change?
2. What is your company's usage of natural resources?
3. How much pollution and waste does your company emit?
4. What are some clean, green, and renewable opportunities your company might be interested in or already partaking in?

Social

1. How much does your company care about **people**, e.g., health, safety, development, and labor?
2. What are some of your company's **social liabilities**, e.g., product, security, privacy, finance, and demographics?
3. How much does your company focus on **responsible sourcing**, or the voluntary commitment to considering social and environmental costs while managing relationships with suppliers?
4. What are some **social opportunities** your company provides, e.g., access to health, wellness, communication, and finances?

Governance

1. Corporate governance: The system of rules, practices, and processes used to direct a firm. Governance involves balancing stakeholder (i.e., shareholders, senior management executives, customers, suppliers, financiers, government, and community) interests and nearly every aspect of management (such as action plans, internal controls, performance measurement, and corporate disclosure).
2. Corporate behavior: The company's ethical strategies and standards.

Don't forget to address your company's shortcomings in any of these areas. Most importantly, remember to discuss your plans for improving them. This will go a long way with both rating agencies and investors.

What is the right way to integrate ESG into your IR website?

There are three ways you can integrate ESG into your IR website:

1. Integrate an ESG link in the navigation of your IR website.

At a bare minimum, you'll need to a link to all your ESG information from your IR website. Whether by creating new webpages of ESG content under your IR section or linking out to existing ESG content in the corporate site, such as a sustainability or CSR report, your users should have an easy and intuitive way to find your ESG content. If you have multiple pages, sections, and or reports, you should create a drop-down menu to guide your visitors to the specific areas about ESG easily.

2. Create an ESG Overview page that organizes all your ESG assets.

Now that you have created a link to your ESG section for easy access, the next step is to think about what your users will experience when they click on that link. If you are creating a new page, consider a page with a high-level overview of all the facets of your ESG strategy written succinctly and concisely. This overview page will enhance comprehension – and be appreciated to those on a strict schedule – making it easy for rating agencies and investors to find the information they need. Think of it as a landing page for all things ESG to educate the user if they were only to visit this single page.

If you are linking out to existing content that already lives elsewhere on your corporate website, make sure that information is organized and easily understood. Creating a separate page under the IR section gives you the ability to position your messaging to be more investor-focused. You can also enrich that page with statistics and visuals that promote or clarify initiatives and their financial impact.

Additionally, having two ESG sections is an entirely valid digital strategy (one for your corporate website, one for IR website). The two can co-exist as long as you have clearly defined the audiences and tailored the content appropriately. The IR ESG webpage can always link out to the corporate ESG webpages to reinforce corporate messaging and provide additional information so the two can work synergistically.

3. Create a comprehensive ESG website section for an interactive experience.

How to create a comprehensive ESG section will vary from company to company and will depend on whether you have a specific ESG report or are pulling ESG components from many different sources.

If you're starting with an ESG report: Following website best practices, use your ESG report to create an interactive and visually engaging user experience. Ideally, one that follows the content structure of the report. Build it out within the IR section of your website and be sure to include any underlying data (as an additional, deeper layer of content).

If you're pulling from various sources: Start by auditing and organizing all your ESG assets and content, then create an outline of it. By doing this, you can turn your outline into a navigation structure of pages. The next step would be to create a new set outlines or low fidelity wireframes, page by page, for each section of information. This should be done by subject matter, keeping in mind the order of the priority you want the information presented to the user, and should include links to all supporting documentation.

Whether you choose to use an ESG report or pull from various sources, you will create the best possible user experience. Keep in mind, however, that this process will be costly and time-consuming, both initially and on an ongoing basis.

Note: Consider including your ESG information as part of your annual report and discussing ESG in your quarterly calls.

Conclusion

The importance of getting credit for your ESG efforts is undeniable with investment professionals, advisors as well as socially responsible self-directed investors.

The best way to be credited for your ESG efforts is by incorporating them into your IR website which is the first place anyone will look. Make sure that “ESG” is part of your top-level navigation inside your IR website and it directly leads to your ESG content.

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Tom Runzo, CEO

2455 E. Sunrise Blvd., Suite 1201

Fort Lauderdale, FL 33304

954-858-8550

tom@equisolve.com | equisolve.com

