



INSIGHT

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Discussing the importance of Environmental Social Governance issues and staying on top of ESG trends with Aurore Bardon

In this edition of Orient Capital's Insight interviews, we are delighted to share a truly insightful conversation focused on environmental, social and governance issues (ESG) with **Aurore Bardon** (Founder and CEO of ESG Lab and Society) conducted by Orient Capital's **Paolo Casamassima** (MBA, Head of Global Market Intelligence). Aurore is an expert in strategic, innovative, and change management related to environmental, social and governance issues with more than 20 years of experience.

Aurore started her career as a corporate lawyer. After moving to TotalEnergies from Eramet and Hutchinson Group, she launched her own organisation, ESG Lab & Society in 2022. More about Aurore's background and experience can be found on our Meet the Expert page.

Aurore, please tell us about ESG Lab & Society. I understand when you realised business needed to drive change by promoting awareness and dialogue between stakeholders, you decided to develop ESG Lab & Society to enhance them in the ecosystem. Is that correct?

"As an accelerator of sustainable transformation, the ESG Lab & Society propose a specific way to support organisation's strategic transformation.

- We implement collective intelligence around the table (experts, scientists, CEOs /former CEOs, other leaders) to accelerate the integration of environmental, social/societal and governance issues into their strategy.
- We mainly act to engage the top management and the Boards.
- We have an innovative and pragmatic approach, with various tailor-made solutions including: training for Top Management and Boards by leaders and experts on various ESG topics; workshops to develop a better understanding on ESG challenges, to share business risks and opportunities for the company and build strategies integrating ESG issues; enhance constructive dialogue between stakeholders through off-meetings between stakeholders to drive constructive discussions, and interactive conferences in small groups with leading personalities of the ESG ecosystem."

"We need to have a collective approach to face climate change... and ensure a fair transition towards climate neutrality."



“...many boards still have a one-sustainability session per year to discuss risks and sometimes opportunities.”

What is your role as founder and CEO of ESG Lab & Society? Why did you decide to fund ESG Labs & Society, what was your goal with this new venture, and has the company evolved since its inception?

“As Head of ESG Investor Relations for a global group, I met lots of decision-makers and investors in Europe and in the US, and shared with them the following observations:

- It's urgent to move towards a more sustainable model, more respectful for people and the planet (respecting planet boundaries).
- ESG stakeholders hardly know each other, and too often work independently.
- No transformation without constructive dialogue and dialogue at the rights levels!
- Meetings in institutional structures do not usually encourage open minds and therefore does not help build trust or create common solutions. Off-site meetings are essential to develop trust in relationships.
- There was no place where the whole ESG ecosystem could gather and “co-build” solutions while creating lasting relationships.

Based on these findings, I co-built in 2021 the business model of the ESG Lab & Society with major corporate and financial actors involved in the ESG ecosystem who accepted to commit to an innovative approach of ‘co-building’.

When you push the door open at ESG Lab & Society, you have access to leading figures/experts/decision-makers of the ESG ecosystem to listen to your pain points, to challenge your strategy and help you to make it evolve. As Antonio Guterres, the UN secretary-general repeated, ‘the planet is burning’. We need to have a collective approach to face climate change but also to protect biodiversity, to favour circular economy and ensure a fair transition towards climate neutrality. Then all the stakeholders of ESG ecosystem have to work together to find solutions.”

Is ESG just a marketing tool to hide greenwashing? Why is ESG a must for companies?

“ESG is a must for companies. ESG is an important lever to accelerate the transformation towards a more sustainable model. It's not just a compliance exercise. It allows companies to question their business model.

Yes, ESG can be a marketing tool to hide greenwashing or social washing. But it definitely depends on what companies put behind the E, the S and the G. I would like to tell you why. unfortunately,

all companies do not have the same level of maturity to go to a sustainable business model:

- First, some companies have a motto “business as usual” and at the end of the day, there will be no material change.
- Second, the classical CSR approach with companies working on reducing their negative impact.
- Third, contributing companies which means that they create shared values into planetary boundaries.
- Finally, we should discuss regenerative companies, those which create a positive impact in restoring, renewing and developing People, Places and the Planet (the 3Ps).”

What do you think issuers should do to navigate the multiple reporting frameworks and different rating agencies?

“Data is a key issue for issuers to enhance transparency and credibility.

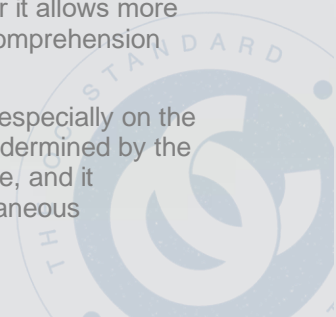
Thus, many reporting frameworks have been developed and consolidated for a risk evaluation purpose (IFRS Sustainability Disclosure Standards, GRI standards (GRI – Global Reporting initiative), TCFD (Task force on Climate-related Financial Disclosure)). But the multiple reporting frameworks are really difficult to manage (which framework, allocation of which resources, governance and coherence). Moreover, quantitative data is essential but not sufficient. The issue is about qualitative data as for the evaluation of the quality of the top management, the way the Board is actually working, and the way the Board challenges the top management to mitigate the risks and develop business opportunities.”

What are your views on Virtual AGMs as one of the latest trends to further boost investor engagement, and what is the feedback you may have received from issuers and investors.

“Because of the Covid-19, many countries eased their regulations concerning organizations’ meetings, allowing more freedom for companies to carry out their AGMs online or in hybrid mode (the AGM is in face-to-face, but shareholders are allowed to attend online). Years after Covid-19, numerous entities still organize online and hybrid AGM (in June 2023: Walmart, Panasonic, Porsche, Colgate, Marriott...)

Many advantages have been highlighted by issuers and investors: they both raise the flexibility of this practice (in terms of time, price, and carbon footprint). On the issuers’ side, the numerical tool eases the votes’ management, enables KPIs collections and fosters transparency, while on the investors’ side, it is appreciated for it allows more inclusion and equity, and eases comprehension (subtitles, translation, etc.).

Nevertheless, many issues arise, especially on the investors’ side. The dialogue is undermined by the online barrier (it is harder to debate, and it prevents face-to-face usual spontaneous



elements). For the issuer, many legal risks may rise (the questioning on vote security and on the certainty that the voter is truly shareholder, the issue of responsibility in case of technical problems).

In conclusion, virtual and hybrid AGMs raise certain opportunities (especially in terms of cost and carbon footprint) but threaten dialogue and votes' validity. It should be considered only complementary with face-to-face AGM, but not as a replacement."

At which level/frequency were ESG matters considered by the Board of Directors

"First, all the board of directors should be trained on ESG issues. The ESG shouldn't be assigned to a Mr or Mrs ESG or a Climate board director. Then, as part of the performance of the company, ESG should be a subject discussed on each Board. Still, many boards have a one-sustainability session per year to discuss risks and sometimes opportunities."

"Where do you see ESG is heading to? Do you see any trends that issuers should be aware of?"

"Protecting and restoring biodiversity is an urgent and strategic issue for businesses, just as climate change. As the experts I work with underline, *'the rate of biodiversity loss over the last 50 years is unprecedented in human history and could accelerate considerably!'* Most of this decline is due to human activity, via land and sea use change, overexploitation of natural resources, climate change, pollution and invasive species. Biodiversity and climate go hand in hand: climate change is a key factor in biodiversity loss, while ecosystems are essential to slowing it down and increasing our resilience (carbon storage, climate regulation). Companies' close relationship with biodiversity is reflected in ecosystem services. Yet there is no trace of this dependence in balance sheets. Traditional measures of economic performance give a false view of a company's real performance because they do not sufficiently integrate ESG factors.

Issuers as well as investors must be trained on those hot topics. And the Boards must understand and integrate those topics in their work and challenge the General Management on those issues."

Thank you for your time, Aurore, and we wish you best of luck with the ongoing development of ESG Lab and Society.

“Traditional measures of economic performance give a false view of a company's real performance because they don't sufficiently integrate ESG factors”.



Meet the expert

Aurore Bardon became the founder and Chief Ecosystem Officer (CEO) of ESG Lab & Society in 2022 after more than 20 years of experience in the industry. From starting out as a corporate lawyer specializing in social and labour laws, then moving on to working as a director of social affairs for Eramet and Hutchinson Group where she worked alongside the CEO to design and manage complex international projects and change management, between strategic, business and HR issues. She then transitioned TotalEnergies and oversaw the ESG Investor Relations function before launching her own business.



Aurore created her ESG Lab & Society business in collaboration with key stakeholders of the ESG ecosystem including global companies, investors, major global organizations and non-governmental organizations (NGO's) to enhance dialogue between them. ESG Lab & Society is an accelerator of sustainable transformation. It implements collective intelligence around the table (experts, scientists, CEOs /former CEOs, other leaders) in order to help companies to accelerate the integration of environmental, social/societal and governance issues into their strategy and take action. It also helps to enhance dialogue between ESG ecosystem stakeholders.

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Our focus is to provide clients with a suite of products and services that enable them to maximise the opportunity of public ownership, and to reap the benefits of good investor relations. We identify and track our clients' shareholders, as well as their behaviour, using either local ownership disclosure provisions or our own proprietary methodologies, which include leveraging our extensive global relationships with custodians and investors.

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They support over 350 projects a year to help clients engage with their key investors, manage contested situations, activist defence and debt restructuring. Making D.F. King the company of choice across EMEA and beyond.

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