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# ESG: From Compliance to Competitive Advantage

# ESG has catapulted to the top of every CEO's priorities!

## Compliance Mindset

2011-2018

ESG was treated as a series of “check-the-box” compliance and risk management-only approaches for most companies.

There were a few exceptions – innovative companies like Patagonia had ESG at the core from their founding and small number of others found ways to differentiate and capture value through a focus on ESG as part of their strategy. Yet they were far from the norm.

## Imperative for Change

2018-2020

Over the last several years, we've seen a shift – many top executives have begun to make significant commitments, with an early focus around emissions, in response to growing societal and investor pressures.

This was only intensified by the tumultuous events of 2020 that thrust ESG into the spotlight and to the top of C-Suite and Board priority list.

## From Compliance to Competitive Advantage

2021

In response to even greater demand from society and investors to elevate ESG performance beyond compliance and risk management, CEOs are evaluating how to pivot and integrate ESG into their strategy.

ESG needs to become embedded in the corporate DNA, and not just relegated to the sustainability team. ESG now must be part of how companies develop competitive differentiation to help win the market.

# Forces continue to reshape the ESG agenda

## EXTERNAL FORCES



Activism from investors  
and civil society



Responsible sourcing  
pressure



Climate change  
and emissions



Government activism  
and regulations

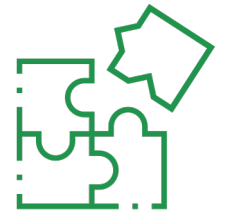
## INTERNAL CHALLENGES



Lack of  
capabilities  
/expertise



Compliance  
mindset



ESG not  
integrated into rest  
of the business



Governance  
and transparency  
not aligned



Need to balance  
profitability and achieving  
ESG aspirations

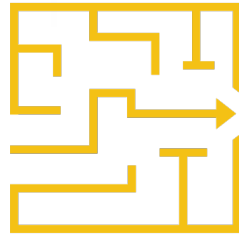


# The Four Elements of ESG



## VALUE CAPTURE

Differentiated approaches to ESG beyond just table stakes can drive competitive advantage for corporations



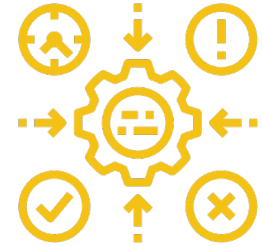
## SOCIAL LICENSE

More comprehensive ESG approaches maintain company's social license to operate in increasingly challenging environments



## NEW GROWTH OPPORTUNITIES

Look for opportunities to create and grow new businesses rooted in the need for more ESG-friendly operations



## COST & RISK MANAGEMENT

Address both costs and risks that come from low ESG performance through a new approach to ESG

# You must take a **clean sheet approach** to address ESG in your strategy.



## Apply a “value capture” mindset:

When ESG is treated with a mindset of creating value rather than just compliance, then current regulatory and reporting requirements go from the standard to the bare minimum. New business opportunities and processes will emerge as must-haves.



## Intentionally include ESG

### in core strategy development:

It should be part of what differentiates you.



## Integrate ESG into every process, product and service of the company:

ESG shouldn't just live within the Sustainability Department; it has major implications for the entire business, and should be applied as such, with the Sustainability team becoming the stewards.

# We bring decades of experience.



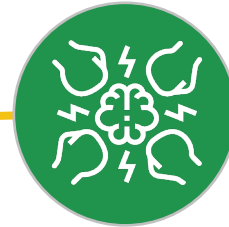
## Innovation and Ideation Expertise

Recognized as a leading practitioner and thought leader in innovation strategy, process, and execution, as well as proven ideation approaches to identify new opportunities and partners.



## ESG Expertise

Thought leadership and applied expertise across all elements of “E”, “S”, and “G” to break conventional thinking, identify new areas for value capture, and embed ESG throughout a company’s strategy.



## Cross Sector Experience

Our multiple sector expertise (including mining, oil & gas, power sectors, and food & agriculture) adds tremendous value; action oriented and experiential approaches combined with proven methods will deliver high impact outcomes.



## Clareo Galaxy— Our Global Network

Our unrivaled trusted global network of thought leaders and practitioners are applied uniquely to bring fresh insights and provocation to break conventional thinking.



## Proven Methods & Approaches

We bring a proven set of methods, FastPath, that deliver high quality results from ideation to rapid investigation through to adoption and scaling.

# Our experience in ESG is extensive.



STRATEGY  
TRANSFORMATION

WATER

ORGANIZING FOR  
ESG SUCCESS

ENGAGING  
WITH SOCIETY

DEVELOPMENT  
PARTNER  
INSTITUTE



GOVERNANCE  
CONSIDERATIONS



17 Rooms



DECARBONIZATION

THE  
NOURISH  
MOVEMENT

METRICS



# Our experience in ESG is comprehensive.

## IN THE MEDIA

**“Should Oil and Gas Companies Move Full-Speed Ahead with Energy Transition Plans”**



*Journal of Petroleum Technology,  
Jan 2021*

**“Lean In, Why the Mining Industry Needs to Rethink its Approach to Innovation”**



*Intelligent Miner,  
July 2020*

**“Companies Need To Take A Clean Sheet Approach To ESG”**



*Chief Executive,  
March 2021*

**“A Golden Opportunity For Coal”**



*World Coal,  
July/Aug 2020*

## SPEAKING



DEVELOPMENT  
PARTNER  
INSTITUTE



WORLD  
ECONOMIC  
FORUM



## RELATIONSHIPS WITH LEADING VC'S & START-UPS

FOUNDAMENTAL



THE  
ROCKEFELLER  
FOUNDATION

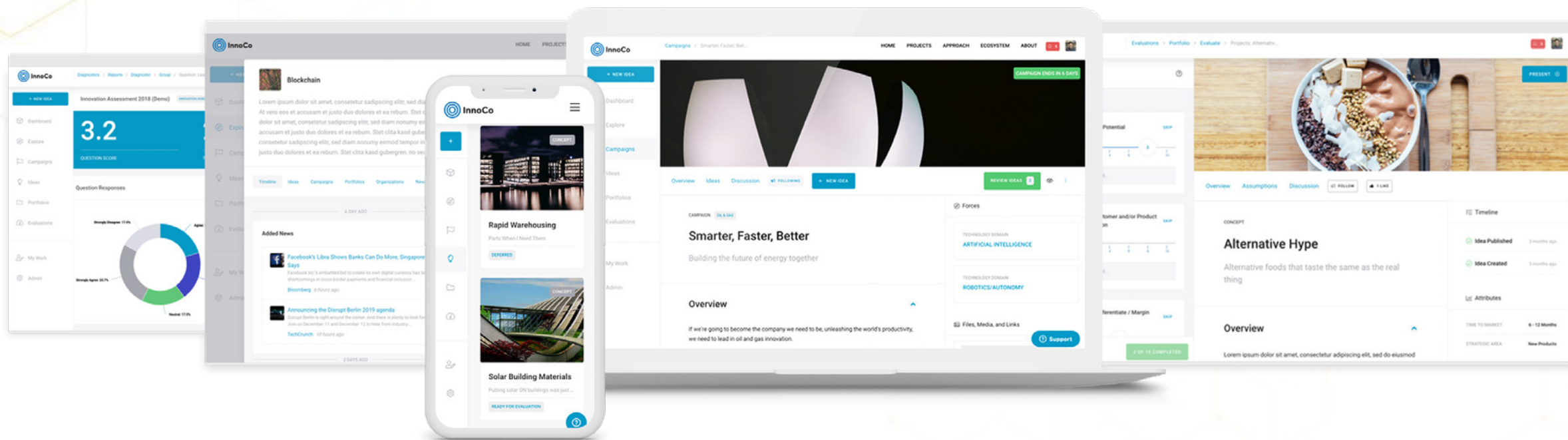
SafeAI



AUTOTECH  
VENTURES



Forest is Clareo's cloud-based management platform, allowing you to manage ESG opportunities **from early ideas through implementation.**



*Based on Clareo's FastPath<sup>SM</sup> approach that has been delivering powerful outcomes for clients for over 15 years.*



# clareo®

Clareo is a growth strategy firm that helps our clients elevate performance. We develop and execute strategies that drive growth and create competitive advantage. We help leading companies and organizations with innovation design and activation, ESG strategy, digital transformation, new business development and launch, and external venture investing.

Clareo works at the intersection of business, design, and entrepreneurship to provide robust and proven approaches that clarify vision, articulate strategy, organize and build capabilities and establish sustained innovation processes. We work with you as network enablers, advisors, coaches, strategists, facilitators, researchers and entrepreneurs. Through our digital platform, Forest, we provide and support the processes you need to make innovation work for your company.

**We elevate innovation performance.**



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