

THE NEW WORLD OF ESG

How can IBM capitalize on the rise of ESG

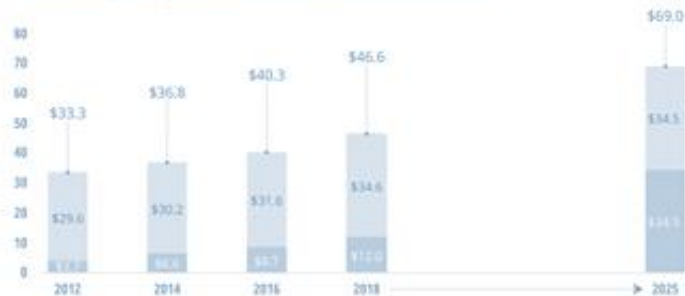
ESG Background

So what is ESG?

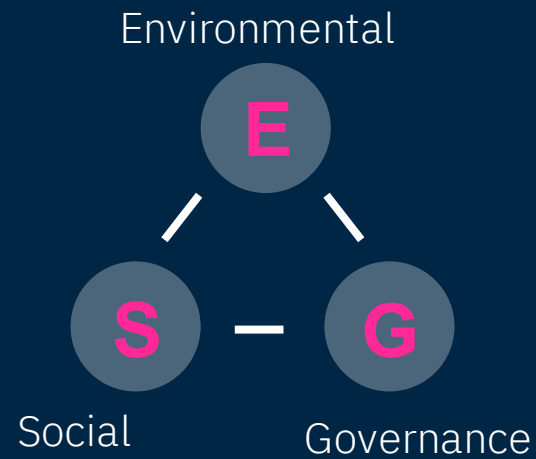
FIGURE 1
ESG-mandated assets could make up half of all managed assets in the United States by 2025

■ ESG-mandated ■ non-ESG-mandated

Professionally managed assets in the United States (US\$ trillion)

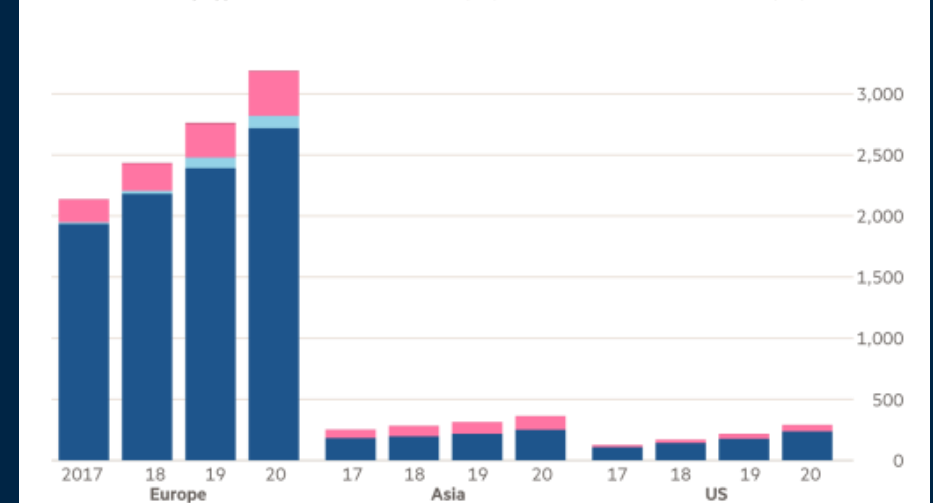


Share of ESG assets in overall professionally managed assets in the United States



Increasing number of funds rebranding to ESG

Number of funds by type ■ Active ■ Active repurposed ■ Passive ■ Passive repurposed



Source: Morningstar

Increased disclosure requirements for both financial products with and without an ESG characteristic or objective

New requirements that ESG funds should “contribute substantially” to one or more and not “significantly harm” any of the six environmental objectives below.

Additional requirement to consider a client’s sustainability preferences in investment decisions..

01

Disclosure Regulation

10TH MARCH 2021

02

P1

Objectives A&B

1ST JANUARY 2022

P2

Objectives C-F

1ST JANUARY 2023

03

MiFID Rule Amendments

Q3 / Q4
2021

Phase 1

A

Climate change mitigation

B

Climate change adaptation

Phase 2

C

Sustainable use and protection of water and marine resources

D

Transition to a circular economy

E

Pollution prevention and control

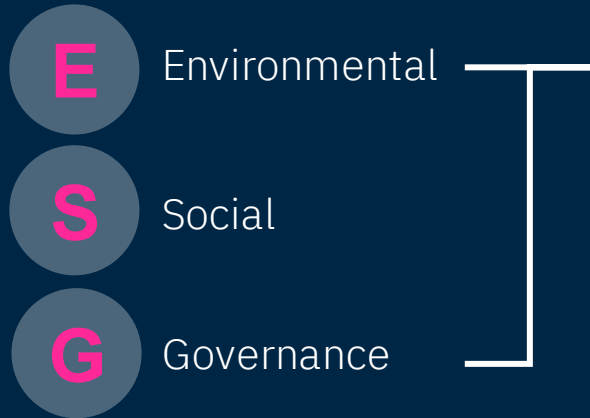
F

Protection and restoration of biodiversity and ecosystems

G A P In The Market

What are investors missing out on, and how can we capitalize on this?

Back-end



Qualitative

Most large companies report **extensively** and **ambitiously** around ESG in order to inform their stakeholders

Percentage of investors that can successfully integrate

15%

- *ESG data is large and hard to compare*
- *Currently there is **no auditing** of ESG data*

Front-End

The Big Question?

Can we **truthfully and engagingly visualise and measure** what securities ESG funds consist of?



Competitors :



Size of the prize

What is the scope and how can IBM play in the game?

In 2019 the market hit **\$617 million**

- *Expected Growth 20% Annually [along with 35% growth for ESG indexes]*
- *The market for ESG data could reach **\$1 billion by 2021***

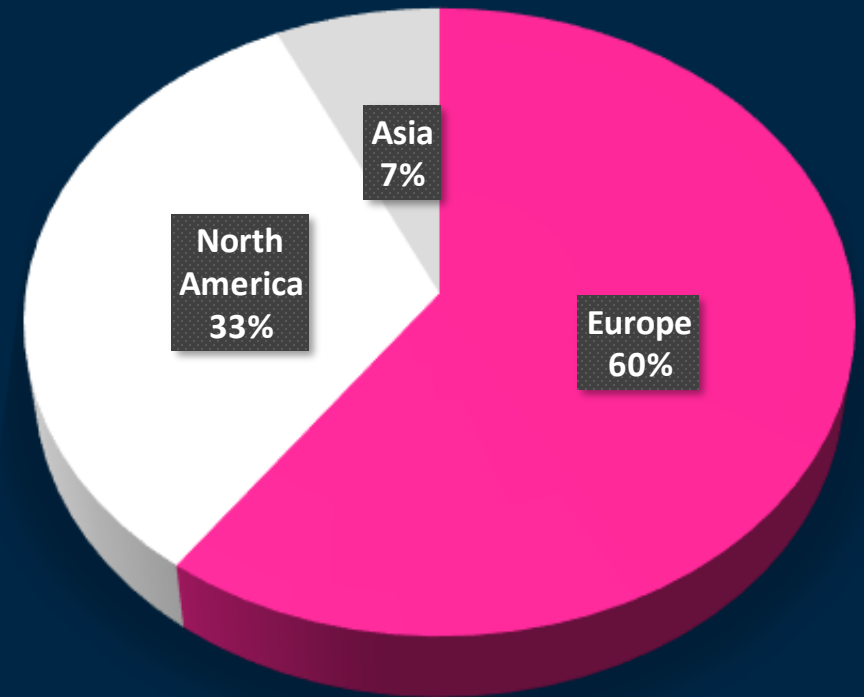
The biggest buyers of ESG data are asset managers, at 59%,

The largest amount of sustainable investing assets is in Europe, **totalling US\$14.1 trillion, followed by the United States with US\$12 trillion.**

The emergence of new technologies such as big data and artificial intelligence has allowed the development of new entrants like technology start-ups, in the ESG market.

Trendeo, a data provider focused on employment and investment in France, has accumulated nearly 60,000 data points affecting employment and investment since 2009.

ESG Spending



Why IBM ?

What does IBM have to compete

Focus on FS Cloud

Finding ways to innovate financial services on the cloud

01

02

Client Base

Numerous clients in financial services and extensive expertise

Most Patent

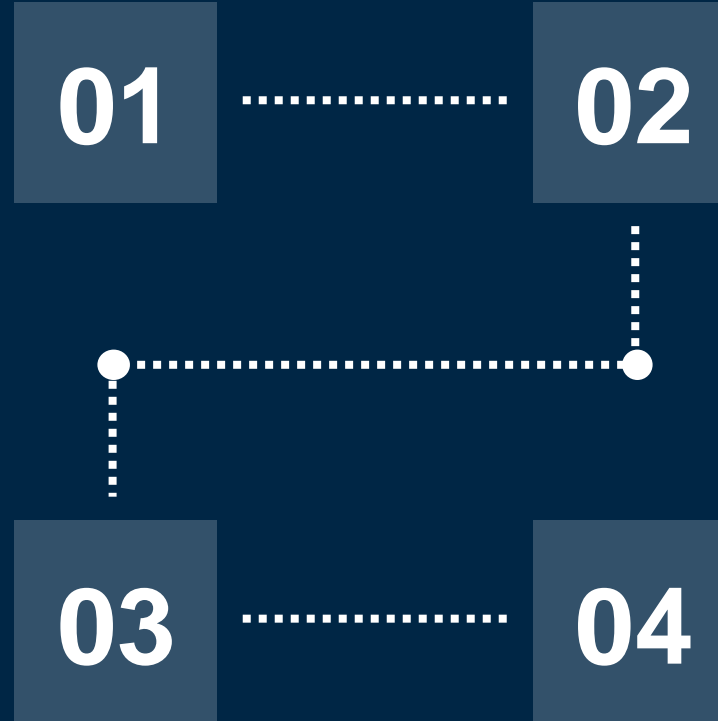
Having a long history of innovations and patent history

03

04

Sustainability

IBM's aim to contribute to improving the sustainability scene



What We
Need