



ESG SERVICES

# Starting Fresh – 10 Considerations for Building an ESG Brand Upon Emergence From a Restructuring Process

For many companies, emergence from the restructuring process marks a fresh start with a stronger balance sheet and greater financial flexibility. Often, emergence also provides a new beginning for the business with a chance to overhaul the underlying culture and reestablish the company's reputation among key stakeholders.

Today, culture and reputation often go hand in hand with a company's ESG — or environmental, social and governance — profile. Companies undergoing restructuring have a unique opportunity to build ESG into the brand and value proposition and rewrite the corporate narrative to include sustainability.

Yes, it's always a good time for companies to start incorporating ESG — but perhaps no better time than emergence, when the focus shifts from not only preserving value but enhancing it.

Here we share the top ESG considerations for restructured companies:

- 1. Build an effective board** – Corporate restructuring is one of the few times a company can reconstitute most if not the entire composition of its board. Don't waste an opportunity to seek diverse candidates and incorporate inclusion at the highest level of the organization.
- 2. Set the foundation** – Reevaluate mission, vision and purpose statements, and ensure that they support the goals of the organization and the go-forward strategy. As BlackRock's Larry Fink states, "Purpose is not the sole pursuit of profits but the animating force for achieving them." Make sure the purpose forms the basis for culture and serves all stakeholders — not just investors.
- 3. Convey value** – Do the company's products or services have societal benefit? Does the business help customers advance their goals? Does the company contribute positively to the community? There is a good chance the answer is yes. Be sure the "good" of the company is built into the new brand.
- 4. Capture early wins** – Take credit for key ESG-related policies and practices that are already in place. Revise the company's code of conduct to best convey expectations for behavior for employees as well as others associated with business activities. And build out initial statements to demonstrate approaches to material topics such as safety, employees and the environment to build trust among stakeholders.
- 5. Conduct benchmarking** – Review the company's existing ESG disclosures and ratings and compare to peers and leaders in the industry. Use identified ESG strengths to differentiate from the competition. An emerging company doesn't have to be an ESG leader but should take steps to avoid being viewed as a laggard among competitors. This is true and achievable for all companies, big and small.
- 6. Plan ahead** – Emergence is a busy time for companies. Make best use of corporate resources by creating a governance structure and ESG roadmap with key priorities. Start with the highest-impact initiatives that best support the company's overall goals and longer-term strategy which integrate into the overall strategy of the business.

- 7. Enhance access to capital** – Given selling ambitions of debt-to-equity holders, restructuring provides an ideal opportunity to use favorable ESG performance to attract a growing body of sustainable investors in both public and private markets. Restructured companies can leverage ESG to support valuations and investment by attracting a growing body of sustainable investors in both public and private markets.
- 8. Understand customer priorities** – So often customers are taking a hard look at their supply chains and want to know that business partners are doing right by employees, protecting the environment and maintaining the highest standards for conduct and ethics. More and more these customers are requiring comprehensive ESG responses in a request for proposal process or annual supply chain surveys. Be responsive and don't let your ESG profile be a barrier to future business.
- 9. Engage the workforce** – If messaging is delivered properly, restructuring can bring a sense of stability and optimism to the workforce. Build on that positive momentum by establishing an ESG program that rallies teams, motivates individuals and inspires new talent. Employees are the best ambassadors for the organization. Help them understand their role and value by bringing them along on the ESG journey.
- 10. Communicate, communicate, communicate** – A restructuring brings renewed energy to the organization and offers a platform for companies to tell their story, their way. Build ESG into all communication channels – from the website to investor presentations to employee townhalls. Companies don't have to wait until an ESG program is well established to begin communicating. ESG is about continuous improvement, not perfection. Start talking about ESG initiatives early and often.

The best brands stand for something, have a relatable story and are purpose-driven. Now is the time for reorganized companies to embrace ESG and create a brand and culture for the business that is both current and sustainable.

Alvarez & Marsal leverages its restructuring heritage to help companies turn change into a strategic business asset, manage risk and unlock value at every stage of growth. We work with clients across all industries to help build practical ESG initiatives to drive real results. Please reach out to our team for assistance in navigating your ESG journey.

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