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## **CEO Investor Forum & NYU Stern Center for Sustainable Business Shows How to Reorient the Capital Markets to Focus on Long-Term Impact**

*New research addresses the urgent need for companies to place greater emphasis on ESG, resiliency, and long-term value creation as a means to move away from short-termism*

MAY 27, 2020, NEW YORK, NY – The [CEO Investor Forum](#) and [NYU Stern Center for Sustainable Business](#) are calling for leading companies to adapt and identify new ways to demonstrate value to investors. A new [research paper](#) written in partnership between the two organizations found that for companies to move the markets away from “short-termism,” and focus on long-term value creation and stakeholder engagement, they must increase the volume, quality, and prominence of ESG-related information and disclosures shared on the quarterly earnings call. The report’s three authors – [Kevin Eckerle](#), Director of Corporate Research, NYU Stern Center for Sustainable Business; [Brian Tomlinson](#), Director of Research, CEO Investor Forum; and Professor [Tensie Whelan](#), Director, NYU Stern Center for Sustainable Business – make the argument for companies to adjust the content of earnings calls to help move the markets away from short-termism, and instead place greater emphasis on long-term value creation, stakeholder engagement, and other forward-looking content.

The report, [“ESG and the Earnings Call,”](#) is a result of a multi-year partnership between the **CEO Investor Forum** and **NYU Stern Center for Sustainable Business**. It arrives at a pivotal moment for the capital markets, as they are facing unseen levels of volatility and general uncertainty in the near, mid, and long-term. The global public health crisis brought on by Covid-19 continues to impact nearly every economy in the world. In response, companies are adjusting earnings call scripts to address the critical ESG issues highlighted by this crisis – worker safety, supply chain resilience, and stakeholder management. The paper looks at the intersection between the high value investors place on transparency and frequent reporting, and the potential earnings calls have to move markets. While exploring this topic, it looked deeper into the substance and impact of calls. It showed how the lack of focus on ESG and other long-term themes plays a direct role in driving short-term thinking, myopic decision-making, and incomplete assessments of the sources of value creation. Based on these findings, the authors offer a set of practical recommendations to enable corporations to highlight the impact of their ESG strategy and demonstrate the role it plays in overall performance during the time-period covered during the earnings call.

“As investors are looking to understand a corporation’s long-term story, companies have an opportunity to integrate a long-term outlook and key ESG issues into their earnings call,” said **Brian Tomlinson, Research Director, CEO Investor Forum**. “[ESG and the Earnings Call](#) lays out a clear framework for integrating financially material ESG issues and long-term strategy into earnings calls, while also offering practical recommendations that corporations can readily adopt.”

“Our research at NYU Stern’s Center for Sustainable Business is finding that companies are generating material financial value through ESG investments, including operational efficiencies, innovation, growth, risk mitigation, employee engagement and retention, and improved sales, amongst other financial benefits. Disclosing those benefits during quarterly calls will improve investor decision-making and corporate accountability,” says **Professor Tensie Whelan, Director of NYU Stern’s Center for Sustainable Business**.

“Investor expectations for corporate disclosures on how a company’s approach to ESG impacts its financial performance continue to increase,” explained **Kevin Eckerle, Director of Corporate Research, NYU Stern’s Center for Sustainable Business**. “The reporting framework and recommendations presented in this paper, and developed from our work with companies, provide best practice examples and guidance for how issuers can disclose this ESG information in a way that is valuable and actionable for investors.”

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#### **ABOUT THE CEO INVESTOR FORUM**

The CEO Investor Forum is a global organization preparing corporate leaders for the next generation of stakeholders. The Forum provides support and guidance to CEOs on how to develop and communicate their long-term strategy to institutional investors and other key constituencies. Through a proprietary content framework, advisory services, and events, the Forum empowers CEOs to proactively set the context, own their narrative, and lead toward a sustainable future. CEO Investor Forum is chaired by **Bill McNabb**, former Chairman of **Vanguard**. **Learn more at [www.ceoinvestorforum.com](http://www.ceoinvestorforum.com).**

#### **ABOUT THE NYU STERN CENTER FOR SUSTAINABLE BUSINESS**

The NYU Stern Center for Sustainable Business (CSB) envisions a better world through better business. The Center was founded on the principle that sustainable business is good business, delivering better financial results while protecting the planet and its people. CSB aims to help current, and future business leaders embrace proactive and innovative mainstreaming of sustainability, resulting in competitive advantage and resiliency for their companies as well as a positive impact on society. Visit the Center’s [website](#) and follow on Twitter: @NYUSternCSB and on [LinkedIn](#).