

15 ESG Trends You (and Your Execs) Need to Know

Today's consumers are increasingly prioritizing environmental, social, and governance (ESG) considerations, with climate change, social justice, and workplace ethics all top of mind. To meet expectations, business leaders are escalating ESG efforts and improving transparency to accommodate a wide breadth of stakeholders.

Consider these 15 trends as you level up your ESG strategy.

Shareholders are only a piece of the stakeholder puzzle.

Businesses today (and in the future, for that matter), must look beyond shareholders when developing business policies.

86%

86% of employees prefer to support or work for companies that care about the same issues they do.¹

83%

83% of consumers think companies should be actively shaping ESG best practices.¹

79%

79% of US individual investors and 99% of millennial investors are interested in sustainable investing.³

52%

52% of corporate directors report that ESG issues are a regular agenda item at board meetings, up from 45% in 2020 and 34% in 2019.²

76% of consumers say they will stop buying from companies that treat the environment, employees, or the community in which they operate poorly.¹

When it comes to ESG, money talks.

Consumers are putting their money where their mouths are.



\$357 billion

US ESG fund assets under management reached \$357 billion in December 2021, up from \$236 billion at the end of 2020.³



\$649+ billion

More than \$649 billion was invested in ESG-focused funds worldwide in the first 11 months of 2021, up from \$542 billion and \$285 billion in 2020 and 2019, respectively.⁵



ESG-mandated assets in the US could grow almost three times as fast as non-ESG-mandated assets to comprise half of all professionally managed investments by 2025.⁶



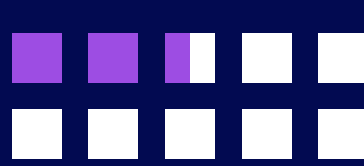
\$1 trillion

ESG investments could become a \$1 trillion category by 2030.⁴

Despite barriers to ESG management, adoption is rising.

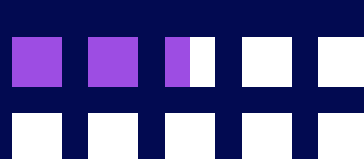
Despite headwinds, investing in tools to effectively manage data and improve visibility across functions makes ESG adoption easier.

Nearly a quarter (24%) of companies say that corporate silos are a barrier to ESG progress.¹



24%

25% of enterprises embracing social and sustainability initiatives say they're planning to install software to manage their ESG-related activities.⁸



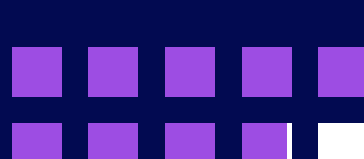
25%

Almost half (49%) of investors say a lack of robust ESG data is "holding back" their organization's adoption of ESG, according to a new survey of more than 1,000 investors across 16 countries.⁷



49%

Eighty-eight percent of publicly traded companies have ESG initiatives in place, followed by 79% of companies backed by private equity and venture capital and 67% of privately owned companies.⁹



88%

ESG management isn't always easy, but it's necessary (and worth it).

ESG efforts, whether required by a regulatory agency or encouraged by consumers, are an imperative for businesses looking to grow.



Executing ESG effectively can help combat rising operating expenses, which can positively affect operating profits by as much as 60%.¹⁰

ESG, and sustainability initiatives in particular, drive better financial performance for businesses because of mediating factors like improved risk management and increased innovation.¹¹



ESG is a win-win-win.

This much is clear: when organizations prioritize ESG initiatives, the environment, businesses, and society as a whole, win.

Learn more about the ESG landscape at appian.com.

¹ PwC, Beyond compliance: Consumers and employees want business to do more on ESG. | ² PwC, ESG oversight: The corporate director's guide. | ³ SustainFi, "The Top ESG and Sustainable Investing Statistics," Updated March 18, 2022. | ⁴ CNBC, "ESG investing to reach \$1 trillion by 2030, says head of iShares Americas as carbon transition funds launch," May 9, 2021. | ⁵ Reuters, "Analysis: How 2021 became the year of ESG investing," December 23, 2021. | ⁶ Deloitte, Advancing environmental, social, and governance investing. | ⁷ IR Magazine, "Lack of robust data biggest barrier to greater ESG adoption, shows new survey," October 20, 2021. | ⁸ Forrester, Forrester Analytics Business Technographics® Priorities And Journey Survey, 2021. | ⁹ Navex, "Global Survey Finds Businesses Increasing ESG Commitments, Spending," February 23, 2021. | ¹⁰ McKinsey, Five ways that ESG creates value, November 2019. | ¹¹ NYU, "New Meta-Analysis From NYU Stern Center for Sustainable Business and Rockefeller Asset Management Finds ESG Drives Better Financial Performance," February 10, 2021.