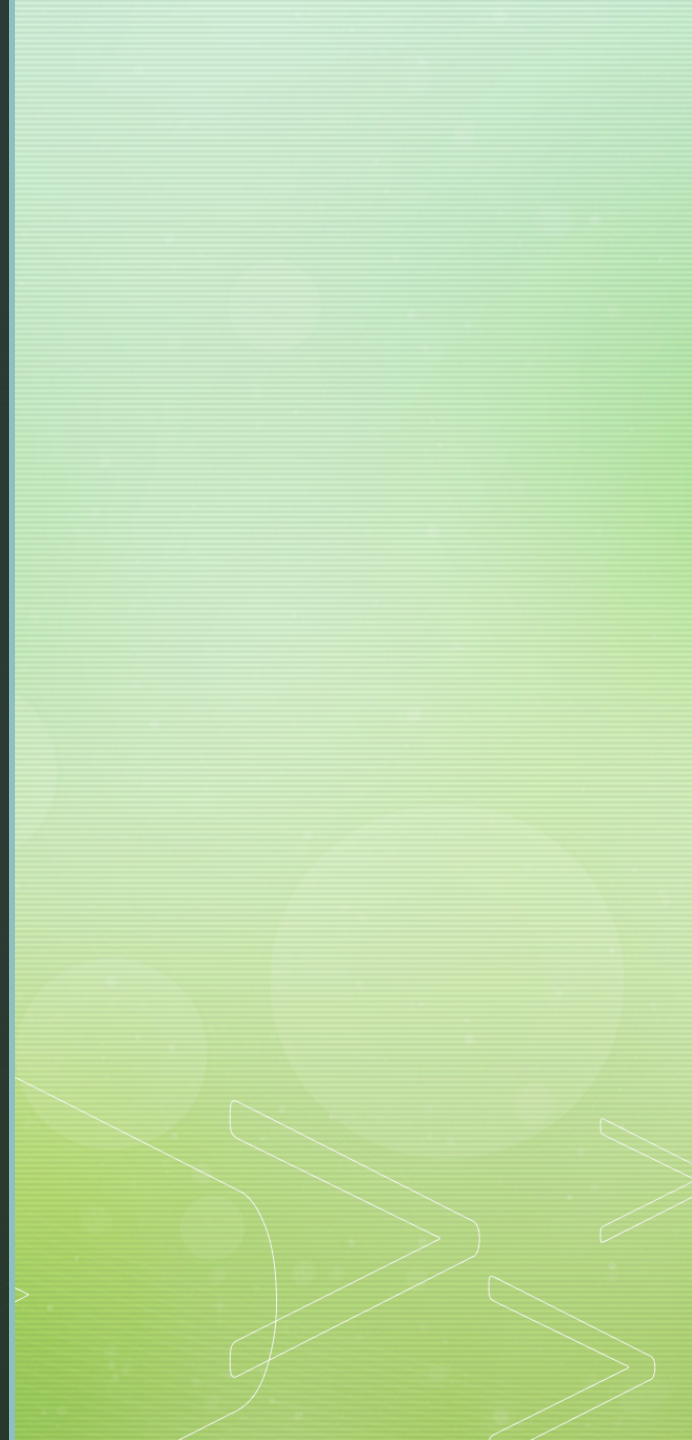




ESG Investing Impacts on EHS Roles & Responsibilities

NCMA Annual Meeting
September 2020



What is ESG Investing

Environmental, Social, Governance – ESG

1. Environmental



2. Social



3. Governance



Focus Today: Relevance to Your Work

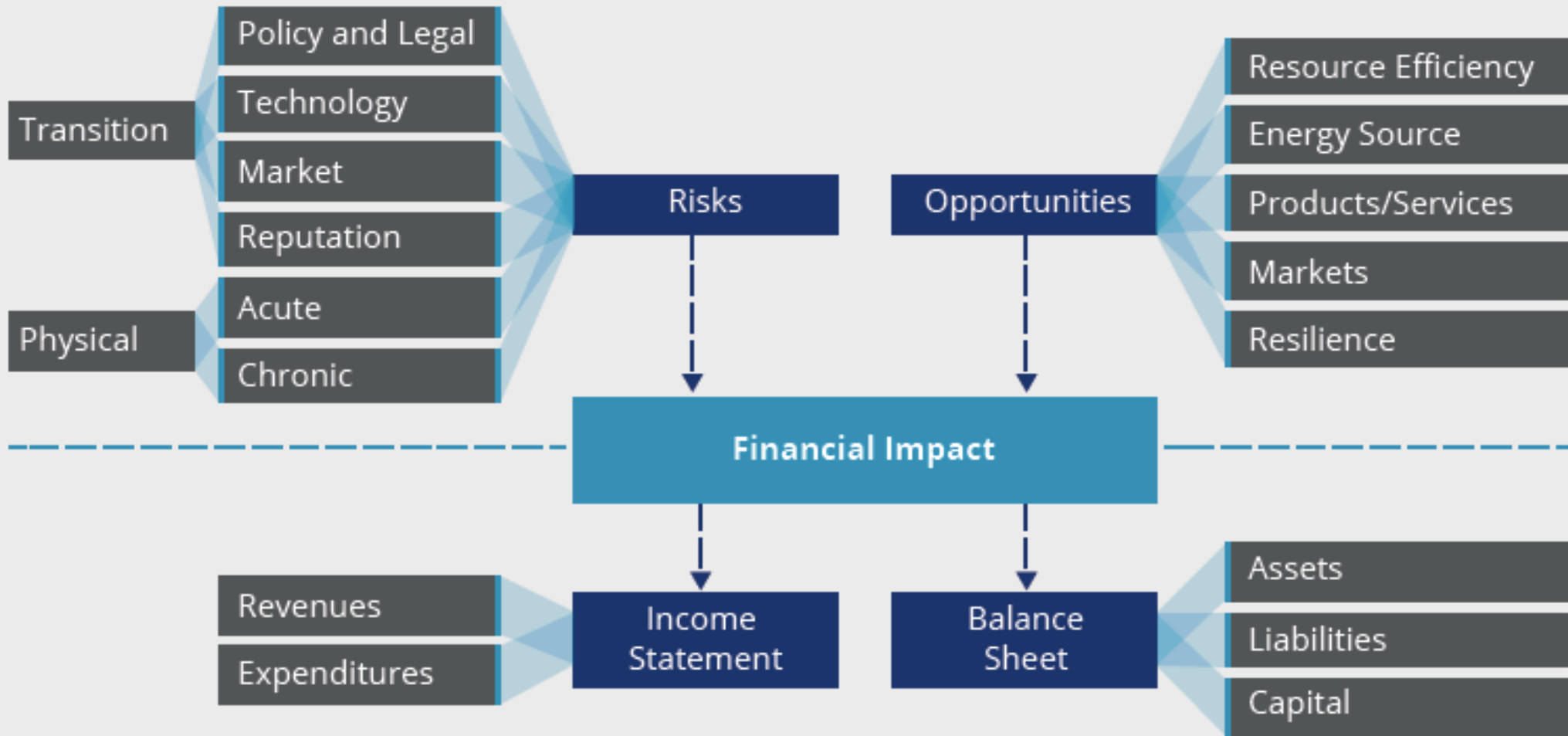
ESG makes risk an external concern –
Is your company managing the risk?



**ESG –
Environmental,
Social,
Governance*

Figure 1

Climate-Related Risks, Opportunities, and Financial Impact



Where EH&S May Find Risk

What is considered important on the ESG checklist?

ESG Factors	Healthcare	Financial	Transportation	Technology and Communication
GHG emissions			Dark	Light
Air quality			Dark	Light
Energy management	Dark		Light	Dark
Fuel management	Light		Dark	Light
Water and wastewater management	Dark		Light	Dark
Waste and hazardous materials management	Dark		Light	Light
Biodiversity impacts			Light	Light

Dark boxes denote material risk for this sector.

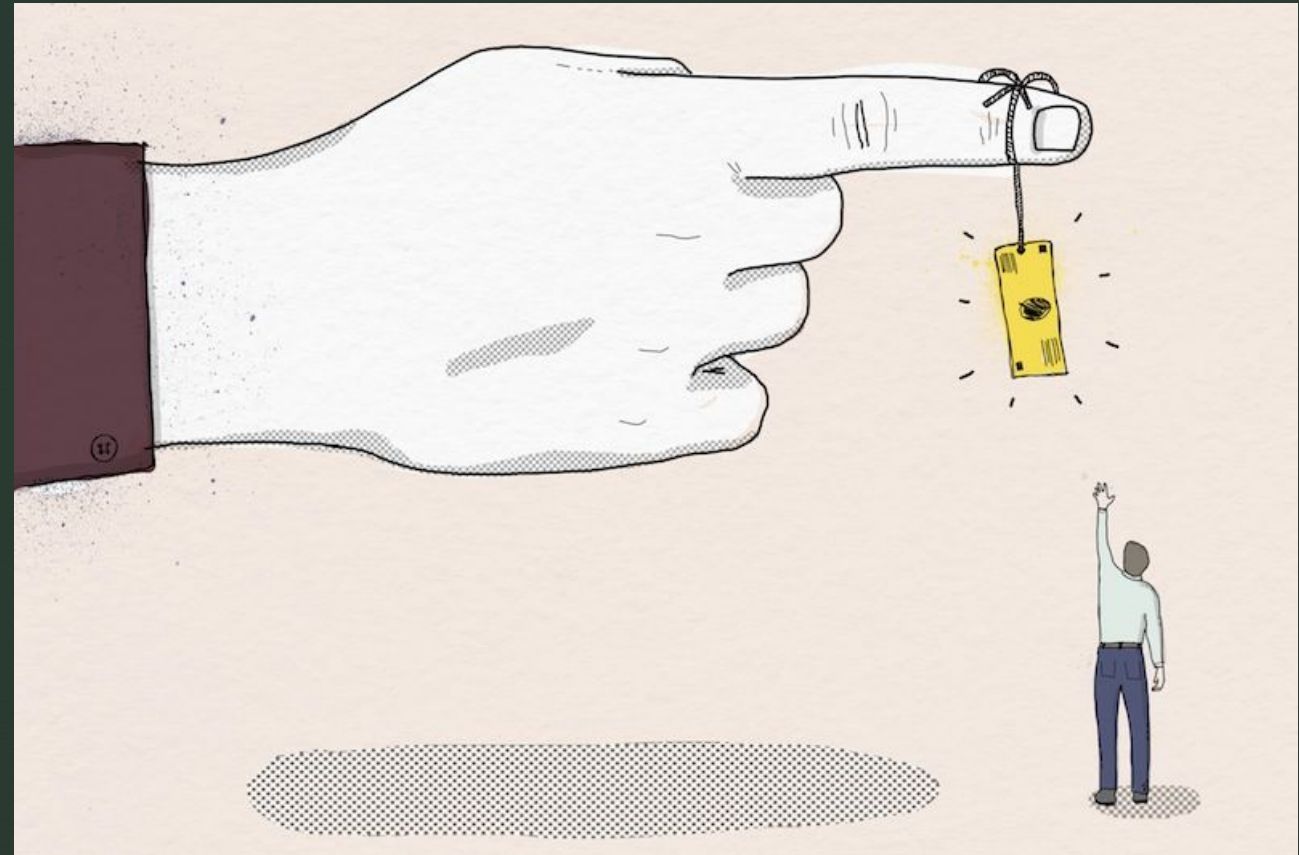
Source: SASB Materiality Map, BlackRock "Exploring ESG", 2016

ESG performance & access to capital

“while companies may be unaware of being evaluated on ESG, it can be a silent capital killer...”

Nearly 75 percent of investors ...said they take ESG into consideration during the investment process.”

Greenbiz, August 2017





Realities of ESG Investing



Reality #1
ESG is Broad-based
– Impacts All Types of Companies

75% of investors are interested
in sustainable investing

Reality #2
ESG Investing is Growing

\$30 trillion transferred wealth
to Millennials over next few decades

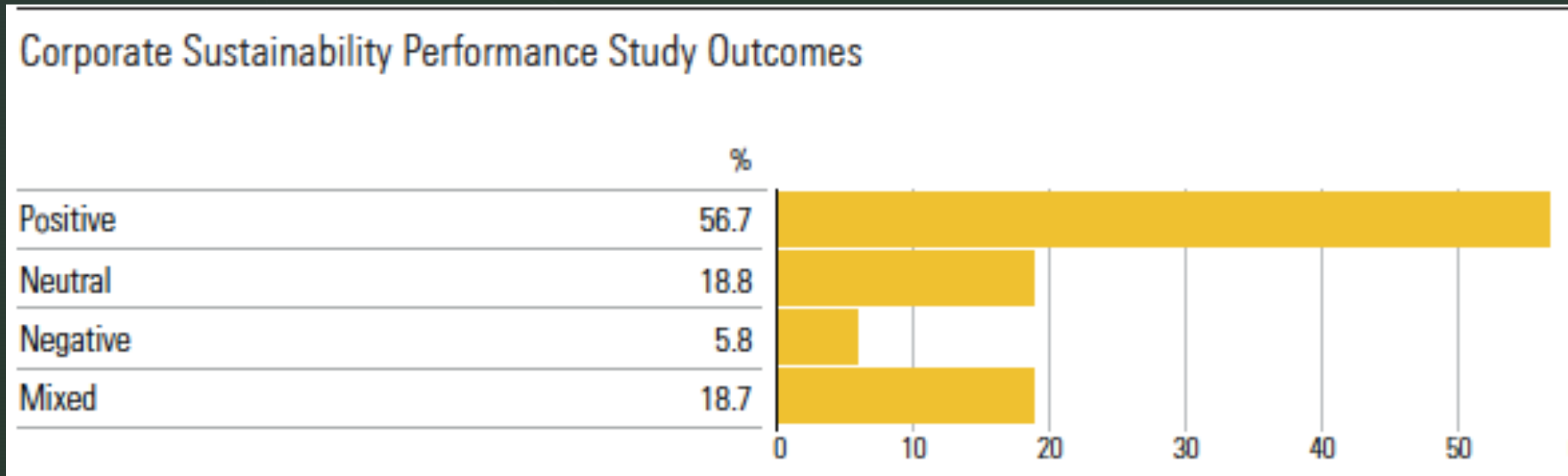
Reality #3

ESG Investing Aligns with Investor Interests

30% Millennials believe the #1 priority of business is to improve society

Reality #4 ESG Investing is Profitable

Sustainability practices are positively correlated to corporate financial performance—whether measured in terms of financial results or stock price.



Source: Morningstar, *Moving Beyond Exclusion: Sustainable Investing and Performance*



Reality #5

ESG Investing Impacts Business Performance

Sustainability is positive for corporate financial performance.

- “Done well, sustainability-driven initiatives — *improving energy efficiency, rethinking supply chains.....* — have the potential to drive competitive advantage, innovation and revenue growth. “ – *ING report*
- 39% of those surveyed said revenue growth was most important in driving company to take action on sustainability – *ING report*
- “I’ve never seen anything as effective as ESG characteristics when it comes to anticipating future earnings and volatility of U.S. corporations.” – *Head of US Equity & Quantitative Strategy Merrill Lynch*

How Does Affect ESG You?

1. Energy efficiency is evolving beyond cost savings - revenue, cost of capital

66% of investors are worried about sustainability disclosures

2. Broader benefits from EE/RE initiatives – promote value to stakeholders

BofA: US companies are behind the curve, but investors are not – which puts US companies at a disadvantage with investors.

3. Broader view of internal initiatives – pathway to strategic advantages

Institutional investors use ESG much more than companies think they do — giving companies with strong ratings an edge on capital access



Thank You

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