

ESG Viewpoint: Governance and Accountability (G&A) Institute

RepRisk interviewed Louis Coppola, Co-Founder and Executive Vice President at G&A Institute

G&A Institute is a leading strategy, research and consulting services firm based in New York that helps managers identify, understand, monitor and address their sustainability challenges.



RepRisk: Who are your clients and what sustainability/ESG needs do they have?

Louis Coppola: Our clients tend to be mainly large- and medium-cap corporations that are at various stages of their “Sustainability Journey” and are looking to take it to the next step. Some clients have not yet begun their journey and are looking for their compass, their North Star, which we provide.

We also work closely with investors (asset owners and their managers), working with corporate ESG performance data and other information. We advise capital market organizations that are exploring (and wanting to know more) about sustainable investment.

Our sustainability-focused services and resources include: Counseling & Strategies; Sustainability Disclosure and Reporting; Materiality Assessments; Stakeholder Engagement; Benchmarking; Investor Relations; Communications; Coaching, Team Building & Training; Issues Monitoring; Customized Research; Third Party Recognitions for companies.

RR: How have you seen sustainability issues/uptake develop over the last five years, in the US and among your client base?

LC: We have seen a tremendous uptake in the interest of many different stakeholders in sustainability issues over the past five years. G&A’s recent study, just released in the first week of June, found that 72 percent of the S&P 500 published Corporate Sustainability Reports in 2013.

To put that in perspective, this is dramatically up from 52 percent of the S&P 500 companies reporting in 2012, and just under 20 percent of companies reporting in 2011.

The interest in corporate sustainability by investors has also increased dramatically. The sustainable investment trade association (Forum for Sustainable & Responsible Investment) in their latest survey results showed that decisions for just about US\$ 1 in 10 or 11 dollars invested in the US capital markets are now based on some approach that considers corporate ESG data and information.

Another driver is large companies in a number of sectors now asking their supply chain partners for their ESG data because they (customers) realize that suppliers are part of their global risk footprint. If the customers want to reach their sustainability goals then their supply chain must be participating in these initiatives. This is driving sustainability from the large-cap companies down to tier one and then even small suppliers, and is further increasing the importance of measuring, managing, and reporting on ESG information.

We see employees, especially the new generation entering the workforce demanding more demonstration of certain values from the companies they work for, or are if they are being recruited they are looking at the company's sustainability profile.

Corporate sustainability leaders are attracting and retaining better talent than companies that are ignoring these issues. Companies leading in sustainability are moving well beyond "simply being compliant," as they develop more efficient ways to operate.

We see demonstrations that the recognized corporate sustainability leaders are characterized by their developing many opportunities for innovation, achieving competitive differentiation, bringing new products and services to market that meet customer expectations, and exhibit more effective risk reduction or risk mitigation. These leading companies are then guiding the way for their suppliers and industry and investment peers to realize these same benefits.

We see these and other drivers as causing a dramatic groundswell of interest and uptake in sustainability, exponential in its growth.

RR: What do you see as the main challenges/barriers that companies face in sustainability?

LC: The people inside companies that are running their organization's sustainability efforts are often not given the resources that are needed. They have significant responsibilities but too often they sit too low in the organization for the real benefits of sustainability to be realized by the company.

Organizations also fear that disclosing certain sustainability information will give their competitors a peek into operational data that is of a sensitive and competitive nature. This, in my opinion, is just an excuse, perhaps because of fear of the unknown and resistance to change at the board and C-Suite levels. And maybe further down in the ranks.

I often refer to Spencer Johnson's amazing short story *Who Moved My Cheese?* when executives in organizations say, "We don't believe in this sustainability thing. The way we've always done things in the past has worked out just great for us, and we never had to consider sustainability before, and we don't need to now". Unfortunately, this mindset leads to the starvation and death of the mice looking for cheese! Given this mindset, people, companies, and even entire nations can face failures of different types.

The organizations that will be leaders in tomorrow's economy will have the sustainability function in clear focus, with the team leaders sitting at the executive team table or within the C-Suite. There will be a cross-functional sustainability team reporting to them. They will integrate sustainability into the very core of their business strategy, into the company DNA, and will incorporate the strategies into every decision that is made. This allows the enterprise to operate in an optimal way, with stakeholders around them feeling valued, not ignored. The stakeholders (internal and external) will be supporting the enterprise's growth and success in every way. It can be catastrophic to ignore both internal and external stakeholders, and the sustainability focus can be an effective tool for engagement.

RR: Why did you want to partner with RepRisk?

LC: Hank Boerner (Chairman and Co-Founder of G&A Institute) and I worked together for many years in an issues and crisis management consulting firm serving the Fortune 500 and multinationals — Rowan & Blewitt. We had many brand name corporate clients, which we assisted in responding to crisis events. In the ideal assignment, we helped clients avoid the crisis through effective issues management.

We always tried to convince companies dealing with critical issues, and all companies do, that they should engage us to help manage issues. Some did. But most often we were brought aboard after the crisis had already occurred. Many of the issues we dealt with involved corporate governance, environmental, and societal issues – so today's ESG -and this is perfect fit for us.

When we started G&A Institute 7 years ago we viewed what is today known as 'sustainability' as a pro-active way to measure and manage issues (most often in the 'E,' 'S,' and 'G' buckets) before they turned into a crisis event. Sustainability is really all about enterprise risk management, and effective issues management.

We see RepRisk as an innovative, value-added resource to help companies of all sizes, in all sectors and industries and geographies, to monitor their critical and emerging issues in a pro-active way. That is important, before manageable issues turn into a costly (financially and reputationally) crisis event. In our experience, most crisis situations become very complex and there can be crises within the crisis, and situations spinning out of control very quickly.

Corporate sustainability, executed smartly with the right strategies in place, is a very effective issue management tool in this regard. Information flow, intelligence on emerging trends and issues, continuous monitoring of critical situations... all are very important elements of issue management.

That's why we are very excited about partnering with the RepRisk team.