

AR & C ENNA

SUMMARY

Environmental, social, and governance (ESG) issues are no longer treated as an afterthought by
Vt a dUb]Yg h.YmUFY]bWYUg]b[`mWbHfU`rc`U` fa`g`fYdi`HUh]cb`UbX` bUbV]U`dYfZcfa`UbW`"6i`h`
h.YfY`g`VYYb`"]hY`X]gW`gg]cb`cf`U`hYbh]cb`dU]X`rc`ck`U`Vt a`dUbmg`9G;`dYfZcfa`UbW`U`YV]g`cbY`
set of internal stakeholders: its Ya`d`cnYYg"

CONTENTS



OVERVIEW: THE ESG LANDSCAPE

CHARACTERISTICS OF ESG

Environmental, social, and governance (ESG) is a framework for assessing the environmental, social, and governance performance of companies. It is a key component of sustainable investing and is becoming increasingly important for investors, companies, and the public.

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THE RISE OF ESG

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RESULTS: ESG PERFORMANCE AND WORKFORCE SENTIMENT

9a d`cmYfg`k]h` \][\`mgUh]g YX`Ya d`cmYYg` \Uj Y`VYhYf` 9G; `dYfZcfa UbW`h`Ub` [`cVU`Uj YfU[Y`Ya d`cmYfg`

7ca dUb]Yg`k]h` \][\`mgUh]g YX`Ya d`cmYYg` \Uj Yžcb`Uj YfU[Yž%(`dYfWbh` \][\Yf`9G; `gW`fYg`h`Ub` the global average f]Y`9l` \V]h`%&`5XX]h]cbU`nžHhYghfYgi`hg`dfcj Y`h`Uh`h`Y`X` YfYbW`VYh`YYb` h`YgY`hk`c` [fci`dg]g`gh`Uhg]h]W`mg] [b] WbhUh`h`Y`-) `dYfWbh`W`b` XYbW`Yj`Y`fDOS`\$`\$`)`

K` \Yb`W`a` dUf]b[`h`Y`Uj YfU[Y`9G; `d]`Uf`gW`fYg`VYh`YYb`h`YgY`hk`c` [fci`dg`W`a` dUb]Yg`k`]h` \][\`mgUh]g YX`Ya d`cmYYg`gh`Ub`X`ci`hcb`h`Y`f`Yb]]fcb`a`Yb`h`U`dYfZcfa`Ub`W`žgi` [[Ygh]b[`h`Uh`h`Y` higher ESG scores of top employers are driven by superior environmental gW`fYg`

Df]cf`fYgYUfW`g`lck`g`h`Uh`gUhg]g YX`Ya d`cmYYg`k`cf`_`UfXYfž`gh`Um`icb[Yf`k`]h` Ya d`cmYfg`ž`Ub`X`gY`Y` to produce better results for the cf [Ub]nUh]cb`"

Exhibit 1: Average ESG and pillar scores of top employers by employee satisfaction and average employers
0-10 scale, 2019



Source: MSCI, Marsh & McLennan Advantage Insights analysis

9a d`cnYfg`k]h` Ub`UhfUW]j Y`ja U[Y`Ua cb[`young talent` `Uj Y`VYHhYf`9G; `gVt`fYg`h`Ub`[`cVU`Uj YfU[Y`Ya d`cnYfg`

7ca dUb]Yg`k]h` h`Y`a cghUhfUW]j Y`ja U[Y`hc`ghi XYbhg`UbX`nci b[`dfcZYgg]cbUg`Uj Y`9G; `gVt`fYg` 25 percent higher than the global average employers f]YY`9l`V]h&L`H`Y`HhYghfYgi `hg`U`gc`g`ck` h`UhUh`h`Y`-` dYfVW`bhVt`b` XYbW`Yj Y`zh`Y`X` YfYbW`VYhk`YYb`h`Yg`Y`k`c`[fci`dg]g`ghU]gh]W`m` gj[b] W]bh`fDO`\$\$`\$`L`

G]a]`Uf`hc`k` \`Uhk`Y`gUk`]b` \] [`Ya d`cnYg`U]gZUW]cbz` fa`g`h`UhUfY`a` cghUhfUW]j Y`hc`nci b[` HUYbhUgc`Uj Y`ghfcb[Yf`Ybj`]fcb`a` YbhU`gVt`fYg`UgVt`a` dUfYX`hc`[`cVU`Uj YfU[Y`Ya d`cnYfg`H`g` suggests that higher ESG scores are driven to a great degree by superior environmental gVt`fYg`

9bh`i`g]Ugh]Wd`fcdYV]j Y`Ya d`cnYg`ghfYb[h`Yb`U`Vt`a` dUbm]g`HUYbh]dY`]bYz`Y`d]b[`Ybgi`fY`h`Y` availability of human Wd]H`

C`b`h`Y` \`YY`g`cZ`h`Yg`Y`dfY`ja`]bUfm`bX]b[gzk`Y`Xi`[`XYydYf`hc`UbU`mmY`h`Y`fY`Uh]cbg`d`VYhk`YYb` gdYVY`W9G; `]ggi`Yg`UbX`k`cf`_ZcfW`gYbh]a`Ybh`

Exhibit 2: Average ESG and pillar scores of top employers among young talent and average employers

0-10 scale, 2019



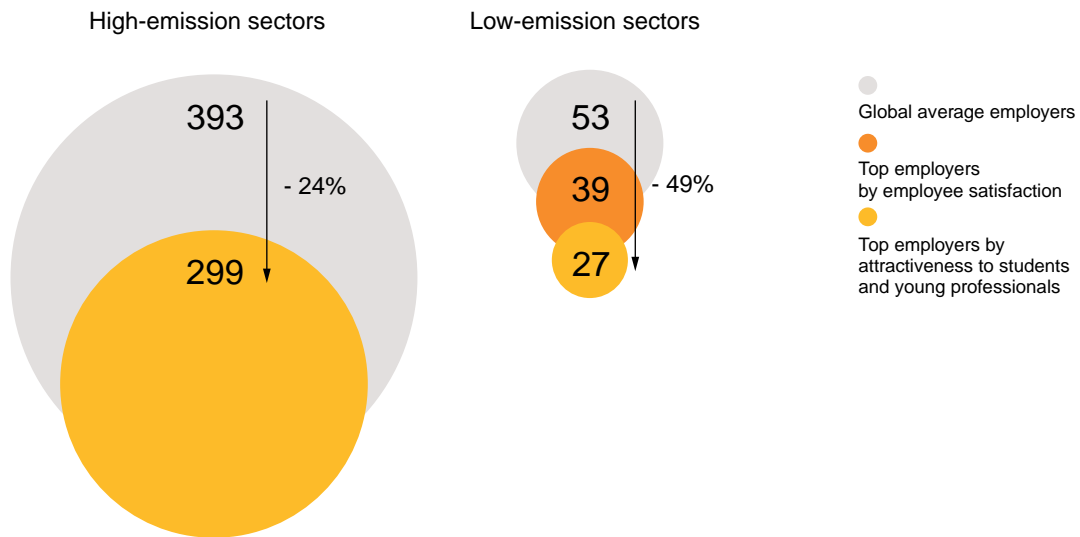
9BJ =CBA 9BH. @YUX]b['Ya d`cmYfg]b`hYfa g`cZYa d`cmYY` gUhgZUM]cb`UbX`UhfUM]j YbYgg`hc`nci b['hU`Ybh`\Uj Y`ck Yf` carbon emissions than their peers"

K]h]b`h`Y Ybj]fcb`a YbH`d]`Ufzk Y Vta dUFYX`h`Y`Uj YfU[Y`VfVcb`Ya]gg]cbg`
intensity – [fYYb`ci gY`[UgYa]gg]cbg`bcfa U]nYX`VmGU`Yg – across all three employer groups ¹
hc`gYY`Zk cf`ZcfW`gYbh]a Ybh]gU` YVhX`VmU`Vta dUbm]VfVcb`Zcchdf]bh`

7ca dUb]Yg`k]h` \][` \`Ya d`cmYY`gUhgZUM]cb`UbX`UhfUM]j YbYgg`hc`nci b['hU`YbhdfcXi W`ck Yf`
Ya]gg]cbg`h`Ub`[`cVU`Uj YfU[Y`Ya d`cmYfg`ZUM]cb`[`hc`ci f`UbU`ng]g`fgYY`9i` \V]h` L`K`Yi`gYX`h`Y`
; `cVU`b`Xi`ghm7`Ugg]` Vh]cb`GhUbXUfX`hc`WUgg]ZmVta dUb]Yg]bhc`gdYVW`WgYVtcfg`UbX`ci`f`bX]b[g`
apply across both high-emission ² UbX`ck`!Ya]gg]cb`gYVtcfg`³

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gUhgZUM]cb`"A`Yubk` \]Yzk`]h]b` \][` \]Ya]gg]cb`gYVtcfg`z`the most attractive companies to young
hU`Ybh`\Uj Y`Ya]gg]cbg]bhYbg]h]Yg`&(`dYfW`bhVY`ck`h`Y`Uj YfU[Y`"5bX`]b`ck`!Ya]gg]cb`gYVtcfg`z`h`Y`
X] YfYbW`]b`UhfUM]j YbYgg`VYh`Yb`Uj YfU[Y`UbX`ck`Ya`]hYfg]g`Yj Yb`[fYUhfzUh(-`dYfW`bH`

Exhibit 3: Average employer carbon emission intensity
Metric tons per USD million sales, 2019



Source: MSCI, Marsh & McLennan Advantage Insights analysis

1 The employer groups used in this study can be found in the Part II: Methodology Document of this study
2 High-emission sectors have a carbon emission intensity above the global average. These include the energy, materials, and utilities sectors.
3 Low-emission sectors consist of sectors whose carbon emission intensity is below the global average. These include industrials, real estate, consumer staples, information technology, telecommunication services, consumer discretionary, healthcare, and % Q D Q F L D O V

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ESG as a Workforce Strategy please visit our [k YVg\]hY](#)

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