

RECONCILING ESG:

RHETORIC VS. REALITY

ALLISON+
PARTNERS



STATE OF ESG

There is organized and growing push-back against long-standing progress by financial firms and activists to hold companies accountable for their efforts on climate change

The current backlash focuses on what some are trying to characterize as the unrealistic nature of climate-related metrics in lending and investing decisions.

LEADING THE CHARGE:

- + State and federal politicians
- + State-level legal and financial officers
- + Activists
- + Wealthy party supporters

THIS BACKLASH AFFECTS:

- + Companies
- + Institutional investors
- + Everyday Americans with pensions, stocks and/or bonds

STATE OF ESG

CAUSE

- + The 2022 U.S. midterm election cycle put ESG squarely in the spotlight spurring a spike in backlash and politicization
 - + State-level policy efforts are taking place nationwide to either divest state funds from ESG-supportive financial institutions or boycott them to begin with
 - + An increasingly coordinated narrative from some U.S. officials, policymakers and other stakeholders places emphasis on:
 - + Banks' fiduciary duty to prioritize stakeholder returns
 - + Accusations of greenwashing, lax oversight and exaggerated ESG benefits
 - + Correlations to an alleged underlying political agenda
-

EFFECT

- + Roughly half of all U.S. states are expected to have or introduce legislation restricting ESG investment activity this year...
- + ...but retirement systems and pensions in affected states are starting to push back, arguing restrictions and boycotts stand to significantly harm financial returns
- + Some large, publicly traded companies have backed off their ESG commitments, but most are soldiering on – with significantly less publicity, especially in the financial sector
- + Implication: Business' appetite to stand up or fight back against ESG critics will affect the movement's intensity and duration

OUR RESEARCH INTENT

Fully close the book on the ESG debate – and reconcile rhetoric with reality.

Provide clarity on what American consumers and constituents want from companies as it relates to environmental, social and governance action and communications, without getting lost in the fray of anti-ESG distractions.

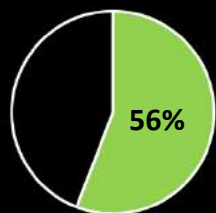
METHODOLOGY

Allison+Partners surveyed 1,001 consumers aged 18 or older in the United States. The survey was fielded using the Qualtrics Insight Platform and panel was sourced from Lucid Marketplace. Fielding was executed in April 2023.

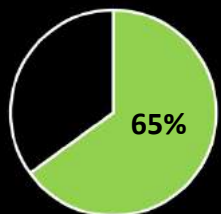
A close-up photograph of a brown, textured leaf surface, likely a maple leaf, covered in numerous small, glistening water droplets. The leaf's veins are clearly visible, creating a complex, organic pattern. The overall color palette is warm and earthy, ranging from deep browns to lighter, golden-brown tones where the droplets catch the light.

CORE FINDINGS

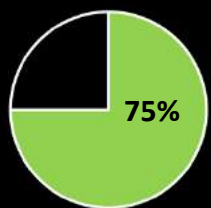
ANTI-ESG RHETORIC IS **OUT** **OF ALIGNMENT** WITH AMERICAN MANDATE



More than half of Americans (56%) have a positive view of ESG.



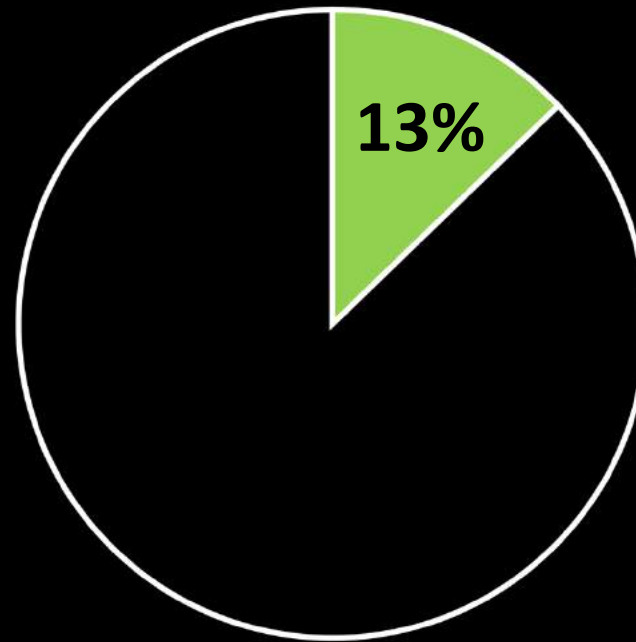
Nearly two-thirds (65%) want companies to continue their environmental, social and governance action.



These numbers increase among American Millennials, where 71% have a positive viewpoint on ESG and 75% want companies to continue making progress.

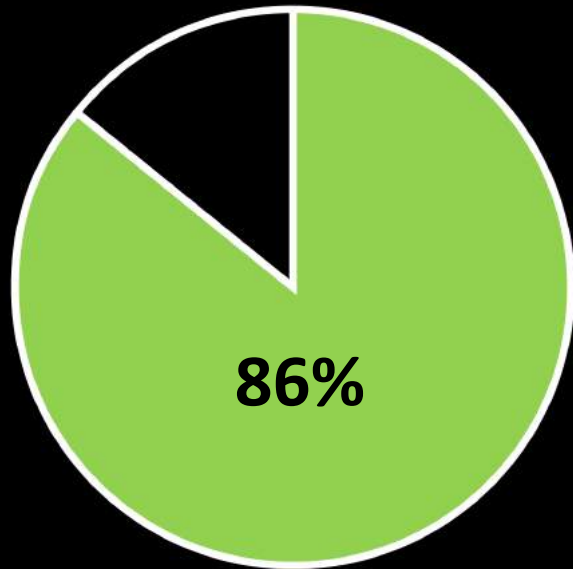


YET **CONFUSION** REMAINS



Only 13 percent of Americans today felt “extremely confident” they could define ESG.

AMERICANS SHOW CONVICTION IN THEIR SUPPORT OF ESG ACTION



86% Want companies to communicate their action related to the **environment**

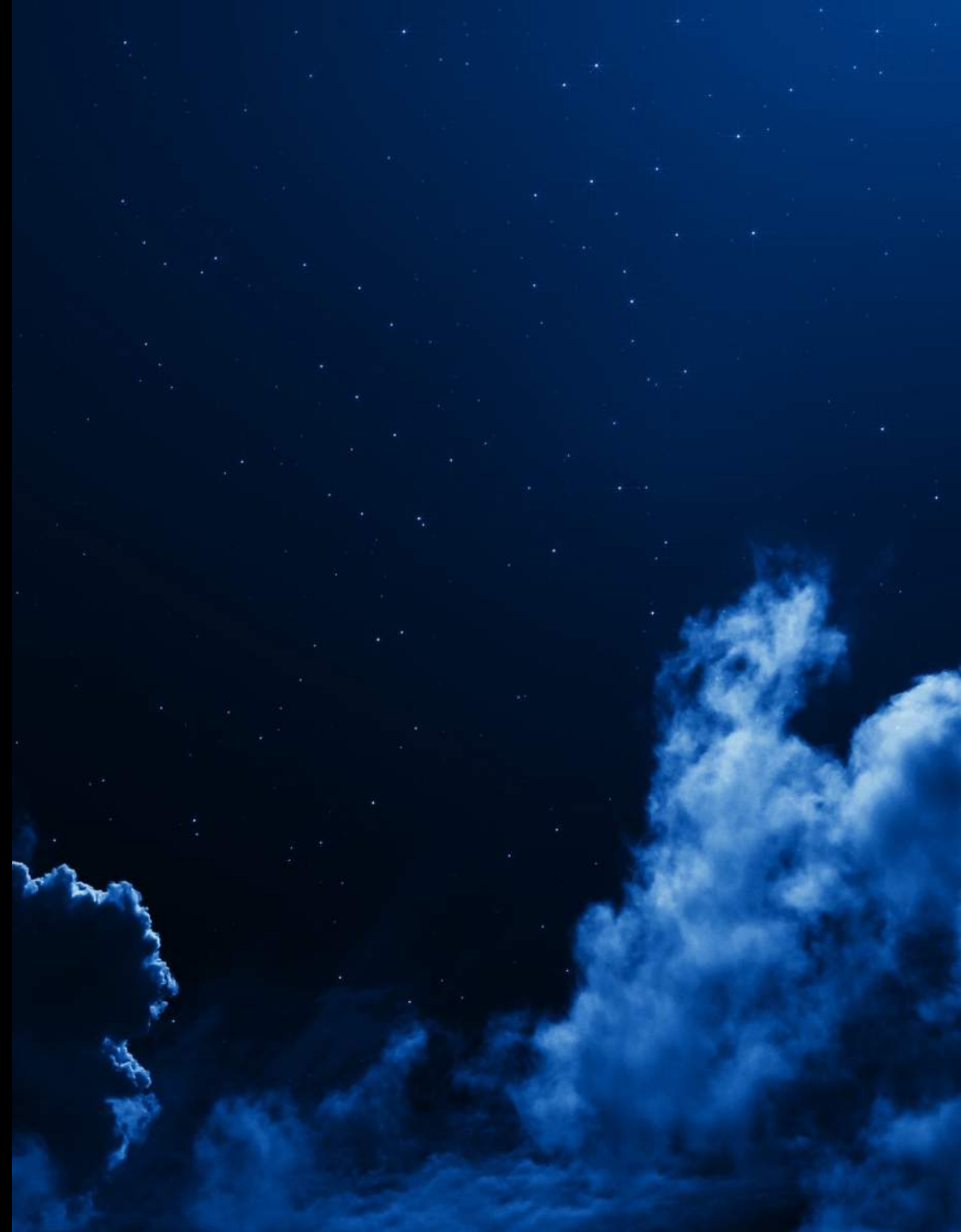
86% Want companies to communicate their action related to **society**

86% Want companies to communicate their action related to **governance**

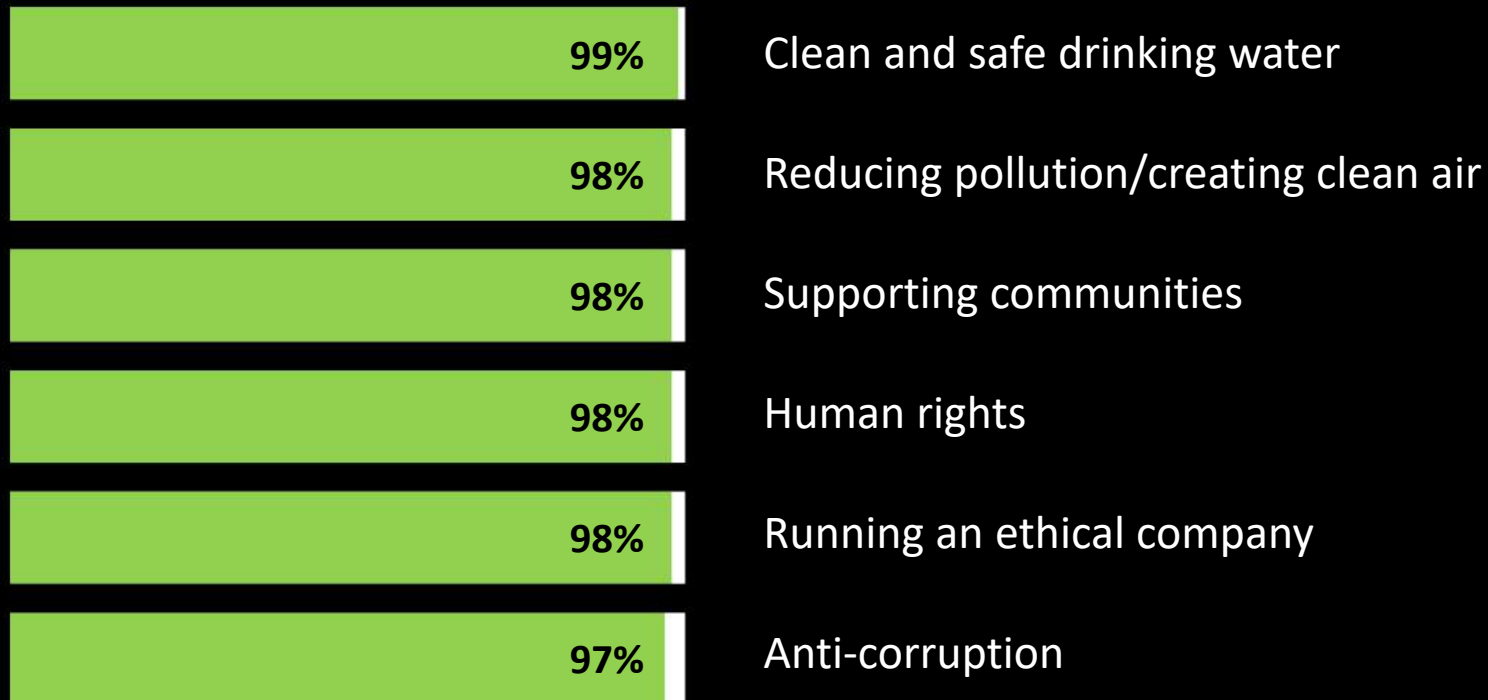


TOP ISSUES IN FOCUS

1. Clean and Safe Drinking Water
2. Reducing Pollution
3. Addressing Human Rights

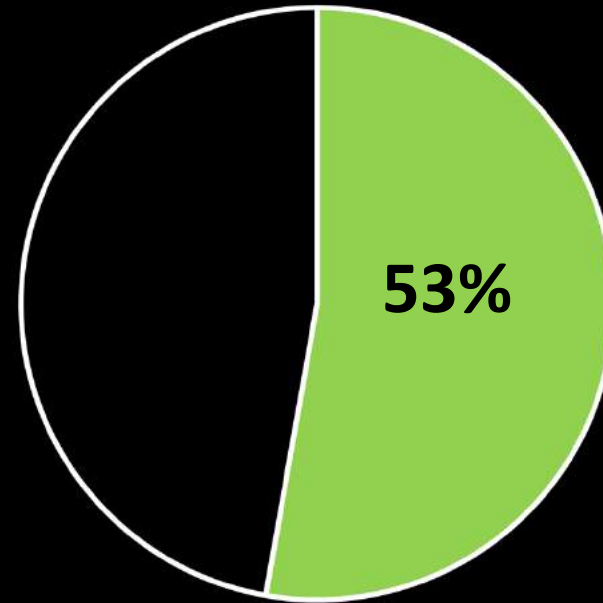


STRIPPING AWAY THE RHETORIC – MANDATE ONLY INCREASES





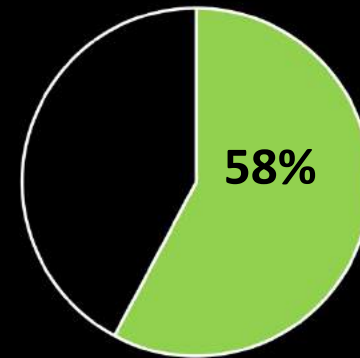
AMERICANS DON'T WANT COMPANIES TO BE **SIDETRACKED**



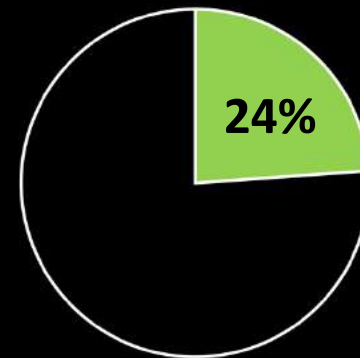
More than half (53%) of Americans said they would stop buying from a brand if it stopped environmental action due to political pressure.



ALL EYES ON **IMPACT**

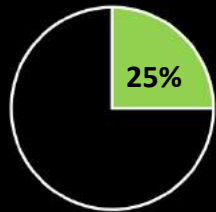


More than half (58%) of Americans say they are more concerned about a company's environmental impact than they were in the past

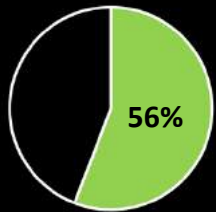


Only a quarter (24%) said they do not actively look for information on a company's sustainable initiatives when making a purchase.

CLEAR AND COMPELLING COMMUNICATIONS EVEN MORE CRITICAL IN THE FACE OF GREENWASHING

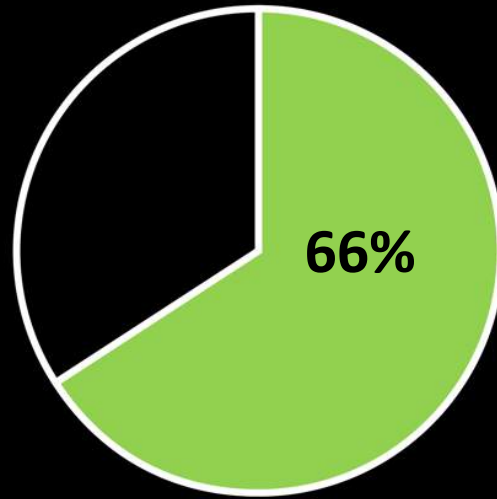


Only a quarter (25%) of Americans say they have not spotted greenwashing in their everyday shopping

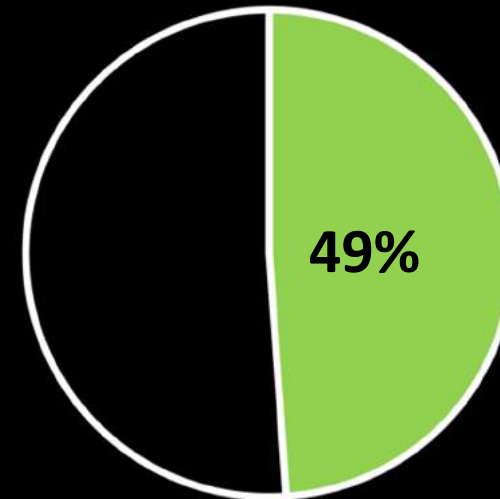


More than half (56%) say the influx of greenwashing claims has made them question environmental claims

BRAND BENEFITS (OR PITFALLS)



Two-thirds (66%) of Americans **FEEL BETTER** about companies that are addressing social and environmental issues



Nearly half (49%) said if they learned of a company addressing topics like sustainability but not talking about it publicly, they would **QUESTION** that company's **AUTHENTICITY**

WHAT COMPANIES CAN DO

DO avoid debating the merits of ESG investing

DON'T fall into the 'green hush trap'

DO be specific and exacting in your communications

DON'T talk politics



THANK YOU!



ALLISON+
PARTNERS

