

## Green is the New Black - Talent & ESG

As anyone witnessing the current furore over plastics in our oceans will testify, environmental issues are far from a minority concern.

It is no less so in the area of asset management. The growing interest in responsible investing means fund managers' of Environmental, Social & Governance (ESG) criteria in investment decisions has become mainstream. Over 1,000 funds currently incorporate some form of ESG criteria, with approximately \$2.6 trillion assets under management.

As potential investors and employees, millennials have influence here. They care about social and environmental issues – as PwC reports, over half are attracted to employers because of their position on corporate and social responsibility. So, it's likely they will be attracted to financial services employers with ESG and SRI (Social Responsible Investing) in their DNA.

Millennials also represent a huge potential investor market. By 2020 they are expected to form half of the world's entire workforce. If they are to attract this next generation of investors, asset managers will have to answer their preference for sustainable strategies by including a strong element of ESG in their offerings.

So why isn't every asset manager pursuing this rich seam? Traditional asset managers often regard ESG, and its close cousin SRI, as chiefly of concern to those managing university endowments, or of fund managers in countries ahead of the curve in these areas, such as Norway and Sweden.

A company's governance climate can also be hard to quantify. In making investment decisions, ESG investors often focus on a company's tangible assets and operations, when understanding governance, talent trends and the existence of robust succession plans can be just as critical.

ESG is a challenge, not least in finding talent to navigate these choppy waters - but organizations willing to brave the storm will reap the rewards.

We feel companies unwilling to invest in ESG issues will find themselves at a considerable disadvantage to those competitors that do. Firms that invest in these areas are proven to have a more engaged and productive workforce showing that when implemented in a pragmatic way, ESG can act as a strong motivation and retention tool.

At Sheffield Haworth, we believe an ESG profile and a sustainable footprint are key to determining future employers of choice. We can help you attract and retain the right talent, differentiate between committed ESG participants and those who jump on the bandwagon. And we can help with the complex issues of talent and governance – from senior management to NEDs and succession planning.



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