



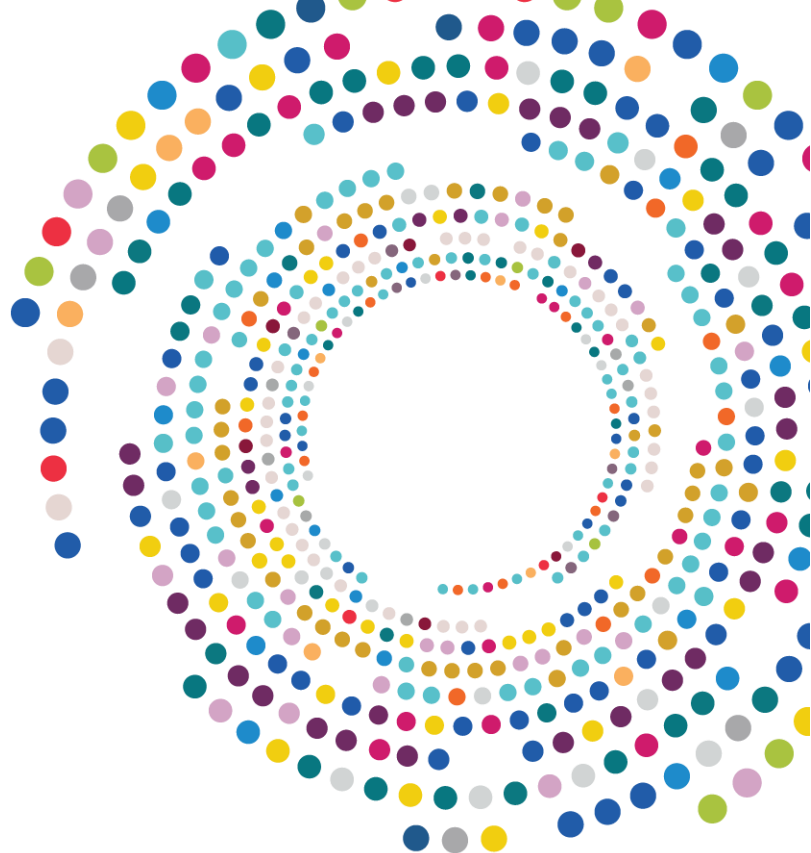
An Environmental Silver Lining? Effects of COVID-19's Shutdown on Companies' Sustainability Priorities

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Today Show – Back to Nature



<https://youtu.be/SNWkKoty4tl>

Current State of the Environment

How has COVID improved the state of the environment and what burdens has it created?

- Decrease in emissions and pollution
- Fundamental shifts in awareness
- Oversight and enforcement reduced
- Media distracted
- Political and economic instability
- Financial desperation on the frontier
- Poverty/racial/environmental justice aspects



Sustainability Stewardship

How has COVID changed the core elements of sustainability stewardship?

- The importance of social criteria rose 20 percentage points from before the crisis
- Environmental and governance factors remain the most important ESG elements of investment approaches
- 79% of respondents expect social issues to have a positive long-term impact on both investment performance and risk management
- 88% of respondents believe the 'S' criteria will have a greater impact on long-term performance
- The most important elements were labor standards (38%), excluding harmful investments (31%), human capital management (23%) and gender equality (22%), with community involvement (11%) considered less important



Impact of COVID on ESG Diligence & Documentation

The Marketplace

- Financial firms have pivoted to credit/debit markets and PIPE investments
- Increase in distress investment via DIP facilities and 363 Sales
- Boom in e-commerce investment, including data hosting, warehouse and logistics



Impact of COVID on ESG Diligence & Documentation (Cont.)

The Regulatory Environment

- Federal/State policies suspending enforcement of requirements impacted by COVID
- Relaxation of environmental impact assessment requirements for new development
- Continued pressure from SEC and proxies around ESG (including executive comp), diversity, climate and now COVID disclosure
- Suspension of enforcement of gender pay gap reporting requirements in the UK
- Six-month grace period for companies subject to UK Modern Slavery Act requirements



Impact of COVID on ESG Diligence & Documentation (Cont.)

The Deal Documents

- Reps/disclosures on COVID/pandemic policy and claims (new world of COVID litigation)
- R&W Insurance including COVID coverage
- Carbon valuation
- Force Majeure and declaration of Material Adverse Condition



Lasting Impact

What do you see as the most lasting impacts of COVID to sustainability stewardship?

- “Build Back Better” movement
- Longer-term behavior change (travel, offices, etc.)
- Supply chain resilience
- Future pandemic prevention / zoonosis spillover

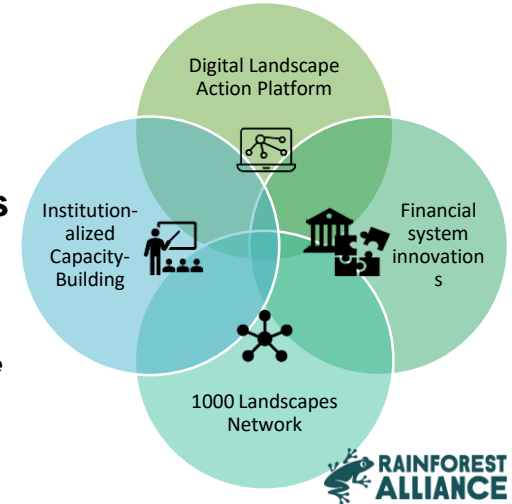


Climate Change and ESG Stewardship

Given the scale of climate change issues that we face, are there approaches to ESG stewardship that can have a large impact across broad geographies?

- 1,000 Landscapes for 1 Billion People

Goal: Transform the ability of landscape partnerships to accelerate and scale integrated landscape management solutions across 1000 landscapes to benefit 1 billion people by 2030.



Reporting ESG Efforts

- How do financial firms report on ESG efforts that touch a broad array of international concerns?





Thank you for joining us!

Follow up questions?

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CLE Form: <https://www.surveymonkey.com/r/327S9HM>

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