

2023 Sustainable & Impact Outlook Script

Speakers: Mark Hays (MH) and Julia Fish (JF)

MH: Hi everyone, this is Mark Hays and I'm the Director of Sustainable & Impact Investing at Glenmede and today I'm joined by my colleague Julia Fish, Vice President of Sustainable & Impact Investing, to unveil our 2023 Outlook and the three key themes we see driving investments and societal implications this year.

MH: So it's fair to say it's been a volatile year for all investors and sustainable and impact investors were by no means spared. But the tough investment environment was also combined with a rising level of scrutiny from a number of stakeholders, leading to our first theme: ESG: Sham or Savior? Julia, help us make sense of this scrutiny.

JF: Absolutely, Mark. Last year investors, regulators and major media engaged in an ongoing debate around the sustainable and impact investing industry, including performance merits, ability to produce measurable societal impact, greenwashing and even the political motivations around using ESG information in investment analysis. Our theme, ESG: Sham or Savior, asserts that this scrutiny will only continue to intensify, but in the end create a much-needed push for investors, managers, and regulators alike to better define and standardize the industry.

MH: So, Julia, it's fair to say that ESG is neither sham nor savior, right? It's simply a data set that enables investors to make better investment decisions around financially material issues and, depending on the investment approach employed, potentially generate societal impact.

JF: Exactly, and we're looking forward to providing frameworks and tools to our readers to navigate those big questions. Let's shift to our second theme: Climate Change and Energy Resilience. When we think of 2022, we have to bring up the Inflation Reduction Act, a landmark piece of legislation with \$369 billion earmarked towards climate related funding that clear investment implications. In contrast, this past year reinforced a fragile geopolitical situation – consider the supply shortages that the Russia-Ukraine conflict caused and resulting surge of traditional energy performance. Mark, where do climate investors go from here?

MH: Well I'd say the last year has been a reminder of the need for a new energy paradigm, one delivered by a nexus of energy security, price stability and sustainability. We believe 2023 will be a turning point for what these synergies will look like, specifically in that a future energy mix for many countries will likely consist of energy sources across renewable energy, traditional energy, transition fuels and emission reducing technologies.

JF: To layer on – this is simply the next step towards a more sophisticated approach that acknowledges energy's pivotal role in the climate transition while also critically assessing traditional energy companies to identify the leaders and laggards within the sector.

MH: I think that's well put. With that let's move onto our final theme, Capital as a Catalyst for Systemic Change. Julia, we're seeing particular interest in this theme from mission-aligned organizations such as foundations. What does this theme mean in practice this year?

JF: Looking ahead, we see a growing interest in investing to address the causes rather than the symptoms of an issue, whether seeking to close gender and racial inequities or combatting climate change. Investors are increasingly turning to an expanding set of tools and strategies across investment, engagement, and philanthropy to do so. Organizations that can holistically leverage these tools may be more successful in affecting broader change, as they seek to move from one-off investments to transformational impact.

MH: Terrific – thanks Julia and thanks everyone for watching. As always reach out to us at sustainableandimpactinvesting@glenmede.com to get in touch on how we can help you or your organization invest into what we can agree will continue to be a dynamic and evolving marketplace for sustainable and impact investing in 2023.