

ENVIRONMENTAL, SOCIAL & GOVERNANCE

# ESG has gone mainstream

That's reshaping the investment world.

If 2020 was the year of debate around ESG, 2021 will be the year of action. **Why?**

- ➔ **New investor mindset:** Investors and shareholders are more discerning about who they're investing in.
- ➔ **Changing values:** An increased focus on diversity, equity and inclusion, and climate issues.
- ➔ **A financial case:** There's a growing recognition of the positive link between ESG and financial performance.
- ➔ **Sustained increase in ESG engagement:** 42% of the top 50 companies in the Fortune 100 increased their ESG disclosures in at least one category between 2019 and 2020.
- ➔ **Competition for talent:** More employees today want to work for organizations where sustainability is embedded in the company ethic.



**Global ESG-data driven assets hit \$40.5 trillion<sup>2</sup>**  
The value of global assets applying environmental, social, and governance data to drive investment decisions has almost doubled over the past four years, and more than tripled over the past eight years.



**Nearly 2,400 major investors have signed up to the UN Principles for Responsible Investment (PRI)**  
In 2018, the PRI said signatories must have a responsible investment policy covering at least 50% of their total AUM.



**By 2019, 35% of private equity firms have teams dedicated to responsible investment.<sup>3</sup>**  
That's up from 27% in 2016.

*"The link between off-balance sheet risk factors and a company's financial performance has become exceedingly clear over the past decade."*

— William Blair Investment Management

## ESG is about understanding how off-balance sheet factors contribute to financial performance.

That journey can be challenging if you lack time, resources, or expertise to carry out a strategy. Or, if your stakeholders don't understand:

- ➔ What ESG factors matter to long-term financial sustainability
- ➔ Which ESG risks and opportunities they're already addressing
- ➔ The roadmap you have in place to improve your reporting and disclosures
- ➔ How to spotlight what matters

### What's at stake if you fail to keep pace with ESG? You could:



Lose access to capital as investors seek better ESG assets



Struggle to attract and retain top talent, which hurts financial performance/sustainability



Leave yourself vulnerable to shareholder activism

## ESG goes beyond initiatives for social responsibility and environmental sustainability.

ESG is a **comprehensive process** for incorporating relevant non-financial factors in the assessments of risks and opportunities to ensure the long-term financial sustainability of your organization.

**Investors, stakeholders, and talented employees are taking ESG seriously—are you?**



## ESG Journey

Wherever you are on your journey, **Broadridge** and **Third Economy** can help you manage the entire process:



Get started on your ESG journey or build on where you are today. ➔

<sup>1</sup> "ESG Disclosure Trends in SEC Filings," White & Case Public Company Advisory Group's annual survey, White & Case, August 2020.  
<sup>2</sup> "ESG Data Integration By Asset Managers: Targeting Alpha, Fiduciary Duty & Portfolio Risk Analysis," Opimas, March 2020.  
<sup>3</sup> PWC Private Equity Responsible Investment Survey 2019, based on responses from 162 private equity firms in 35 countries.