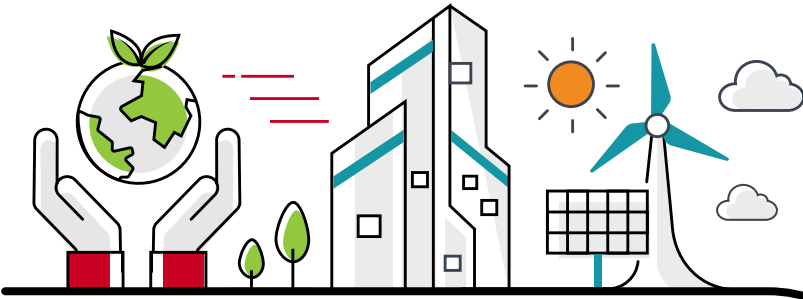


Many stakeholders have a growing interest in overall corporate sustainability performance. In contrast many of the largest institutional investors are interested in the subset of ESG issues more relevant to direct financial outcomes. Consider the ecosystem of players and the growing demand for nonfinancial performance metrics.



91% OF INSTITUTIONAL INVESTORS surveyed said that nonfinancial performance has played a pivotal role in their investment decision-making.¹

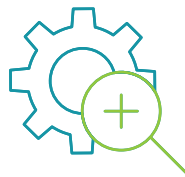


Investors

A growing number of investors are demanding ESG reporting and non-financial disclosures from organizations. Companies that fail to report or that report poor performance risk divestiture.

When selecting new suppliers and renewing contracts,

69% OF EXECUTIVES said they take sustainability performance into consideration, up from 51% in 2019.²



Supplier selection

Increasingly referenced in procurement guidelines, companies consider sustainability critical to revenue and growth.

Regulatory requirements

A growing number of governing bodies are advancing legislation mandating sustainability or ESG reporting.

ESG evaluations can help combat rising operating expenses, such as raw-material costs and the true cost of water or carbon, that can affect operating profits by as much as

60%⁴



100 COUNTRIES use approximately

600 SUSTAINABILITY REPORTING INSTRUMENTS more than half of which are mandatory.³

Operating performance

Evaluating key nonfinancial performance metrics often results in identifying opportunities for operational efficiency, cost savings and/or new business models.

Sustainability-marketed products grew

7.1x FASTER than conventionally marketed products, and

3.8x FASTER than the consumer packaged goods (CPG) market.⁵



Retail realities

Manufacturers are turning out sustainable versions of products across all categories, and green leads to green as consumers snap up products with cleaner label claims.

52% OF GLOBAL CONSUMERS think businesses aren't doing enough regarding climate change.⁶



Consumer choice

Consumers want to see businesses take meaningful stands and demonstrate actual progress on ESG-related issues.

¹ EY, "EY Climate Change and Sustainability Services Survey," July 2020.

² EcoVadis and Stanford Graduate School of Business, "2021 Sustainable Procurement Barometer," July 2021

³ Carrots & Sticks, "Sustainability Reporting Policy: Global trends in disclosure as the ESG agenda goes mainstream," 2020.

⁴ <https://www.mckinsey.com/business-functions/strategy-and-corporate-governance/our-insights/seven-ways-that-esg-creates-value>

⁵ NYU Stern Center for Sustainable Business, Sustainable Market Share Index™, March 2021

⁶ Edelman, Edelman Trust Barometer, February 2022