

Impact-driven alpha in US

A behavioural revolution
in corporate sustainability



Executive summary

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The market for sustainable investing in the United States is not retreating — rather, it is becoming more **selective**. Investors are increasingly moving away from rewarding sustainability commitments and disclosures alone, and toward identifying companies where sustainability is embedded into operations, innovation, and competitive strategy.

This report finds that only one type of sustainability behaviour consistently creates shareholder value:

Transformation. **Companies with the highest concentration of Transformation activities delivered:**

- **4.56% annualised alpha**
- A Sharpe ratio of 0.95, compared with 0.79 for the market
- Lower downside risk, with a maximum drawdown of -21.79% versus -24.84% for the market

The implication is clear: markets are not rewarding sustainability in general. Instead, markets are being more discerning by rewarding companies where sustainability changes the fundamental economics of the business — improving operational performance, strengthening competitive advantage, and creating new growth opportunities.

This analysis is based on the GOLDEN Sustainability Dataset, covering more than 2.6 million sustainability initiatives identified from approximately 88,000 sustainability reports of over 18,000 companies globally. To identify which sustainability behaviours are most closely associated with financial value creation, this report applies the Business Impact Maturity (BIM) Framework, which assesses how deeply sustainability is integrated into business activities across three levels:

- **Advocacy:** externally oriented, symbolic or philanthropic activities such as donations, volunteering, and communications with broader society.
- **Preparation:** capability-building activities such as employee development, governance, and sustainability processes
- **Transformation:** strategic actions that embed sustainability into operations, innovation, products, and business models

Importantly, conventional ESG ratings do not fully capture this distinction. While ESG ratings primarily focus on disclosure quality, governance practices, and sustainability risk management, they are less effective at identifying whether sustainability is reshaping how companies operate, innovate, and compete.

Across matched company universes with the GOLDEN data, high ESG-rated portfolios did not generate the same consistent alpha as the Transformation signal.

For investors, the opportunity is to move beyond existing sustainability approaches with a behavioural lens that identifies where sustainability is linked with investment returns. The Transformation signal can be integrated into existing investment processes, including to:

- **Capture differentiated alpha:** identify companies where sustainability is driving operational improvement, innovation, and competitive advantage.
- **Enhance stewardship impact:** engage portfolio companies to advance sustainability maturity, unlock business transformation, and identify value creation opportunities.
- **Unlock value creation opportunities:** identify transformation potential in private markets through due diligence, portfolio optimisation, and strategic repositioning.

As sustainable investing enters its next phase, the focus is shifting from sustainability commitments to concrete action. The behavioural approach helps investors **identify which companies are turning sustainability ambition into business transformation —strengthening resilience, driving innovation, and building competitive advantage that can ultimately translate into stronger investment returns.**

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