THE BiG SO WHAT™

corbin

SUSTAINABILITY WEBINAR

# ESG is Dead, Long Live ESG

March 27, 2024

# Before We Begin

Any unauthorized use, duplication, redistribution or disclosure of this proprietary research (the “Presentation”), including, but not limited to, redistribution of the Presentation by electronic mail, posting of the Presentation on a website or page, and/or providing to a third party a link to the Presentation, is strictly prohibited. The information contained in the Presentation is intended solely for the recipient and may not be further distributed by the recipient to any third party. Thank you for respecting our Intellectual Property and recognizing the challenges we face, including significant loss and brand erosion, when it is shared outside of designated recipients.

# Moderator

**Robert McConnaughey**
SVP, Investor Relations Advisory and ESG

corbin

# Today's Distinguished Panel

**Katherine Collins**
Head of Sustainable Investing

Putnam INVESTMENTS
A Franklin Templeton Company

**Catherine Sheehy**
ESG and Public Benefit Corporation Transparency Director

United Therapeutics CORPORATION

**Richard Brasher**
Global VP, Sustainability

LKQ
Keeping you moving

# Reprioritization of ESG: Acknowledging "The Backlash"

Pensions&Investments

April 03, 2023 12:00 AM

Investors committed to ESG fighting against backlash

FINANCIAL TIMES

ESG backlash in the US: what implications for corporations and investors?

THE CONFERENCE BOARD

ESG Backlash: How Companies Can Turn Adversity Into Advantage

THE WALL STREET JOURNAL.

CFO JOURNAL

Companies Quiet Diversity and Sustainability Talk Amid Culture War Boycotts

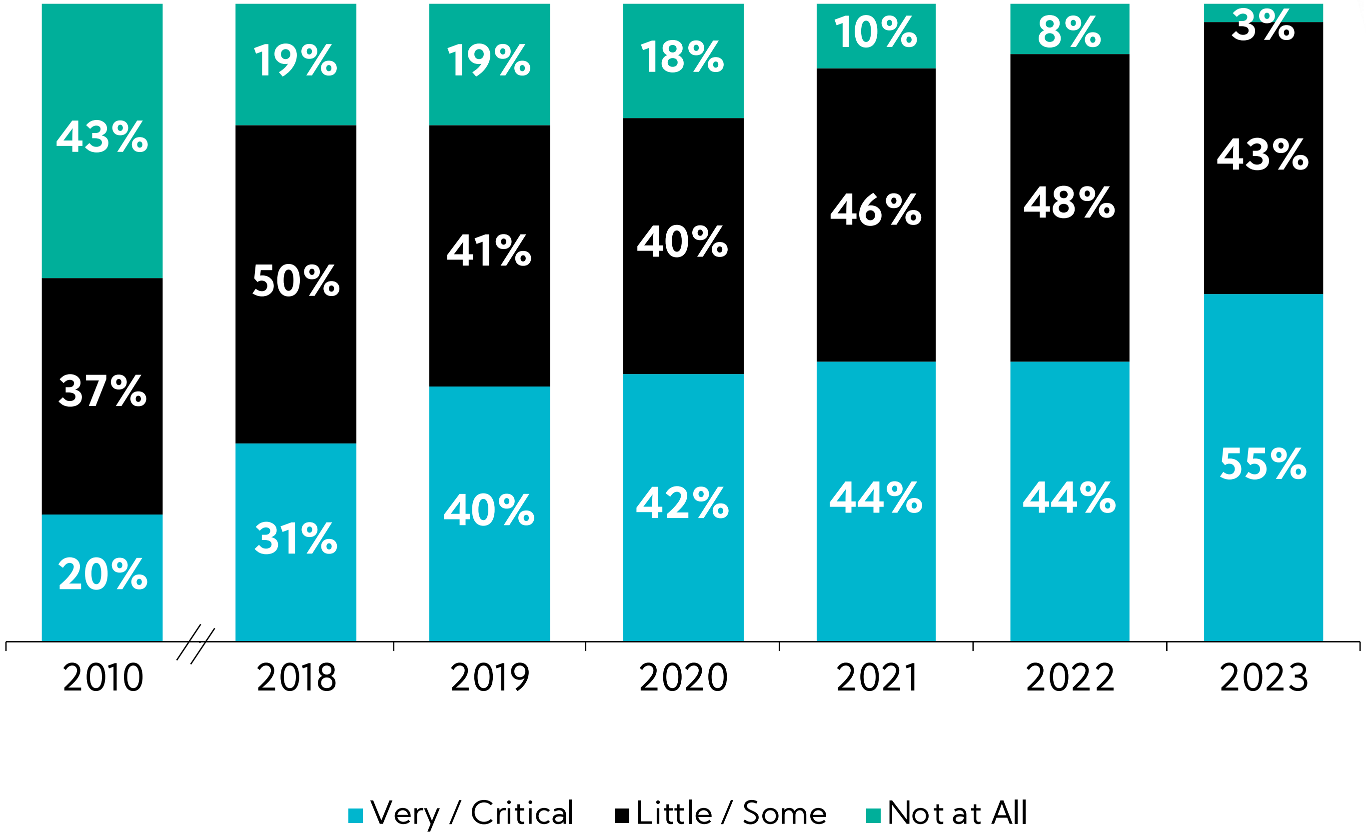
Mentions of social-impact initiatives during earnings calls have declined, reversing a trend that had picked up after the killing of George Floyd in 2020

THOMSON REUTERS

State anti-ESG laws are expanding in scope and reach, creating a bind for companies seeking to comply with investor demands and a growing patchwork of statutes that aim to limit the use of ESG factors

Sources: WSJ; Conference Board; Financial Times; Pensions & Investments

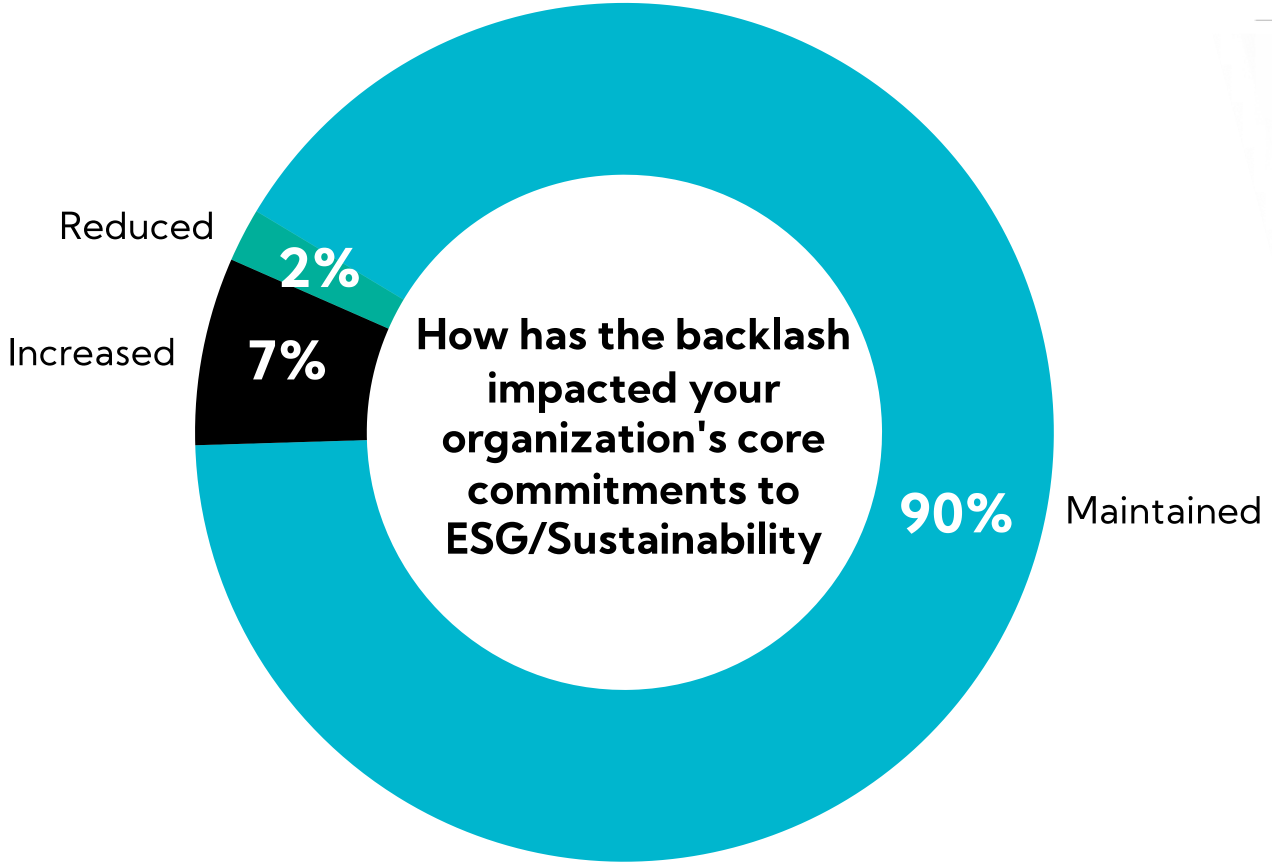
# According to Our Research Spanning Over a Decade, ESG Continues to Grow in Importance as an Investment Factor




- Investors' belief that ESG is a factor in Alpha increased to **29%** in 2023 from just **8%** in 2021[1]
- At the end of 2023[2]:
  - 7,485 Sustainable funds managed ~$3T in assets globally
  - 647 Sustainable funds in the U.S. manage $324B, mostly actively

1 : Corbin 2023 Biennial ESG Survey; 2: Morningstar

# Most Companies Have Stayed the Course…




**Has your organization made adjustments to ESG-related terminology?**

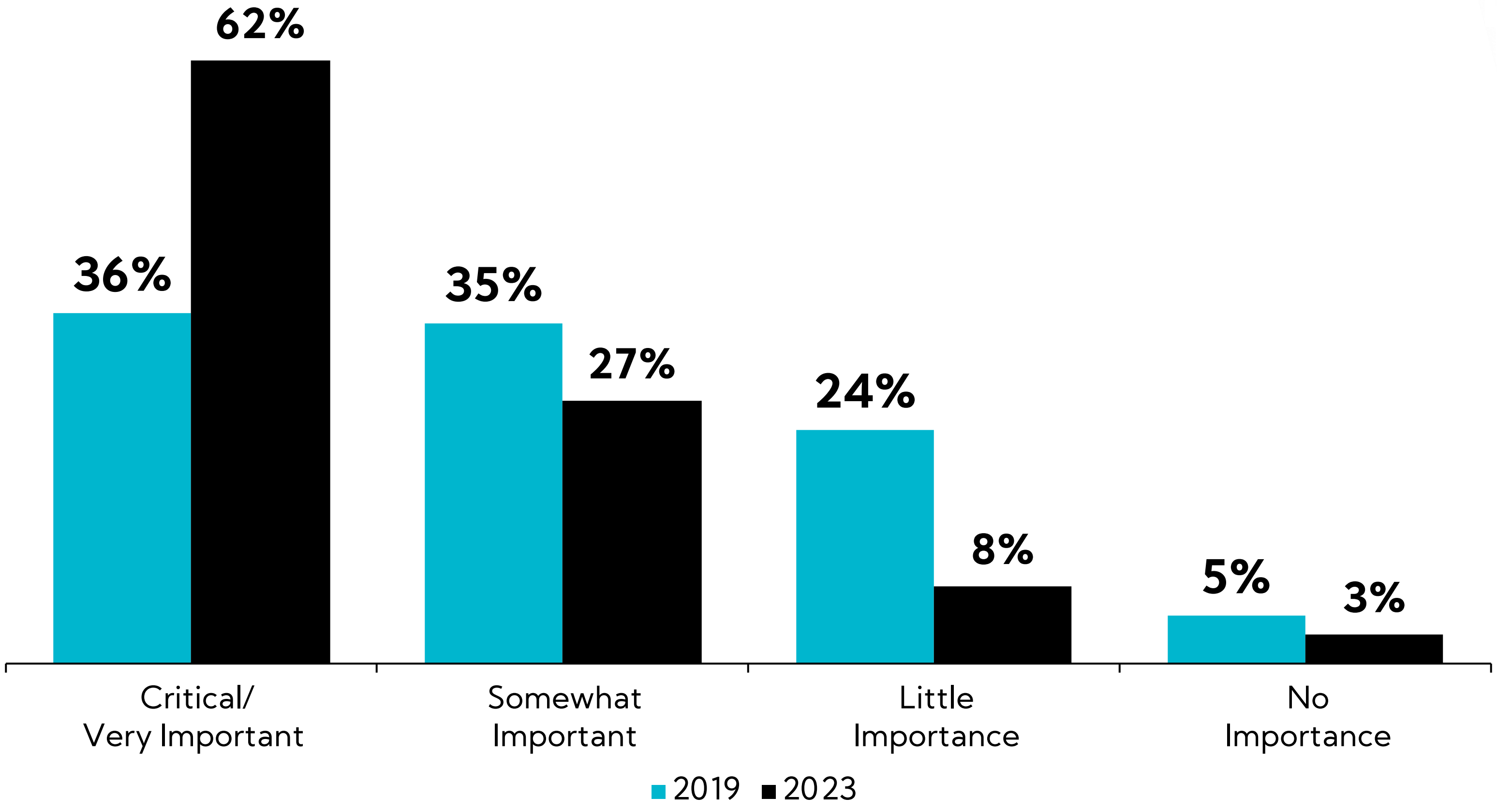
**49%**

said **Yes**

Most of the change has been from **"ESG"** to **"Sustainability"**

# An Overwhelming Majority of Corporates Integrate ESG into Long-term Business Strategy

How would you classify the level of importance executive leadership places on ESG as a factor in your company's long-term success?



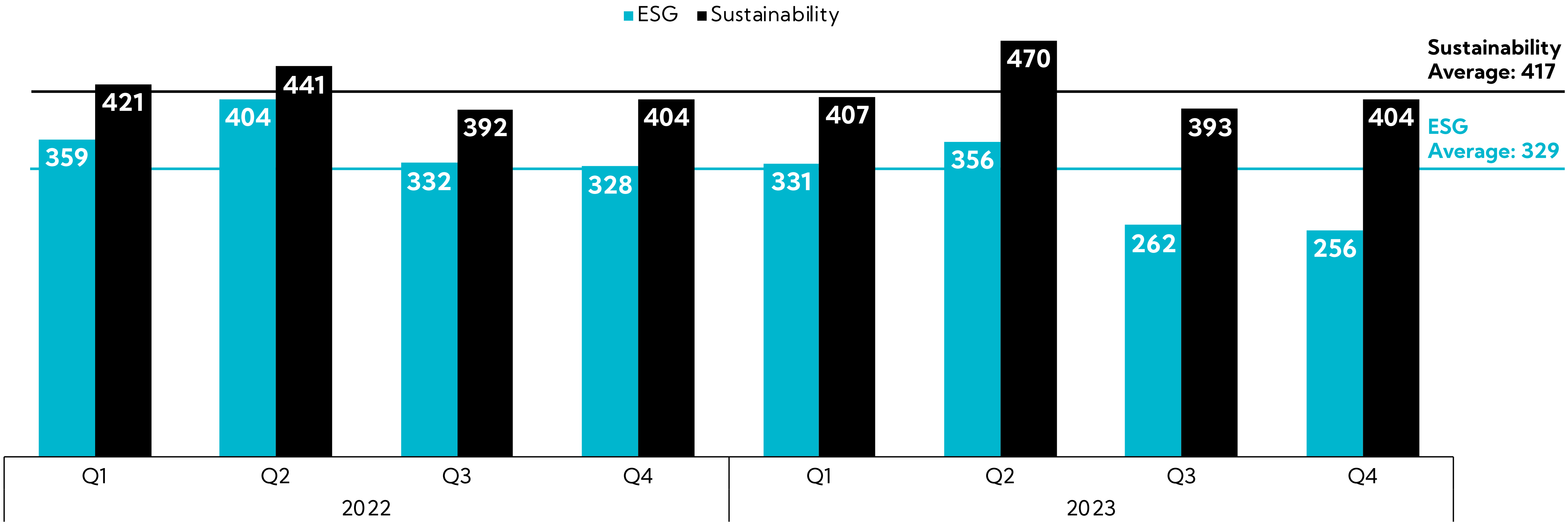

"ESG has been a priority for several years, but the intensity of our efforts has increased substantially in the past year."

– Corporate Issuer

Source: Corbin 2023 Biennial ESG Survey

# S&P 500 ESG vs Sustainability Mentions, 2022–2023

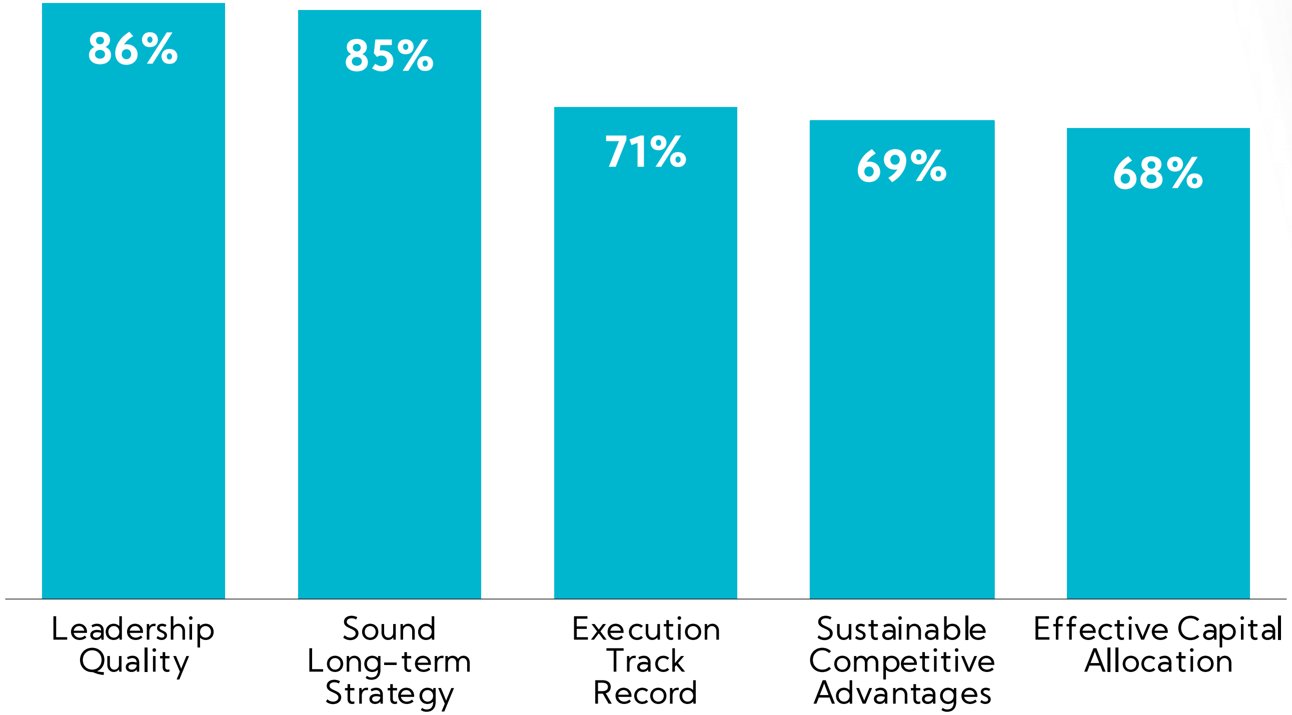
The term "Sustainability" continues to maintain steady usage, while "ESG" mentions have notably decreased towards the end of 2023, standing 22% lower in Q4'23 compared to the average number of mentions from 2022–2023




Source: AlphaSense (Earnings Transcripts, Earnings Presentations, and Investor Presentations)

# Sustainability Done Well Can Amplify the Critical Elements in Investor Assessments

## Corbin Critical Five Investment Factors *




## Optimizing stakeholder relationships for long-term positive impact is simply good business

- Key stakeholders, including customers, suppliers, employees, regulators, and shareholders have their own complex needs related to societal, regulatory, and environmental changes, generating new material risks and opportunities
- Managing these new risks and opportunities effectively can amplify your investment thesis

**Sustainability reinforces a company's value proposition to a broad investor audience**

*According to proprietary research. These are the five most important factors in investment decisions

# Four Key Takeaways

## 1

**ESG remains an influential investment factor**

90% of investors place at least some importance on ESG when making investment decisions, the highest level ever recorded

## 2

**Corporates are increasingly integrating ESG into long-term business strategy**

More than half of issuers note executives consider ESG very important to their company's long-term success, more than doubling since 2019

## 3

**ESG is seen as both risk mitigation and competitive advantage**

Both investors and corporates alike report utilizing a blended approach to ESG prioritization: as a risk mitigation tool and as an opportunity to capture burgeoning opportunities to deliver alpha

## 4

**As ESG is increasingly adopted by corporates, investors are finding it more important to discern holistic competitive edge**

With corporates seizing on both external, disclosure-related opportunities and internal structural changes to demonstrate ESG commitment, investors are looking for companies to be authentic and targeted to "cut through the noise"

# Thank You

The Exchange
Bldg. 4, Suite 260
270 Farmington Ave
Farmington, CT 06032
**corbinadvisors.com**