

ESG & Sustainability

South Africa

A tectonic shift in the focus on environmental, social and governance (“ESG”) and sustainability issues has occurred across organisations and capital markets. Addressing how your organisation proactively advances and assesses ESG risk, opportunity, compliance and investment will be critical to engaging all stakeholders, from clients, shareholders and employees to the communities in which you do business.

WHY ESG & SUSTAINABILITY?

Stakeholders Have Increasing ESG Expectations

Investors

- Formal reporting is increasing through a variety of disclosures and data requests.
- Investors are interested in multiyear trends, requiring consistent data.
- There are differences in requirements by geography.
- Preparation is underway for wealth transfer and shift in investor expectations.

Policymakers & Regulators

- Fourteen jurisdictions have requirements, proposed requirements and guidance aligned with the Task Force on Climate-Related Financial Disclosures (“TCFD”).
- There is increasing regulatory focus on greenwashing and inconsistencies between statements and practice.
- Multinational supply chains expose companies to multiple regulatory standards.

Employees

- Employees are increasingly demanding information about employer ESG activities.
- Meaningful progress on environmental and social can engage employees and contribute to retention, especially among younger generation.
- Employees have an increased interest in diversity, equity and inclusion (“DE&I”) and pay-equity metrics.

Customers & Partners

- Customers of both B2B & B2C companies are making ESG enquiries, driving the need for easily accessible data and clear, accurate customer-facing collateral.
- Customers may use third-party ESG ratings, requiring companies to actively manage their profiles and provide accurate, timely data to rating agencies.

ESG data is being used to identify risk and opportunity. Engaging stakeholders around business risks and opportunities, and demonstrating prudent oversight, is critical for proactive strategic management. Key metrics include:



Greenhouse Gas (“GHG”) Emissions



Water Usage



Safety Incidents



Supply Chain Sourcing



Workforce Demographics



Compliance Policies

The Market Expects Leaders to Engage on ESG

Corporate leaders are increasingly feeling the pressure on ESG and sustainability issues — finding themselves under the scrutiny of social activists, shareholders, employees, policymakers, regulators, consumers and the media.



Why is ESG Important for your Enterprise?

|  <p>Drive Value</p> |  <p>Align with Stakeholders</p> |  <p>Minimise Risks & Seize Opportunities</p> |
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| <ul style="list-style-type: none"> — Maintain attractiveness to lowest-cost capital (equity and debt). — Achieve cost savings through operational efficiencies and sophisticated risk management. — Receive credit for existing programmes, practices and achievements. — Identify new opportunities (products, services and customers) created by global energy transition. — Benefit from branding opportunities by aligning with global ESG frameworks and organisations. | <p>Investors</p> <ul style="list-style-type: none"> — Understand investor ESG requirements. — Attract new capital. <p>Employees</p> <ul style="list-style-type: none"> — Drive talent attraction and retention. — Enhance employee engagement and productivity. <p>Customers/Partners</p> <ul style="list-style-type: none"> — Support ESG initiatives. — Remain competitive as part of customer value chain. <p>Policymakers/Regulators</p> <ul style="list-style-type: none"> — Respond to increased regulatory oversight. — Prepare for anticipated regulatory changes. | <ul style="list-style-type: none"> — Build resilience to protect company from negative external impacts, including: <ul style="list-style-type: none"> — Climate change — Social activism — Policy and regulation — Macroeconomic shifts. — Support business amidst changing ESG expectations. — Identify and mitigate weakness in oversight and data management. — Identify and implement risk reduction strategies that drive improvements in cost of capital and insurance rates. |








How We Help

Priority Services That Can Support Your ESG and Sustainability Aspirations

Whatever the challenge, FTI Consulting provides extensive support as you navigate today’s rapidly evolving ESG-and sustainability-driven demands in a holistic and distinctive manner.

Our Core Services

|  <p>Discovery & Assessment</p> |  <p>Strategy Development</p> |  <p>Implementation</p> |  <p>Messaging & Engaging Stakeholders</p> |  <p>Continuous Guidance & Support</p> |
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| <ul style="list-style-type: none"> – Materiality assessment. – Scope 1-3 GHG accounting. – Peer benchmarking. – Risk assessment. – Gap analysis. – Investigations. – Regulatory response. – Mergers and acquisitions (“M&A”) due diligence. – Climate scenario analysis. – Market opportunity assessment. – Supply chain due diligence. | <ul style="list-style-type: none"> – Company ESG strategy. – Key performance indicators (“KPIs”) and goal setting. – Target setting and alignment with ESG strategy. – Decarbonisation strategy. – Business case development for ESG initiatives. – Governance strategy. – Data-driven decision-making. – Community engagement strategy. – Public affairs and government relations strategy. – Communications strategy. – Privacy and personal data. – Enterprise risk management updates and developments. – Risk appetite and limits. – Responsible investment strategy. – Responsible underwriting strategy. – Life cycle assessments and circular economy. | <ul style="list-style-type: none"> – Data management, lineage and monitoring. – Data improvement projects. – Renewable energy procurement. – Information governance design and rollout. – Executive compensation. – Cybersecurity policies and systems. – Supply chain resilience and risk management. – Disclosures, internal control and audit preparedness. – Transparent and verifiable tracking (blockchain). – Development of internal ratings methodologies and models. – Climate risk modelling. – Responsible investment road map and implementation. – Responsible underwriting road map and execution. | <ul style="list-style-type: none"> – ESG narrative and positioning. – Alignment with standards and frameworks (Sustainability Accounting Standards Board [“SASB”], Global Reporting Initiative [“GRI”], “TCFD”, Carbon Disclosure Project [“CDP”], International Sustainability Standards Board [“ISSB”], Corporate Sustainability Reporting Directive [“CSRD”]). – ESG ratings improvement. – Applying analytics and artificial intelligence (“AI”). – Public affairs. – Government relations. – Stakeholder engagement (customer, suppliers, employees, proxy advisors, policymakers, regulators, non-governmental organisations [“NGOs”], etc.). – Crisis management. – Investor days and roadshows. – Community engagement. – Engagement with asset managers (internal and external). – Engagement with underwriters. | <ul style="list-style-type: none"> – Updates to standards. – Executive workshops. – Board of directors advisory service. – Executive compensation. – Interim leadership. – Compliance. – Incidents and crisis response. – Proxy advisory and activism defence. – Post-acquisition disputes. – Public affairs and government relations. – Communications activities. |

ESG Programme Development

Design and implement an ESG and sustainability programme to align your organisation’s risk and opportunity priorities with its value proposition.

A successful ESG programme is authentic, grounded in data, and aligned with the organisation’s overarching strategy and stakeholder priorities. FTI Consulting combines deep industry and subject matter expertise to develop ESG programmes that deliver tailored solutions to help any organisation become more sustainable and provide assurance to its stakeholders that it consistently manages ESG risks and opportunities.

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| <p>1 Discovery & Assessment</p> | <p>Current-State Assessment: Gap Analysis</p> | <p>Identify Performance & Programme Objectives</p> | <p>Materiality Assessment</p> | <p>Identify Disclosures, Goals, KPIs & Reputational Drivers</p> | <p>Complete Peer Analysis & Landscape Assessment</p> | <p>ESG Due Diligence (M&A, Private Equity)</p> |
| <p>2 Strategy Development</p> | <p>Develop ESG-Aligned Strategy & Corporate Narrative (incl Public Affairs ["PA"] & Government Relations ["GR"])</p> | <p>Develop Authentic Targets, Goals & KPIs</p> | <p>Alignment with ESG Market Frameworks (SASB, TCFD/Task Force on Nature-Related Financial Disclosures ["TNFD"], GRI, CDP, UN Sustainable Development Goals ["UNSDG"], Principles for Responsible Investment ["PRI"])</p> | <p>Three-year Strategic Road Map Development</p> | <p>Climate Risk Analysis & Strategy Integration</p> | <p>ESG Return On Investment ("ROI") & Equity Story</p> |
| <p>3 Implementation</p> | <p>ESG Credit & Ratings Improvement</p> | <p>ESG Policy Creation</p> | <p>Governance & Oversight Integration</p> | <p>Process Improvement & Ownership</p> | <p>Investor Targeting & Roadshows</p> | <p>Sustainable Procurement System Engagement</p> |
| <p>4 Engaging & Reporting</p> | <p>Executive Workshop Facilitation</p> | <p>PA & GR Programme/ Stakeholder Engagement Outreach</p> | <p>ESG Raters Engagement (Morgan Stanley Capital International ["MSCI"], Sustainalytics, Institutional Shareholder Services ["ISS"])</p> | <p>Content Development</p> | <p>ESG Report Creation</p> | <p>Crisis & Issues Management</p> |

Why Partner with FTI Consulting on ESG and Sustainability?



Our experts in ESG and sustainability partner with experts in your industry

FTI Consulting ESG engagements are led by ESG experts and informed by experts in your industry. Our industry teams bring an expansive range of capabilities and offerings together to work through every phase and facet of an ESG programme.



Our ESG services are comprehensive in scope, covering everything from climate science to stakeholder engagement

Experts across multiple disciplines coordinate services so that clients experience seamless end-to-end service, from implementing strategies around specific sustainability goals to communicating with stakeholders about ESG programme goals and progress.



We meet clients where they are

Accommodating a variety of client needs in our DNA. We adapt to your needs and culture, striving to make it easy for you to work with us, whether you are just beginning your ESG journey or you already have a mature sustainability programme.



We are driven by integrity

ESG statements and actions must align. We tell your story in an authentic way, grounded in data. We also help you set realistic, defensible goals; chart a course to meet them; and partner with you to implement them in a way that brings stakeholders along on the journey.



We are global and local

ESG expectations, regulations and norms vary by geography. In a global business environment, companies must tailor their ESG actions to both local and a global audiences. FTI Consulting's ESG network has local expertise and global perspective, ensuring we successfully serve our clients wherever risks and opportunities arise.



We see ESG in the context of your corporate strategy and values

ESG is a lens through which to identify material risks and opportunities and take action to minimise risks and seize opportunities within the context of your overall business strategy. We keep your strategy and values top of mind as we address today's rapidly evolving and shifting ESG-driven demands.

We Answer Common Questions from Companies



FTI Consulting works with clients at all stages of their ESG journey. Our clients are balancing the interests of investors, customers, regulators and employees. They want solutions that integrate ESG and sustainability initiatives with their goals and strategic plans.



Common Questions

What do my investors expect on ESG?
How do I prepare for changing expectations and new investors?



How We Can Help

FTI Consulting’s market knowledge and industry relationships allow us to keep clients informed about the latest trends and evolving expectations.

How are we doing vs our peers and vs peers considered best in class?

Companies are increasingly compared to their peers by investors. Our benchmarking services identify areas for improvement and achievements to promote.

How will ESG regulation affect my company?

FTI Consulting’s regulatory experts follow ESG- and sustainability-related regulation across the globe and can identify areas of current and expected exposure.

How can we make sure our actions align with our sustainability goals and targets?

Alignment between claims and actions is essential. FTI Consulting utilises communications, due diligence and strategy professionals to identify any gaps and take corrective action.

How can we simplify the ESG reporting process?

Data management and governance is often a challenge for organisations. Our data experts map existing data, recommend technical and organisational improvements, and can stay on to implement recommended improvements.

How do we reduce our carbon footprint?

FTI Consulting’s experts measure Scope 1-3 GHG emissions, develop strategic road maps for emissions reduction, and work with funds and portfolio companies to set and achieve targets.

FTI Consulting's Commitment to ESG and Sustainability

FTI Consulting believes proactively identifying and addressing ESG risks and opportunities are both important to sustaining our strong growth trajectory and maintaining our licence to operate. We are committed not only to delivering on our ESG and sustainability commitments as a firm but also to helping clients navigate on their own ESG journey. FTI Consulting's second annual [Corporate Sustainability Report](#) shares our approach to addressing our company's unique ESG characteristics through our related programmes, policies and commitments.

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Endnotes

- 1 FTI Consulting CEO Leadership Redefined Survey, United States, 2021
- 2 FTI Consulting Resilience Barometer 2021