

OTC Markets Group: From OTC Markets' global headquarters in New York City, you are listening to Advisor Insights, where we feature professionals that will address the issues that affect the small-cap companies that trade on the OTC Markets.

Joining us today. We have Seth Forman President of ESG at Socialsuite. Seth, how are you?

Seth Forman: Great Matt, it's really wonderful to be here. Thanks for having me on the show.

OTC Markets Group: We are excited to have you on the show. So before we get started with our topic today of ESG. I do want to ask you, can you give our listeners a little bit of background about yourself and how you came to Socialsuite.

Seth Forman: Yeah, absolutely. Ah so my background is mainly from the technology and software sector. So I worked in a couple different companies most recently at Quantcast which was an AI-driven, analytics technology company. Um, and really what I saw an opportunity arose at social suite because with the emergence of sustainability and yeah ESG and the growth and the. Bigger opportunity to have an impact on climate change and everything going on related to ah climate technology I had an opportunity to join Socialsuite to help lead the global commercial business and. Help scaled company host series an investment from about a year ago march of 2022 so took the opportunity and it's been a really exciting year and looking forward as part of our conversation ah to dig further into it.

OTC Markets Group: Absolutely, so Socialsuite is a member of the premium provider directory and as you said you do specialize in ESG, so to get started I guess and it's already a twofold question. What is ESG and why is it important to micro-cap companies?

Seth Forman: Yeah, so really getting into the the basics of it. So ESG stands for it's an acronym stands for environmental social governance and really what it's historically been really bad related to non-financial disclosures of financial comfort of public companies really to help investors better understand and evaluate certain ES issue-driven risks to more holistically evaluate a company and decide whether their investments worthwhile and really what you've seen is you know from an environmental standpoint. These are disclosures related to anything related to climate things like emissions, waste, air pollution, water usage. Um, then you have social and so these are disclosures more related to people so things like diversity, education, incidents at a company, trainings is a big part of the social aspect and then you have governance. Governance disclosures range anywhere from things like a purpose statement. Why the company exists to things related to material issues or board composition. Um, just different disclosures like anti-corruption policies and harassment policy. So it really runs again. So when you take all of these the aspects of the issue which is quite broad. Um, and covers a full range of non-financial topics. It's ah again, it's really about understanding the risks associated with these topics and having companies be more transparent about all these different issues that can impact investors as we talked about but also for employees for shareholders, customers and we're going to be talking about a lot of these things. Um, but that's what is the issue is now.

Why is it important? Um, you know, really what you're seeing is one- you have investors and what we spoke about earlier investors. Both institutional investors. Ah, that ah, many of which are requiring and mandating certain companies to have ES issue-driven information in order to own an order for the investors to actually evaluate the companies. So there's something about \$1000000000000 of ESG capital in the markets. And if the companies don't have any issue, information potentially could these investors may bypass or screen out the companies so certain ES issue driven investors do require this information um on the retail front.

We have a lot of data. Socialsuite's showing that a lot of retail investors particularly younger retail investors deeply care and want to see companies that have ESG and sustainability information. Um, because again it's about the investor mindset. What are these management teams? What are these boards? How are they thinking through all these different ESG-driven

topics and what is their plans and and policies related to these different risks? So the investor side of this is a really core driver around ESG, so that's one. You have to have compliance, so regulators around the world are starting to implement certain types of requirements around ESG Europe. Certain levels of ESG information is required depending on size of company and it's continuing to get more and more broad in terms of the coverage of companies and who qualifies for certain ESG-driven requirements you have out of the US. There's proposals in place from the SEC out of the state of California that potentially may pass later this year related to certain areas of ESG particularly around the climate. Um, climate disclosures and then in markets like Australia again. It's another market where it's in proposal stage. Although it's starting to become more of a serious topic so you have the compliance side coming in North America, Australia, it's already required in Europe and then the last the final channel that we're seeing the drivers around customers where we're seeing multinational companies start to mandate and require certain levels of ESG information down to their supply chains. So if you're even a micro-cap that sells your products. Up to a large cap or a multinational company whether you're a battery mineral company. Whether you're a technology company that's servicing a big bank that you're these companies are going to mandate and put rfps out and have certain incentives. There's supply chains to have certain levels of vs information. So collectively, you have all these influences coming to play and why she is becoming more and more important for any public company and private company to a certain extent as well.

OTC Markets Group: So while it may not be required by ah the government for some smaller microcap. It's required by the larger caps that might be sourcing things from the smaller caps and so that's I guess that's great, right? It's making sure the smaller companies are getting more and more involved in this reporting. So while it may not be required for everyone. Is it regulated?

Seth Forman: So it's right now it's current in the US. We'll start with the US. It's technically these are voluntary disclosures. Um, really as mentioned earlier really driven from investors. In Europe there's a few different regulations coming into play. One's called SCSD um, that is really driven around certain levels of ESG disclosures. But currently, it's really for more larger to medium size companies. It's going to be more applicable for a larger, broader set of companies over the next twelve months. So in Europe they are a bit farther along on the requirement side. Um, but in the US the SEC is expected to pass a proposal related to climate disclosures. It was supposed to happen in April now it's looking like potentially in the fall and

they're finalizing certain elements of that proposal, so we'll see what happens but it's certain that on the regulation front. It's coming.

OTC Markets Group: So climate is just one piece of the ESG though right? So I mean is there any timeline as to when, I don't want to use a general ESG law as the phrase, but is there any timeline as to when ESG as a whole will be implemented and required in North America?

Seth Forman: Um, I would say climate is the E of ESG and is a really important factor there I think that a lot of it's driven out of climate change and everything going on around the world. And the push to reduce carbon emissions, I think the estimate of the G component is in many ways and arguably some of the most important aspects of it and the S as well. Unclear when there'll be a full ESG requirement. My sense, it's probably going to come more, it's likely going to come out at a state level as we see what comes out of the S and other aspects of the G. But right now the main focus on the regulation front globally has been mainly centered around the E and climate disclosures.

OTC Markets Group: So Seth I'm kind of curious if a company approaches you and wants help with their ESG related reporting. Um, you know, let's just say they do have good social and good governance reporting. Can they approach you and just say hey we just need some help with the environmental piece of it?

Seth Forman: Yeah, absolutely. We help support companies and you know at Socialsuite we do offer a full technology platform plus certain areas of ESG support. Um, and so companies can come to us for support across any levels of the ESG energy and if it's really focused on the E then we can absolutely help support that and generally what we find is that we may start an engagement with the E but then companies tend to want to have support across all aspects of ESG. So that ultimately they're meeting needs of the investors or customers or on the compliance side as that comes around. So really, we're seeing that evolve as well and it's really depending on what many companies will have one of those three drivers that they're looking to impact, we help and support that as those engagements go on.

OTC Markets Group: Got it. So I mean how much time does this ESG reporting take?

Seth Forman: So it's a good question. You know ESG reporting in general I think the first to take a step back. It really is a journey and it's a reference a lot about ESG being a journey because it's quite broad. There's a lot to it and given how extensive it can be. Um, to do it in a couple months is very difficult so it's really what we find particularly at the microcap level. Um, it's just really important to start just to get started and to get on that track. And educate learn about it and the only way to really start to build that muscle memory is to get started and so you know what we do at Socialsuite is really try to break out the journey itself into a variety of phases think of it as a more of a crawl, walk, run set of phases. Where crawling is really about assessment, understanding what disclosures you already have. I think one really important takeaway given that a lot of companies that we deal with are public companies and here we are in the OTC Markets Group podcast where these are public companies, you already have the issuers, already have a lot of different disclosures and some of them already are ESG centric but a lot of the companies just don't know and so what we find through our initial engagements is that some companies are almost fifty percent of the way they are reporting on ESG. It's just scattered everywhere the 10ks and their annual reports and their employee handbooks. We really help bring that out to help companies understand where they stand today from an ESG standpoint and then helping them progress towards reporting and so the timing of it is really dependent on what priorities and goals the companies have and how long those engagements will stand. But we're able to work with the company so that ultimately ESG is something that can be embedded in the organization but not something where it's going to be some massive distraction towards the prior for the primary goals of the company which is ultimately to drive their business forward. So we're able to work with the companies to manage through that process. Um, and ultimately help them achieve their ESG driven goals.

OTC Markets Group: Got it. So in the last minute or so that we have, what sets Socialsuite apart from other companies in the ESG space?

Seth Forman: Yeah I think really what sets us apart is our expertise and our platform really built and designed for micro-cap and small cap companies. We've done everything possible through our extensive research starting with our chief impact officer, down into working very closely with our customers to ensure that we're really looking to simplify ESG for the organizations that don't have chief sustainability officers, that don't have a big team of ESG experts and to design a program in a way that helps companies get started. Simply do it cost effective and that it gets them on the track to continue to progress over a more phased approach I think buy or buyer none I don't think there's anyone else out there that's built this type of program specifically for the customer segments that we work with. And so we today have almost 100 public companies on board mainly almost all in the microcap small-cap sectors, many on the OTC Markets Group that we help through that process to get them on the journey and to be able to meet the needs of the variety of different stakeholders that are out there.

OTC Markets Group: All right Seth thank you very much for joining us today. Um, before we end I would ask if a company wants to learn more about ESG or learn how they can work with Socialsuite, what are the best ways to contact you get in touch with you?

Seth Forman: Absolutely so if anyone has any questions you could always contact myself. My email is [seth@socialsuitethq.com](mailto:seth@socialsuitethq.com) that's [seth@socialsuitehq.com](mailto:seth@socialsuitehq.com) our website is [www.socialsuitehq.com](http://www.socialsuitehq.com) um, those are the two best places to reach me. Of course you could reach out to me also on LinkedIn. Um, but yeah, if you have any other questions at all about ESG or how Socialsuite can help, please feel free to reach out.

OTC Markets Group: Right? Seth! Thanks thanks again for joining us today.

Seth Forman: Great thanks Matt.

*\*This is an autogenerated transcript and may contain typos.*