

Nasdaq & ESG

What you need to know





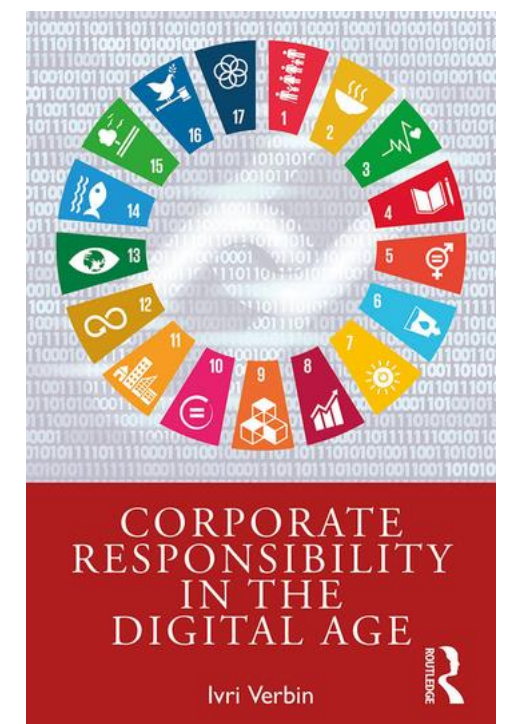
- Good Vision of the Fahn Kanne-Grant Thornton Group, Israel's leading consulting firm for planning and managing corporate responsibility processes in businesses

Ivri Verbin

Founder and CEO



- Co-Chairman of the Global Sustainability Committee at Grant Thornton
- Founder and CEO of Good Vision
- A former advisor to Nobel Peace Prize winner Shimon Peres
- More than 20 years of proven experience in the corporate responsibility and ESG sector



What we will cover today

- 1 What is Corporate Responsibility?
- 2 What is an ESG report ?
- 3 Drivers of ESG: Regulation & Investors
- 4 Nasdaq's ESG demands
- 5 What's Next – how do we start?

What is Corporate Responsibility?

Corporate Responsibility



Corporate Responsibility is the intersection between an organization's business activities and its social and environmental values, taking into account the needs of stakeholders to improve long-term competitiveness and profitability.

**“Corporate Responsibility should be seen as a journey,
rather than a destination”**

*The Business Case for CR,
2003

Corporate Responsibility



Key Benefits of ESG

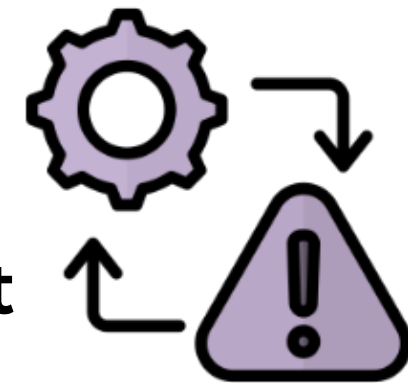
Employee Satisfaction and Pride



Reputation



Risk Management



Capital Allocation and Finance Attraction



Efficiency, Reduction, and Savings



What is an ESG report?

What is an ESG Report?



A corporate responsibility/ESG report is a key tool for ensuring direct, transparent, and reliable stakeholder relationships

Company Profile & Strategy

Geographic mapping, customers composition

Corporate Responsibility Management

License to Operate

Company's Value Proposition

Responsible Management

Operation, Security and Safety, information security, supply chain

Climate and Environment

Environmental foot print, Energetic efficiency, pollution reduction, waste

Employees and Work Environment

Inclusion, diversity, humans and employees rights, trainings

Community

Donations, volunteering, partnerships, strategic initiatives

Corporate Governance

Ethics, Regulatory compliance and enforcement programs, internal audit



Examples of our Hi-Tech Clients' ESG

Reports



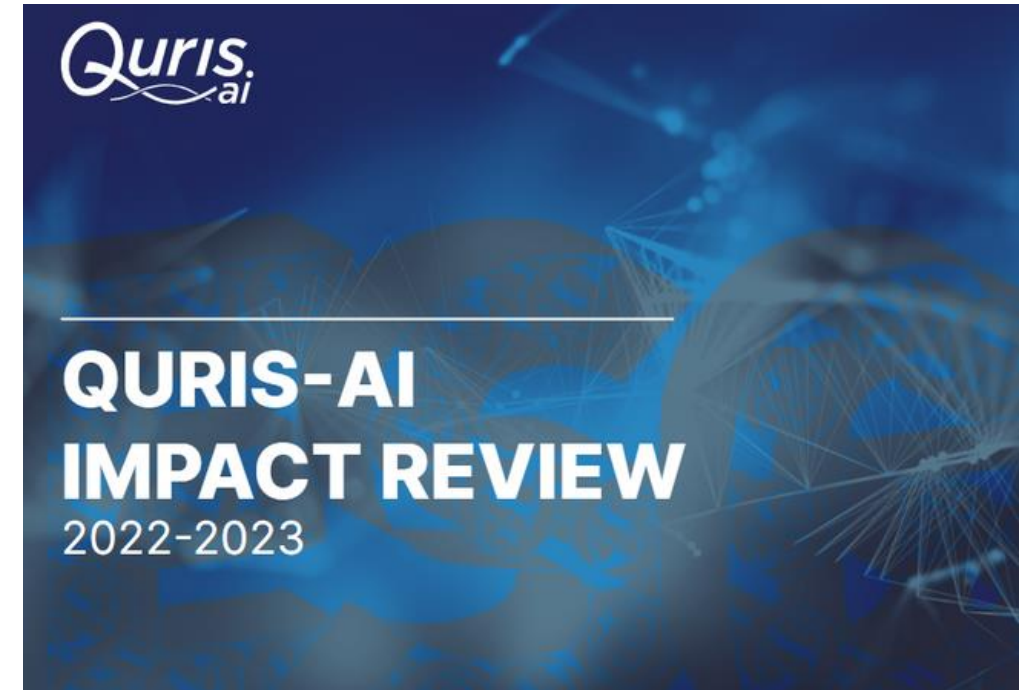
SAPIENS

Sapiens
ESG Report
2022



QURIS.ai

**QURIS-AI
IMPACT REVIEW**
2022-2023



**CHECK POINT
ESG REPORT 2022**



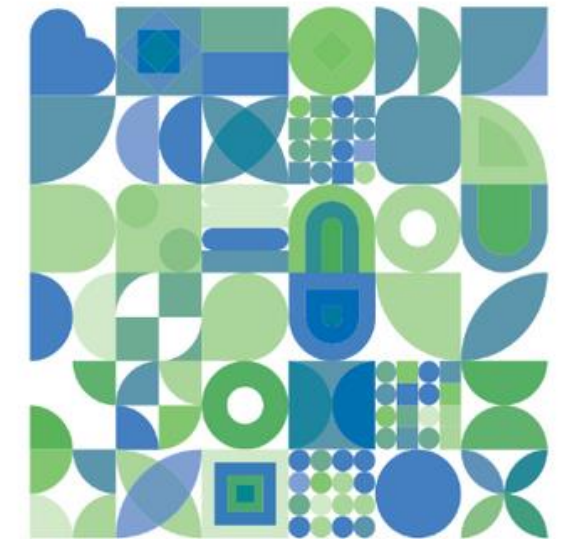
**Corporate Social
Responsibility & ESG
Report**

2021 - June 2022

amdocs
**make it
amazing**



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Semiconductor
Where Analog and Value Meet.



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NASDAQ & TASE: TSEM

**2023
CORPORATE SUSTAINABILITY (ESG)
REPORT**

Drivers of ESG

ESG Drivers



Regulation



Investors



Clients



Financial institutions



Regulatory Drivers of ESG

ESG Reporting Regulations and Frameworks

						Global Conventions	
Paris Agreement	UN SDGs	UNFCCC	Global Methane Pledge	Montreal Protocol	Rio Earth Summit		
							Global frameworks
CDP	TCFD	SBTi	PRI	GRESB	DJSI		
						Global Standards	
GHG Protocol	ISSB	GRI	PCAF	SASB	IASB		
						Global Regulations	
SEC Climate Rule	EU Taxonomy	ESRS	SFDR	CSRD	CSDD		

Securities and Exchange Commission (SEC) – Climate-Related Disclosures

In March 2024, the SEC adopted a ruling requiring domestic and foreign companies to disclose:

Climate risk:

- **Climate related strategy and governance**
 - Board of directors' oversight of climate-related risks and management's role in managing them
- **Climate related risk identification**
 - Climate-related risks with material impacts
 - Scope 1 and 2 greenhouse gas (GHG) emissions
- **Climate related risk management**
 - Activities to mitigate or adapt to such risks
- **Climate-related targets or goals**
- Timeline for compliance: 2026 --> Scope 1+2 disclosure GHG emissions



*TCFD
Oriented

CSRD Regulation (Impact on Non-European Countries)

>10,300 non-EU companies are subject to the CSRD, 31% of which are American

The CSRD (Corporate Sustainability Reporting Directive) is an **ESG reporting regulation that applies to both EU and non-EU companies**, aiming to align sustainability reporting with financial reporting standards.

81%
of companies **not** subject to the CSRD are still planning on complying



Double Materiality

- Double materiality ensures that organizations report comprehensive data reflecting their full impact on the economy, environment, and society, while also considering how ESG factors influence their value creation processes



Nasdaq's ESG demands

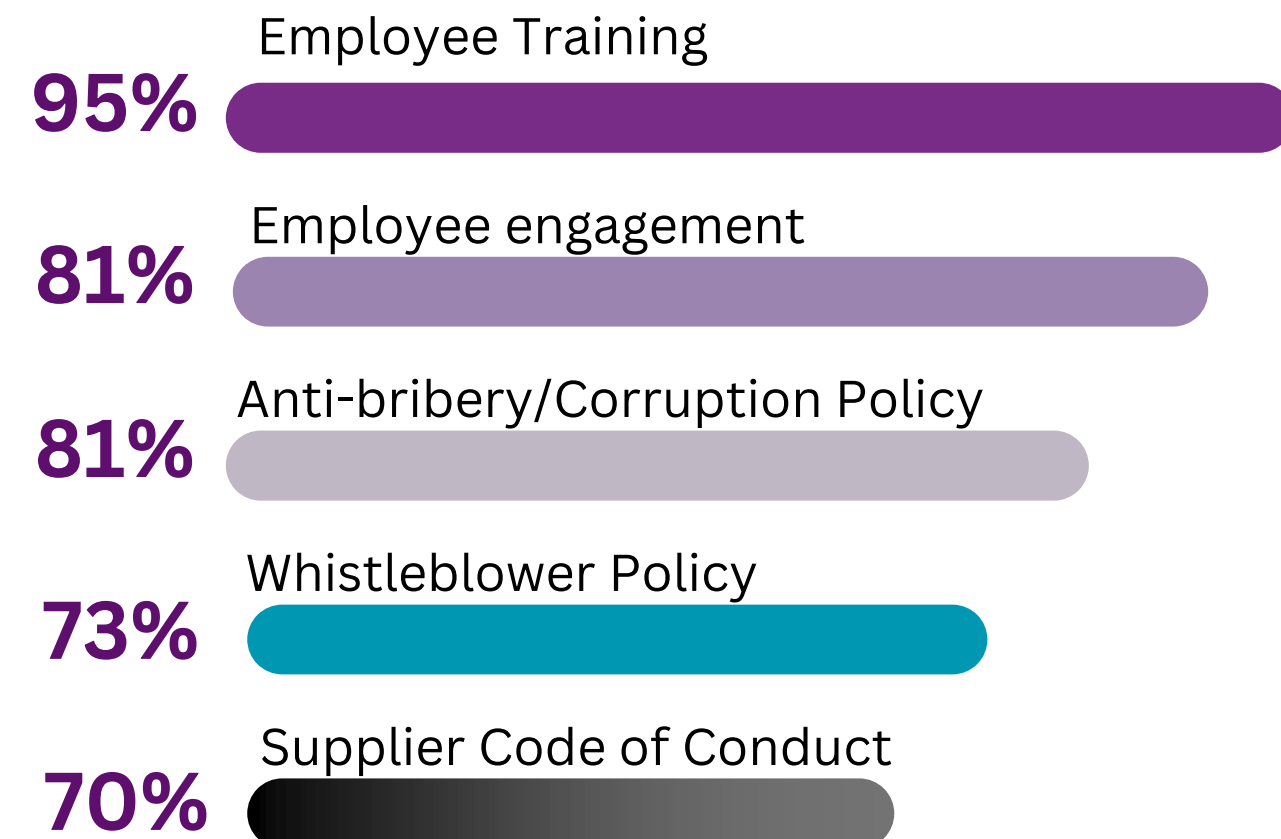
ESG disclosure Nasdaq

New Nasdaq -Investor Relation- team conducted an Intelligence [Research](#) Analyzing ESG Data Across 7,200 Companies

96%

of S&P 500 companies and 81% of Russell 1000 companies have released sustainability or ESG reports by year end 2023.

% of companies providing disclosures



Requirements for Nasdaq companies

Companies listed on the Nasdaq have to comply with the following ESG requirements:

Material ESG Risks and Opportunities

- Must disclose material ESG risks and opportunities in annual reports (e.g., Form 10-K) as part of overall risk factors

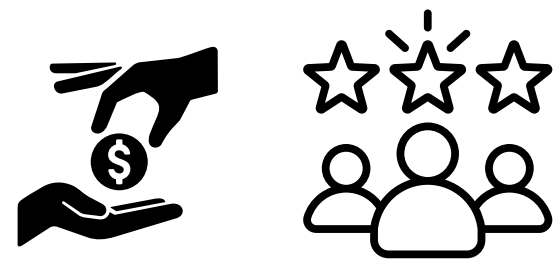
Social:

- **Human Capital Management:**
 - Disclose information on workforce diversity, **training**, and employee engagement.
- **Supply Chain Management:**
 - Monitor and report on supply chain practices.
 - Focus on **human rights**, labor standards, and environmental impact

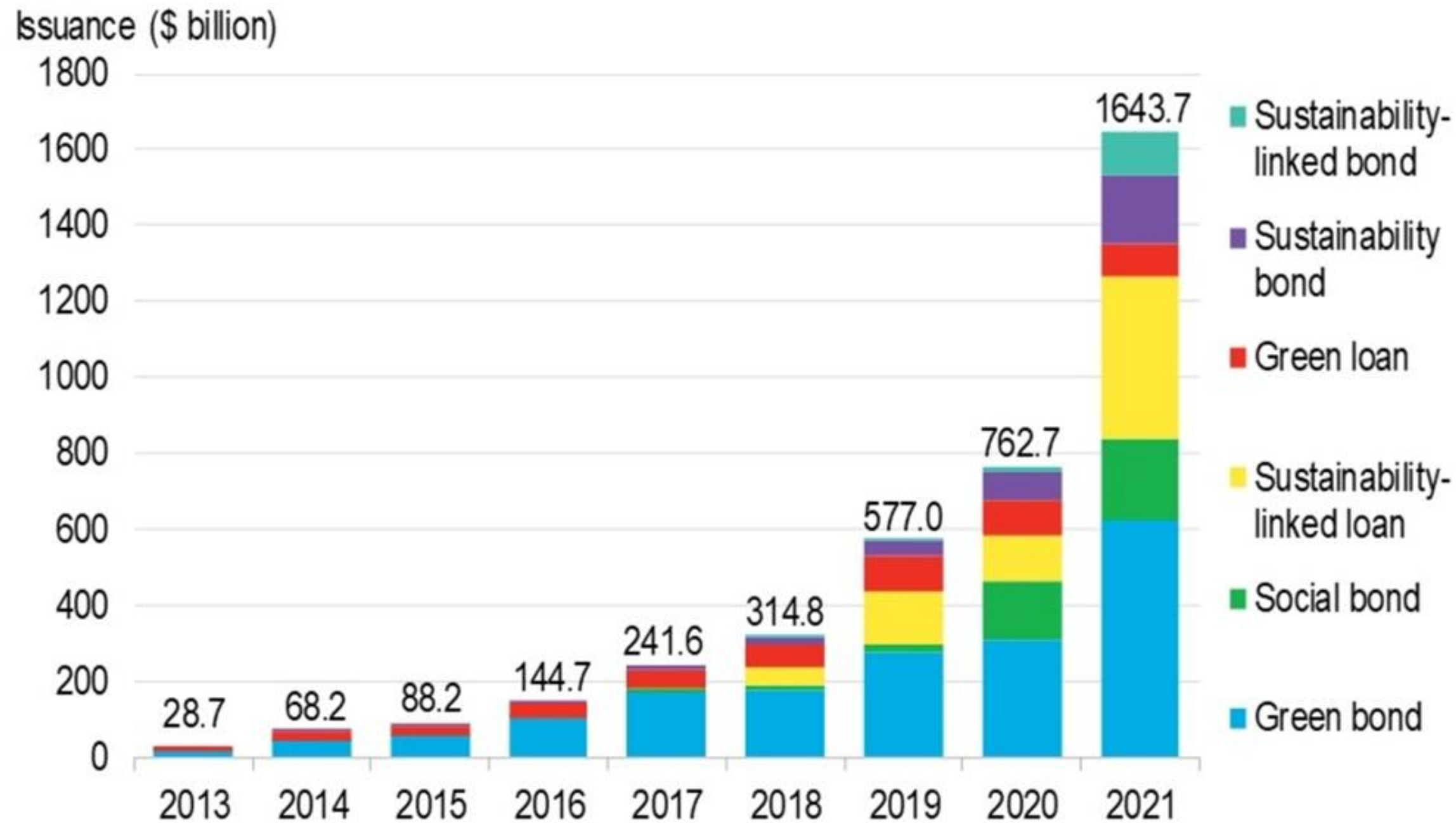
Governance:

- **Board Diversity Requirements:**
 - NASDAQ mandates at least one director who self-identifies as **female**.
 - NASDAQ requires at least one director who self-identifies as an **underrepresented minority** or LGBTQ+

Investors as drivers of ESG



Responsible Investments are on the Rise



Source: <https://www.bloomberg.com/news/articles/2022-02-03/esg-by-the-numbers-sustainable-investing-set-records-in-2021>

ESG Rankings and Rating Agencies (Analysts)



What's next

How do we start?

Next Steps

Carry out a gap analysis according to international benchmarks and standards

Verify if the company is rated by any **rating agencies** and compare its rating to industry benchmarks.

Define an ESG policy, strategy and ESG Lead in the company

Create an ESG workplan and publish an ESG report or company performance on the website to enhance transparency and meet regulatory requirements.

START EARLY

TIME IS NOW



THANK YOU FOR LISTENING !

Questions?

The Evolution of ESG

from My Perspective as an
Investor Relations Professional

September 2024

Daphna Golden

Founder | IR Strategy & Execution

INTRO

Broad perspective of

forming and leading IR, financial and business positions in hi-tech and financial services companies traded on NASDAQ, NYSE and TASE



2024 founded
Daphna Golden
IR Strategy & Execution



Valens Semiconductor (NYSE: VLN)
Semiconductors, connectivity, automotive, audio-video
| **VP IR**



Sapiens (NASDAQ and TASE: SPNS)
Solution provider for Insurance companies
| **VP IR** - Initiated the company's first ESG report



Bank Leumi (TASE: LUMI)
| **VP IR** - Outreach to global investors



NICE (NASDAQ and TASE:NICE)
| Corporate VP, IR & Corporate Development
| VP, Head of Customer Success at NICE Actimize

1997

Started my IR career (VocalTec, Ceragon, Ness)

The evolution of **ESG** and its impact on **publicly traded companies**

1997-2006 → 2006-2020 → 2020-today



SOCCIAL

Initially a focus on human resources, donations, volunteering

Investments, equity, debentures

- **1995** ~\$600B under management
- **2023** – 5,300 signatories/\$120 under management



ENVIRONMENTAL

Regulations

- Regulators are proposing new regulations and disclosures
- Increased scrutiny on fund management



GOVERNANCE

ESG Analysts, sell-side Analysts

ESG in the Eyes of the Capital Markets

Being a publicly traded company implies we are expected to “think ESG”

- Report on an annual basis
- Financial analysts are referencing ESG in their reports
- Investor sites reference ESG Analysts scores
- Credit rating companies (S&P, Fitch, Moody's)

PRICE TARGET CALCULATION
Our \$1,500 PT is based on 24x our CY25 EPS estimate, in-line with the group. The combination of expanding earnings power over time, sticky/stable industrial/infrastructure exposure, and defensible technology gives us confidence in AVGO's business and financial model. We believe AVGO deserves to trade at a multiple closer to in line with the group.

KEY RISKS TO PRICE TARGET
Competition—AVGO competes against leading RF vendors SWKS and QRVO, as well as in-house solutions from module vendors such as Murata. Maintaining relationships with leading smartphone OEMs and sustaining technology differentiation, primarily the FBAR advantage, remain paramount to AVGO's long-term success in mobile. **Customer Concentration**—Apple (Foxconn) accounts for ~20% of total revenue. The loss of content at Apple, or the loss of the strategic relationship with either, presents significant risk to the long-term growth of the company. **Gross Margin Stability**—Incremental margin pressure going forward from either Apple or Samsung would likely be negatively perceived by investors.

ESG CONSIDERATIONS

ESG Rating Environment	A-
ESG Rating Governance	B+
ESG Rating Social	B+
ESG Rating	C+

*Environmental/Social/Governance (ESG) scores are courtesy of Refinitiv's ESG product which are designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness, based on company-reported data. Refinitiv's ESG ratings are independent of Oppenheimer's stock ratings and are not taken into consideration when assigning a rating. For full details about Refinitiv's ESG scores, please [click here](#).

Summary NasdaqGS - Nasdaq Real Time Price - USD
Palo Alto Networks, Inc. (PANW) ☆ Follow - Compare

362.72 +4.51 (+1.26%) 362.65 -0.07 (-0.02%)
At close: August 30 at 4:00 PM EDT After hours: August 30 at 7:59 PM EDT

Environment, Social and Governance (ESG) Risk Ratings

Total ESG Risk Score 13.9 9th percentile Low	Environmental Risk Score 0.7
Social Risk Score 7.6	Governance Risk Score 5.6

ESG Risk Score for Peers

Name	Total ESG Risk score	E	S	G
ORCL Oracle Corporation	14	0	8	6
AEXAF Atos Origin SA	14	3	5	5
PANW Palo Alto Networks, Inc.	14	1	8	6
IBM International Business Machines	14	2	6	6
SNPS Synopsys, Inc.	14	3	7	4

Controversy Level
ESG data provided by Sustainalytics, Inc. Last Updated on 9/2023
● PANW ▼ Category Average
1 | Low Controversy Level

Product Involvement Areas

Products and Activities	Significant Involvement
Alcoholic Beverages	No
Adult Entertainment	No
Gambling	No
Tobacco Products	No
Animal Testing	No
Fur and Specialty Leather	No

ESG practices



Solid ESG practices are increasingly becoming **an advantage** in competing for capital, talent, customers, and other stakeholders

- Company's **state of mind**
- Identify your **stakeholders**
- **ESG analysts.** Engage, and **be proactive** – to achieve highest scores possible. Respond to surveys, requests (typically annual cycles)
- Determine and apply **new processes and procedures**
- Plant seeds and embed improvements into **future reports**
- IR to target institutional **investors focused on ESG**
- Expect **being approached** by suppliers or customers
- Designate **corporate owners**
- Utilize and work with **experts in the space**

Thank you



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IR STRATEGY
& EXECUTION

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