

ESG RADAR 2023

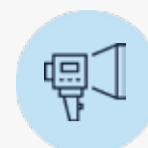
ESG REDEFINED: FROM COMPLIANCE TO VALUE CREATION



ENTERPRISES ALREADY SPEND MORE ON ESG THAN ON MARKETING



11% of budget spent on ESG initiatives



9.5% of budget spent on marketing¹

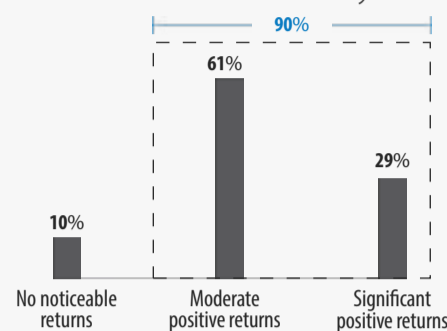
ESG BENEFITS GO BEYOND IMPROVING REPUTATION

Reputation is top priority for ESG now

However, ESG initiatives are already moneymakers



1. Reputation 2. Impact 3. Financial benefits



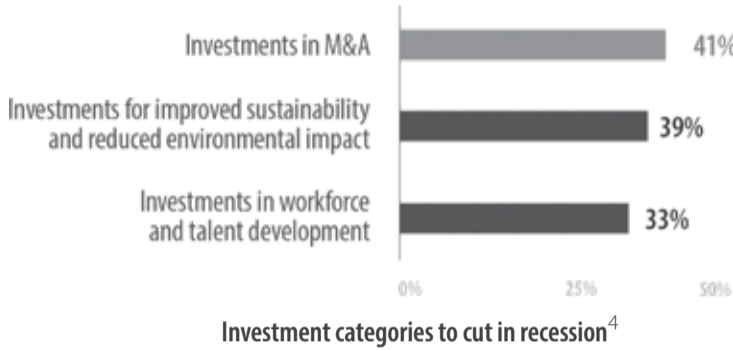
THE ESG MARKET IS PROJECTED TO GROW RAPIDLY ...



ESG business services set to grow from **\$39 billion in 2021** to **\$158 billion by 2025**²

ESG-related assets under management expected to increase from **\$18.4 trillion in 2021** to **\$33.9 trillion by 2026**³

BUT ECONOMIC PRESSURE THREATENS ESG'S TRAJECTORY



7 out of 10 economists believe a global recession is likely in 2023⁵

59% of CEOs say they plan to reassess ESG efforts in the next 6 months⁶

MOST COMPANIES UNSURE ABOUT ESG'S COST AND BENEFITS



83%

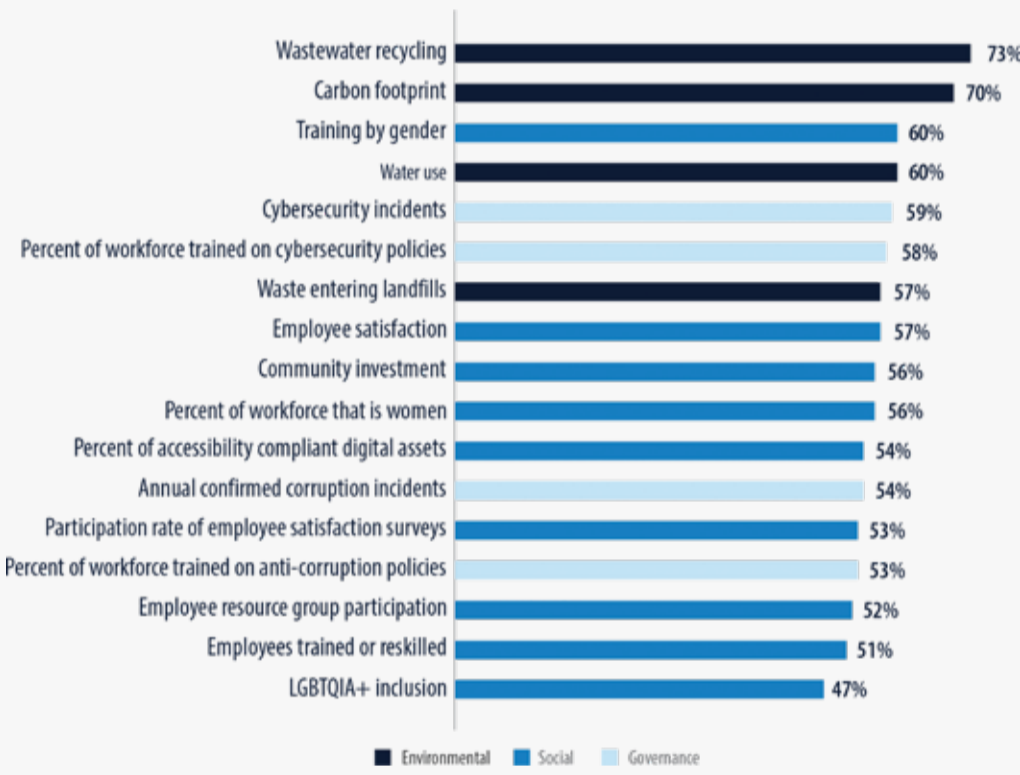
Uncertain about required investment



70%

Uncertain about return on investment

'E' IS TOP PRIORITY, BUT THE VALUE OF 'S' AND 'G' IS OVERLOOKED



THE 'S' AND 'G' DELIVER FINANCIAL VALUE

Women are a minority on **75%** of respondents' boards



Women are a minority % on board of directors Women are an equal or greater % on board of directors



However, a **10 percentage** point increase in women on the board correlates with a **1 percentage** point increase in profit growth.

The presence of a **chief diversity officer, chief sustainability officer (CSO), an ESG board committee, and a CSO who clears capital expenditures** correlates with a 2 percentage point increase in profit.



Only **25%** of respondents had all four elements in place.



Companies that concentrate their ESG initiatives on employees — more than customers — have profit growth that is **1 percentage** point higher.

STATE OF ESG

CHALLENGES

DON'T LOSE SIGHT OF 'S' AND 'G'

RECOMMENDATIONS



References

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- Exponential Expectations for ESG, Harvard, November 17, 2022.
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- How Inflation Is Affecting CFO Investment Priorities, Gartner, June 2022.
- Global Recession Increasingly Likely as Cost of Living Soars, say Chief Economists, World Economic Forum, September 28, 2022.
- 2022 U.S. CEO Outlook: Growth strategies for turbulent times, KPMG, October 4, 2022.