

JUNE 8, 2023

Governance Insights: Charting a (Safe) Path Through the ESG Wilderness

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The rapid and growing recognition of the importance of accounting for ESG factors in strategic decision-making and corporate reporting has, perhaps predictably, been followed by a notable increase in anti-ESG sentiment and a questioning of the integrity of measures purported to advance sustainability and ESG goals.

Notwithstanding these shifting sentiments in some quarters, overall investor and stakeholder demand remains a carrot driving further movement down the ESG path, while regulators' increasing focus on ESG disclosure and ESG investment funds is the corresponding stick. Board members, asset managers and individual investors must attend to both the ESG "carrots" and the ESG "sticks" while planning for a future that will most certainly require an ongoing commitment to ESG.

In this second article of the 2023 edition of *Governance Insights*, we assess the current state of anti-ESG sentiment and discuss potential paths forward. Specifically, we explore financial risks, materiality, greenwashing, investing, international developments and enforcement.

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