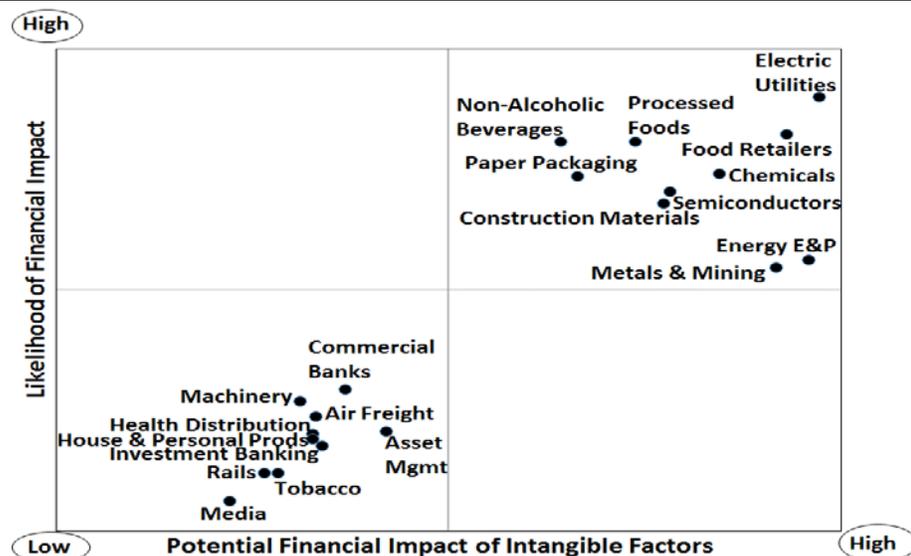


An Atypical Analysis of Industry Risks

- **Intangible Factors Can be Material Too.** Most investors focus on tangible income statement and balance sheet items, but intangible factors can be material too.
- **Analyzing Intangible Factors at the Industry Level.** In our report “[ESG in Sector Strategy: What’s Material?](#)” we developed an approach to analyze intangible factors that can potentially have a material financial impact on *sectors*. We now apply our approach at the *industry* level.
- **Industry Risks are Constantly Evolving.** In a subsequent report, “[A Shifting ESG Materiality Matrix: What Has Mattered, What May Matter,](#)” we concluded that the likelihood of an intangible factor having a financial impact, *and* the potential magnitude of that impact, are constantly evolving. We analyze industry risks associated with intangible factors *currently*.
- **Counterintuitive Conclusions.** Based on our methodology, Tobacco is currently a *less risky* industry than Non-Alcoholic Beverages. Food Retailers are currently *more risky* than Investment Banks.

Figure 1: Ten “Most” and “Least” Risky Industries Currently
Based on Ranking of Intangible Factors



Source: Cornerstone Capital Group

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