

Most approaches to ESG risk leave **information gaps that expose businesses**, even those that strive to operate responsibly and create positive impact and long-term value with their investments

ESG risk intelligence is vital for companies and their stakeholders

- Businesses are expected to be **rigorously attentive to their ESG practices**, as well as to those of their investment targets, portfolio companies, clients, suppliers, and partners
- They are contending with **unrelenting scrutiny from all directions**, shifting stakeholder expectations, a lack of standards, and unfamiliar risks
- As a result, **an entire industry has emerged to provide ESG data**, frameworks, metrics, scores, and due diligence...
- ...yet it may **not be addressing the most important questions** to ensure long-term value or mitigate risk

We help companies avoid common mistakes that lead to unforeseen ESG risks

Over-reliance on **self-disclosures** and self-serving narratives

Lacking in **geopolitical context** and nuance

Considerations **devoid of jurisdiction and materiality questions**

Focused on practices rather than **company policies**

Appraisals that **vary widely** from one data provider to the next

Beholden to norms of **disclosure that vary** by industry / country



Suffer **ESG tunnel vision**, seen in sustainability vacuum not wider value context

Our ESG risk analysis process features four primary components

- 1 Evaluation through a “tailored materiality” lens, for **industry-, jurisdiction-, and stakeholder-specific considerations**
- 2 Screening through a proprietary ESG risk database, which **highlights gaps between ESG ratings and practices**
- 3 Collection of human-sourced insights on key topics from **independent, exceptionally placed partners**
- 4 Synthesis and analysis by **seasoned experts** with industry, geographic, and policy experience

ESG insights apply across functions and sectors

	STRATEGY	LEGAL, RISK, & COMPLIANCE	GOV'T & PUBLIC AFFAIRS, INVESTOR RELATIONS	SUSTAINABILITY AND CSR
	<p>Portfolio company engagement Identify, address material issues; monitor, document, communicate progress</p> <p>Impact investing Assess prospective investments, ensure values-oriented deals are not undermined</p> <p>Geopolitical risk Assess the implications of geopolitical developments for sustainability efforts</p>	<p>ESG performance Independently assess firms' actual ESG performance, beyond what's in the public domain</p> <p>Supply chain risk Identify potential hotspots, independently assess third parties</p> <p>ESG policy development Appraise local conditions, ensure policies and local operations are aligned</p>	<p>Market-specifics Understand and track stakeholder expectations, political dynamics, and local context</p> <p>Stakeholder mapping Inform engagement with communities, public/gov't affairs strategy</p> <p>Benchmarking Understand industry, competitive dynamics to discern ESG pitfalls, showcase performance</p>	<p>Ratings reconciliation Make sense of incongruous ESG scores, ratings via human source inquiries</p> <p>SDG alignment Identify material SDG-related issues in key markets, to inform stewardship initiatives</p> <p>CSR advisory Evaluate prospective CSR partners and market conditions to maximize impact</p>

Veracity has completed global **ESG** engagements across the following sectors:

- Mining
- Telecommunications
- Financial Services
- Energy and Renewables
- Hospitality
- Consumer Goods
- Technology
- Agribusiness
- Real Estate
- Infrastructure
- Food and Beverage
- Legal Services