

# Actions Speak Louder Than Words

*Accelerating ESG Adoption Driving Companies to Put  
Action Behind Their ESG Goals or Face the Consequences*

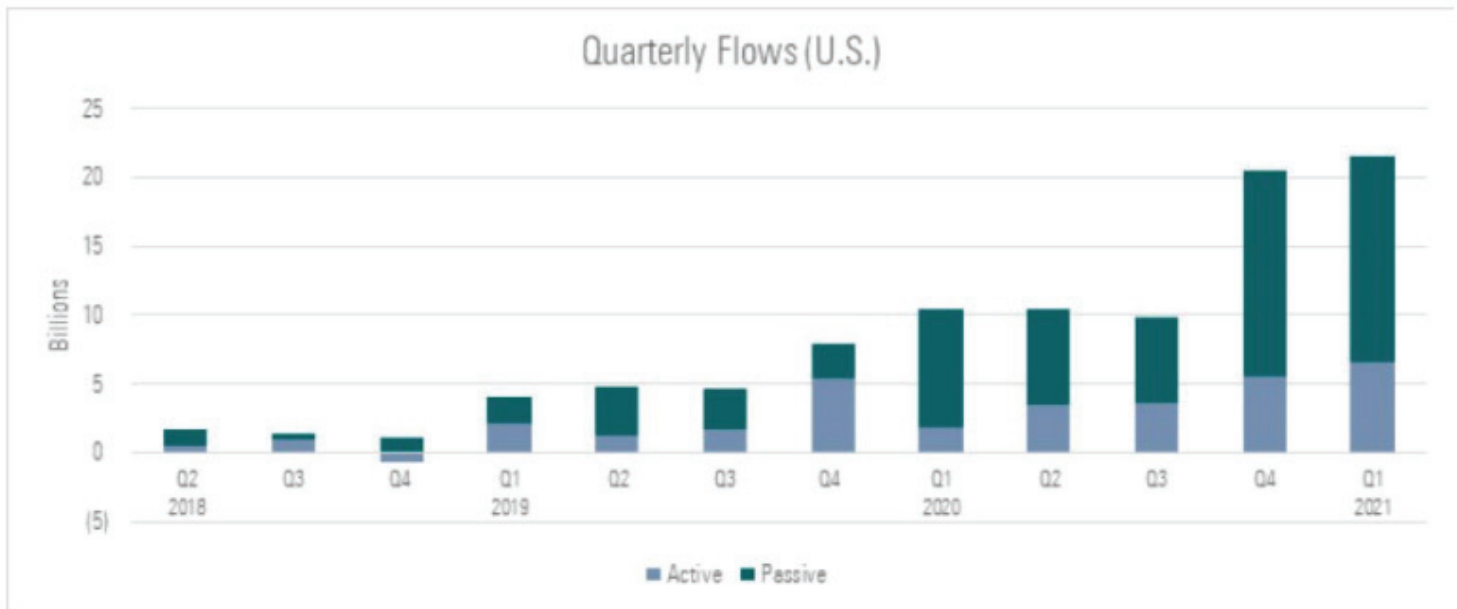


**BITVORE**

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## Growth in ESG Adoption by the Investment Community

ESG adoption among investors continues to accelerate. In the U.S. alone, Morningstar [reported](#) that sustainable fund flows were at a record high during the first quarter of 2021 with approximately \$21.5 billion in net flows, which is almost double the \$10.4 billion in the first quarter of 2020 and nearly 5 times the amount in the first quarter of 2019. Additionally, a recent [Natixis investors survey](#) showed that 77% said ESG factor analysis is integral to sound investing and 48% said those factors are important to fundamental analysis.



## What Companies Say vs What They Actually Do

In the past, companies often committed to sustainable goals to appease shareholders. However, this “greenwashing” without follow through has become unacceptable to market participants and corporate inaction often has a profound effect on their stock price. A recent example is P&G. In October of 2020, P&G’s shareholders raised frustration at the company’s actions in addressing deforestation measures. As a result, shareholders, led by Green Century Equity Fund, passed demands by two thirds to eliminate deforestation and intact forest degradation from its supply chain. Events leading up to the October vote were met with resistance by P&G who publicly opposed such preventative measures.

After the vote, P&G agreed to the demands in an emailed response from its media relations office, noting that as a results of the shareholder vote it would include an issued report with an assessment of actions the company could take to “increase the scale, pace, and rigor of its efforts to eliminate deforestation and the degradation of intact forests” ([source](#)). Fast forward to February 2021, P&G still has not taken any meaningful steps forward in addressing deforestation measures. In the graph of Bitvore’s ESG sentiment data in Figure 1 below you can see sentiment in P&G trailing its industry in Q1 2021, which would have been a good leading indicator of where the stock was headed. The company’s declining stock performance was a direct indication of investor sentiment.

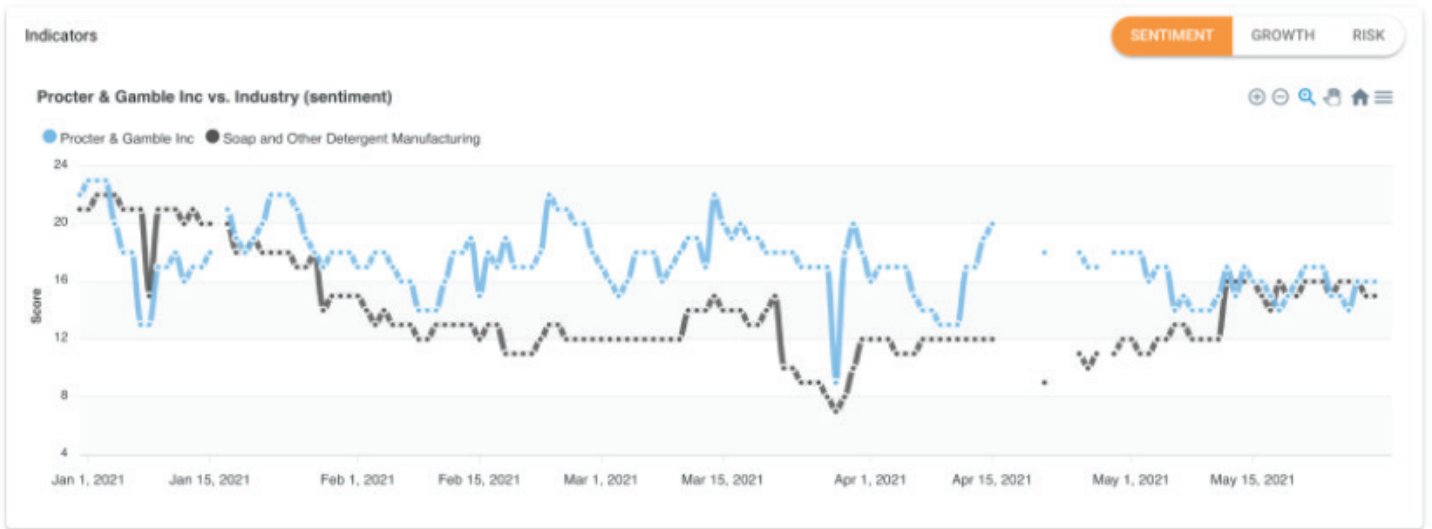


Figure 1 – Bitvore ESG Sentiment Data for P&G Shows Them Trailing the Industry Prior to Declining Stock Price

Gone are the days where companies can simply document sustainable goals without taking meaningful action. Figure 2 below is the historical stock chart of P&G showing the stock price selling off and breaking below the support level of the initial October 2020 resolution measures.

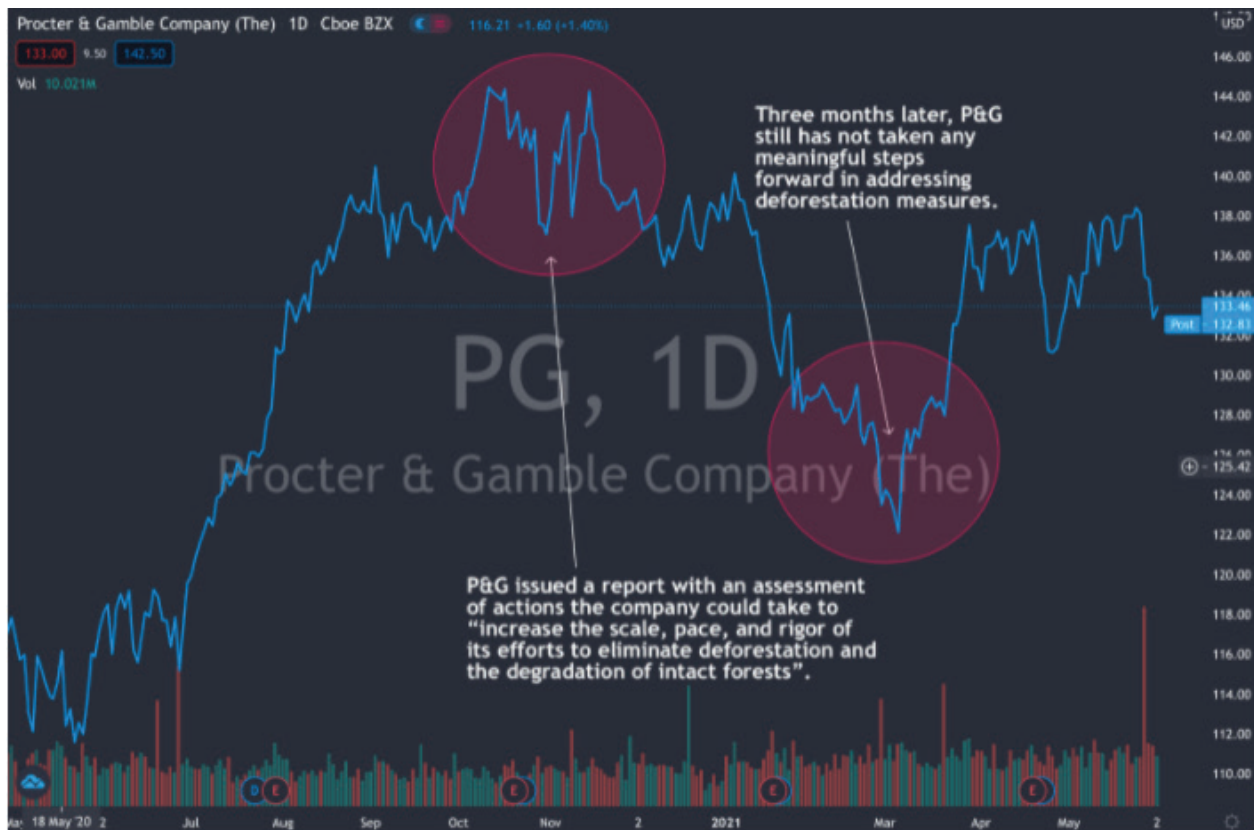


Figure 2 – Declining P&G Stock Price Related to ESG Issues

## Regulatory Support in ESG Reporting

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As investors focus more on ESG, the demand for tools to track ESG developments is also rising. Most companies self-report goals and actions/results periodically, but these reports are delayed and make it hard to distinguish between greenwashing and real action. To help provide transparency, new regulations such as the EU's Sustainable Finance Disclosure Regulation (SFDR) seem promising. The SFDR aims to help investors gain access to the disclosures necessary to make decisions in line with their sustainable investing goals.

## The Need for Real-Time Tools

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While regulatory changes are a good path forward, investors still need timely data to make informed decisions. The markets are ever-changing and alpha generation is becoming more difficult without the data to get a 360-degree view of investable assets. Investors are no longer willing to wait for the next company filing; they want actionable insights at their fingertips.

## About Bitvore

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Bitvore provides unprecedented business insights from unstructured data. Our products are deployed in over seventy of the world's largest financial institutions, allowing them to make faster and more effective decisions so they outperform the competition.

Our flagship product, Bitvore Cellenus is a groundbreaking AI-powered platform that delivers leading indicators of business performance for companies, industries, markets and municipal obligors. Bitvore Cellenus ingests massive amounts of unstructured data (including news, press releases, SEC filings/proxy statements, earnings call transcripts and more) and uses advanced NLP and machine learning to provide material events, trended sentiment, growth and risk scoring, as well as comparative/predictive analytics to drive better business outcomes.

Consumable through file downloads, a comprehensive API and research user interfaces, Bitvore Cellenus provides customers with the "crystal ball" needed to identify emerging risk and opportunity.

