



PINNACLE  
FUND SERVICES

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ENVIRONMENTAL SOCIAL & GOVERNANCE (ESG)

## Integrating ESG

The integration of Environmental, Social, and Governance (ESG) considerations into the investment cycle has become a strategic priority for asset managers.

## New Business Landscape

Institutional investors and regulators expect asset managers to start incorporating ESG factors into their investment decisions.

Asset managers without a formalized ESG program are moving quickly to adopt policies, management systems, and reporting tools to meet industry expectations.

Asset managers who have already developed an ESG program need to update their efforts to match evolving regulation and best practices.

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### Principle 01

We will incorporate ESG issues into investment analysis and decision-making processes.

### Principle 02

We will be active owners and incorporate ESG issues into our ownership policies and practices.

### Principle 03

We will seek appropriate disclosure on ESG issues by the entities in which we invest.



### The Opportunity

**To view ESG factors as key elements of long-term value creation.**

Understanding how ESG factors impact the return and risk profile of an investment leads to better research, analysis, and decision making. This implies a systematic approach to ESG monitoring and reporting.



### The Challenge

**A good policy is never a substitute for actual behavior.**

Countless ESG frameworks, substantial conceptual and analytical challenges, imperfect data, and a lack of clear global standards are some of the challenges that asset managers face when reporting ESG risks.



# How Pinnacle ESG Can Help

Using a combination of industry standards and management-driven KPIs, we identify ESG factors that are financially material and develop an ESG program tailored to your investment strategy.

01

## Preliminary Analysis

Where do I start?  
How do I integrate ESG topics in the investment process?  
Is my current ESG policy aligned with industry standards?

02

## Evaluation & Rating

How do I measure my ESG performance?  
Can you help investigate material ESG issues?  
Can you help us improve our ESG rating?

03

## Disclosure Report

How do I report my ESG performance?  
How do I assess my business in terms of impact?  
How do I transform my business to meet sustainability goals?

# ESG Integration Roadmap

01

## Preliminary Analysis

**Simple questionnaire collecting 25-30 data points to measure the level of ESG integration within**

- Policies & Governance
- Pre-investment Process
- Leadership & Management
- Portfolio Monitoring & Reporting

### Preliminary Analysis Report

- Create an ESG Policy if none exists
- Identify Your ESG Policy's Strengths and Weaknesses
- Improve ESG Practices
- Optimize Your ESG Resources
- Increase Access to New Investors

02

## Evaluation & Rating

**Full evaluation model collecting over 200 data points to rate the ESG profile of a company or portfolio of companies**

- Wide Range of ESG Factors
- Quantitative Scoring System
- Focused on Materiality
- Overall ESG Rating

### Evaluation & Rating Report

- Assess Your ESG Profile
- Identify Material ESG Factors
- Reduce Legal Risk
- Enhance Due Diligence and Portfolio Oversight
- Start Benchmarking

03

## Disclosure Report

**Consolidated ESG reporting supporting external disclosure to investors and stakeholders**

- ESG Reporting Framework
- Company-specific Metrics
- Sustainability Strategy
- Impact Measurement

### Disclosure Report

- Communicate your ESG Performance
- Reinforce Internal Reporting
- Set ESG Goals aligned with Investment Strategy
- Comply with Industry Standards
- Avoid Greenwashing

## Additional Services:

- ESG Data Collection Implementation for Portfolio Companies
- Climate Risk Disclosure & Science-based Targets
- ESG in Remuneration Policies

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# Our Approach to ESG Reporting

## ESG metrics your investors can trust.

There are a multitude of reporting frameworks that deal with sustainability.

We view ESG metrics in the context of your organization's business, activities, and stakeholders and help you design an ESG reporting strategy consistent with your corporate values, your portfolio objectives, and investors' expectations.



### ● Environmental

- Emissions
- Water Management
- Energy Management
- Materials & Waste
- Preservation
- Eco-innovation



### ● Social

- Labor & Employment
- Health & Safety
- Training & Education
- Customers
- Supply Chain
- Community



### ● Governance

- Business Practices
- Ethics & Transparency
- Competitive behavior
- Lobbying
- Corruption
- Tax Compliance

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## Your ESG Journey

No matter where you are on your ESG journey, our systematic approach will show how to incorporate non-traditional but financially material factors into traditional financial analysis and use ESG data to reduce risk and enhance long-term value.

We are experienced professionals with a hands-on approach and a service-oriented philosophy who believe in using common sense and open communication to promote a sustainable future.



**The best way to predict the future  
is to create it.**

