



A 360° review of the economics and dynamics of the
SRI & corporate governance value chains

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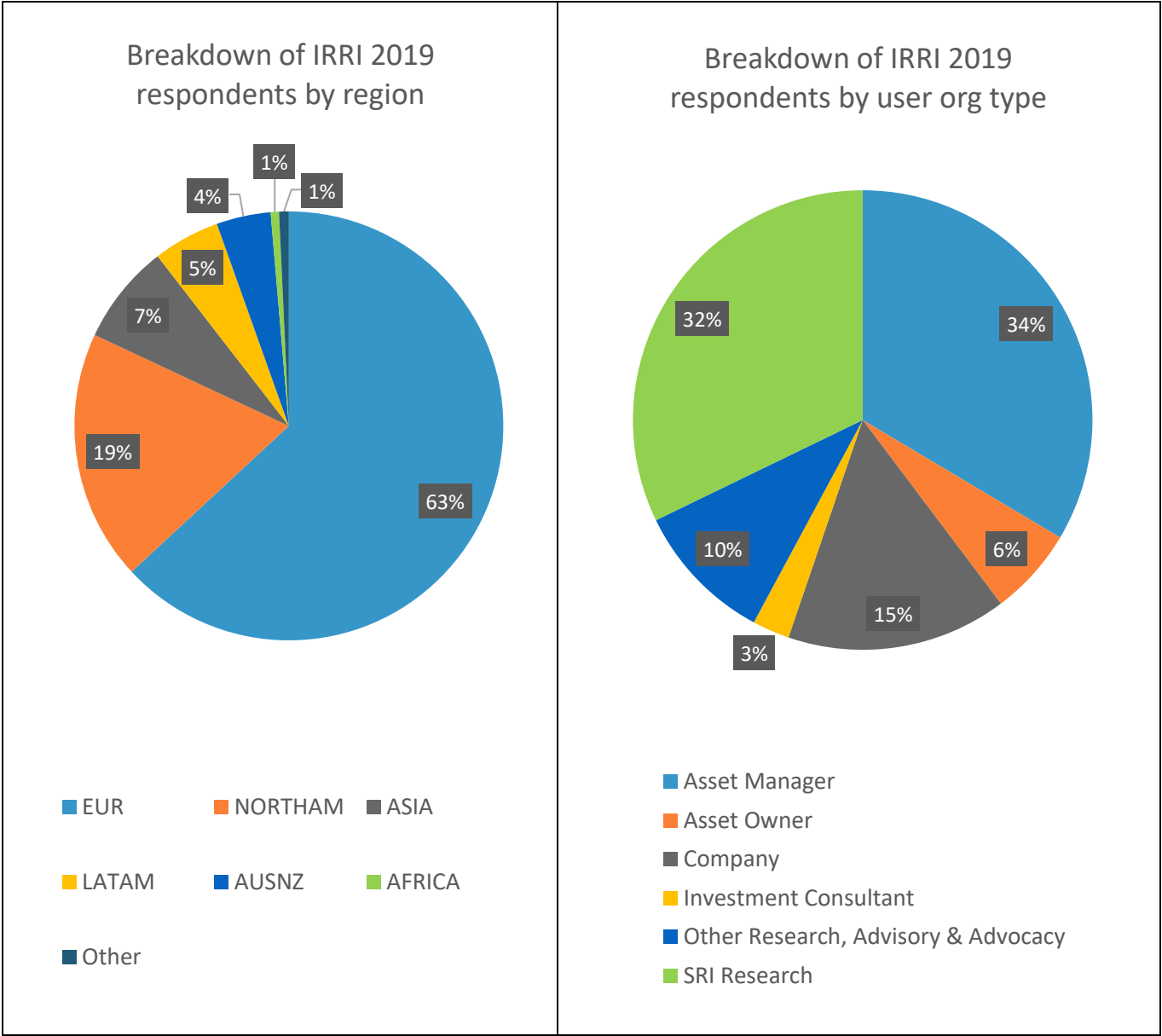
Overview

IRRI 2019: Survey Overview

The IRRI 2019 Survey set out to deliver a full 360° evaluation of the economics and market dynamics of the SRI & corporate governance research and investment value chain.

We received **954 verified responses** from SRI, corporate governance and investment professionals and from IR and CSR managers from listed companies. These responses which came from **44** different countries and from industry professionals across the investment the value chain delivered **33,658 datapoints**.

We have distilled these into 20 rankings and 64 'insights'.



What is an insight?

'Insight' is an over-used term. So, we only use the term where we have managed to evaluate data in a way that delivers either:

- A transformative understanding of an issue or
- An actionable recommendation

We express each 'insight' in terms of:

- What's new? (Information)
- Who cares? (Audience)
- Now what? (Action)

Insights in this report

Within this report, we evaluate responses that we have received FROM and ABOUT participants from different points in the value chain on questions ranging across:

- From asset owners:
 - Do your existing mandates require asset managers to report on how they integrate sustainability with their investment decisions?
- From asset managers
 - How do you think overall resourcing for SRI & CG research at your firm might change over the next three years?
- From sell-side brokers:
 - In which markets is there most demand for meetings with companies from SRI or CG analysts?
- From independent research providers:
 - How much of your time do you spend in direct communications with companies?
- From listed companies:
 - How does your company tailor its sustainability messages to investor audiences?
- From all:
 - Which ideas, initiatives or projects made the most positive contribution to SRI or corporate governance during 2018?
 - Amongst which investor groups will interest in SRI & corporate governance grow most during 2019?

(The 'FROM' and 'ABOUT' structure of the report means that some 'insights' are repeated ... in different sections).

The real value from insight

Of course, the real value from insight is often only unlocked once it is explored further and set within the context of strategy development of your firm.

To facilitate this, we highlight the recently launched SIMI (Sustainable Investment Market Intelligence) network – a network of specialist SRI/CG consultants that have come together to add a market research capability to their existing services for financial services firms and listed companies in SRI/ESG strategy development and execution support. [Link to SIMI website](#).

For full rankings

For each ranking question, we have published the Top 10 in this report. The full rankings can be found on www.sri-connect.com at [IRRI 2019 Results](#).

From asset owners

Insight: Types of asset owner respondents

We asked **asset owners** : Which best describes your organisation?

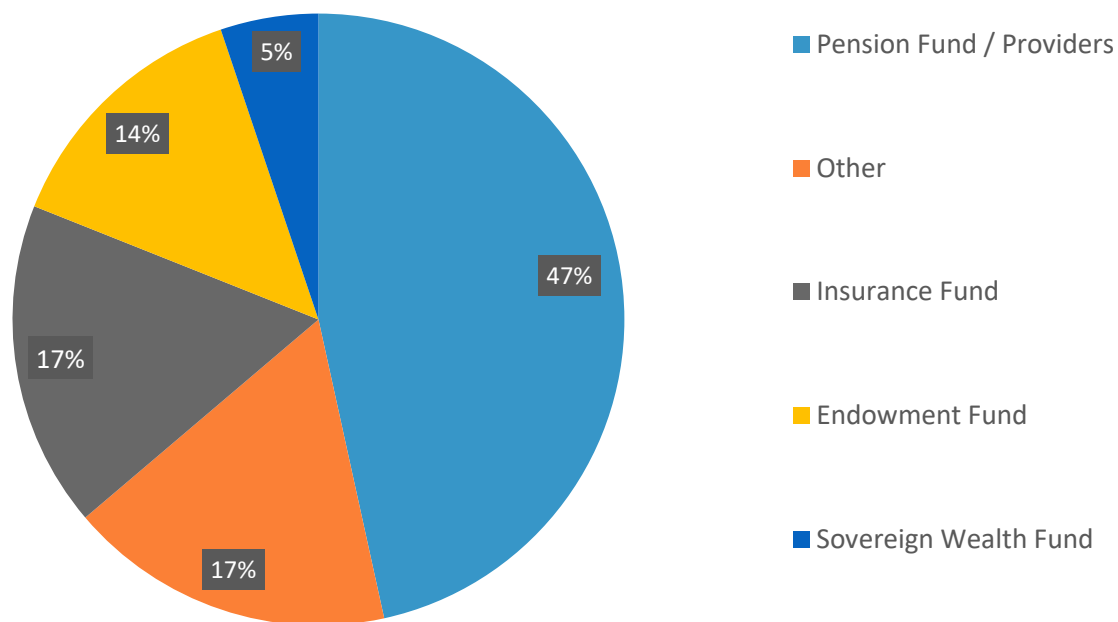
What's new?

- A broad spread of asset owners / institutional investors completed this year's survey

Who cares? What's next?

- Asset owners are the ultimate clients of the investment value chain - so they drive everything through the investment and research process.
- However, different 'owner' types have different needs so asset managers and research providers may want to break down the asset owner trends identified elsewhere in the Survey by specific type of owner

IRRI data: Basis for our analysis; basis for your action



Insight: Management of owners' assets

We asked **asset owners** : **What proportion of your (fixed income and equity) assets are managed?**

What's new?

- More of the respondents to the IRRI Survey in 2019 use external managers that manage in-house

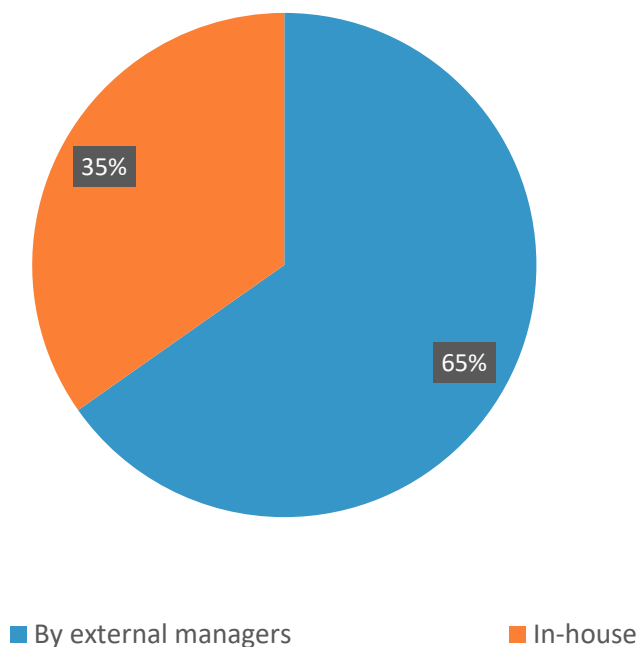
Who cares? What's next?

- Distinguishing between the 'owners' that manage their own assets and those that outsource management is a critical but often overlooked dimension of owners' influence on the SRI / CG value chain in respect of:
 - Peer group comparison – as it is only relevant for asset owners to compare SRI practices against peers that handle their assets in a similar way
 - For asset managers – outsourcing 'asset owners' are potential clients; asset owners that manage in-house are not
 - For research providers – asset owners that manage their own assets are likely to have fundamentally different research needs from those that outsource

What's next?

- The SRI/CG industry is likely to discriminate more carefully between the different types of asset owners and their different needs

IRRI data: Basis for our analysis; basis for your action



Insight: Asset owners' SRI strategies

We asked **asset owners** : **Which sustainable investment and corporate governance strategies do you deploy?**

What's new?

- The asset owners surveyed deploy an almost equal mix of the different SRI strategies available in the market

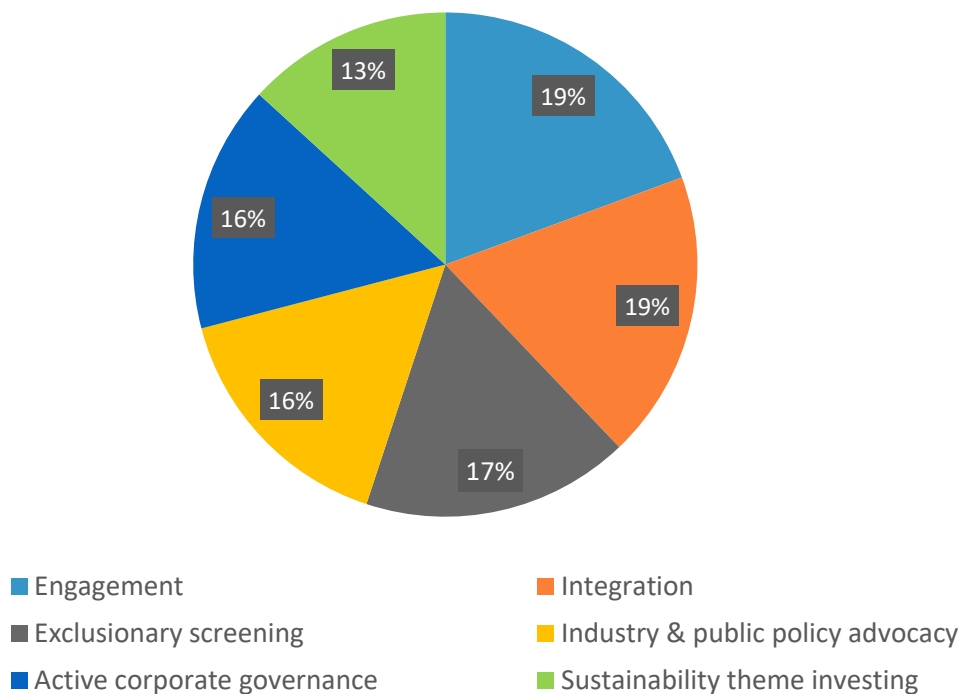
Who cares?

- Asset owners – who will be interested to see the breadth of strategies currently deployed and will note from the other insights in this report the likely direction of travel in these.
- Asset managers and research and data providers – who should note of the balance of different investment strategies requested, as this implies a broad range of possibilities for them.
- However, they will also note other insights that show how some strategies are likely to grow at a different rate to others

What's next?

- See 'insight' on SRI/CG strategy developments

IRRI data: Basis for our analysis; basis for your action



Insight: Asset owner time spent on SRI/CG

We asked **asset owners** : **How many people work on sustainable investment and corporate governance at your organisation (# of Full Time Equivalents)?**

What's new?

- The average number of employees focused on sustainable investment and corporate governance at 'asset owners' is 2.61.
- However, the range reveals 1-2 as being the most common number. (A few very committed players distort the mean)

Who cares?

- Asset owners – who will be interested in benchmarking their own resource deployment against peers
- Asset managers – because it indicates how much work asset owners will want to do themselves in this area and how much they will want to outsource to their managers; the ability to complement an asset owner's own activity can be a key source of competitive advantage for an asset manager
- Research providers – as an asset owner's ability to purchase research / services typically depends on the existence of a person / people to absorb research or apply the services that they receive

What's next?

- Asset owners are likely to come under increased scrutiny for their SRI-related activities and therefore the overall level of resourcing is likely to grow.
- As the 'insight' into asset owners' deployment of time showed, asset owners spend a considerable proportion of their time on non-core SRI-related activities. Over time, we expect them to focus increasingly on core investment-related activities and look to outsource more of the non-core work to others

IRRI data: Basis for our analysis; basis for your action

Number of Full Time Equivalent Employees	
< 1	13%
1 to 2	45%
3 to 5	15%
5 to 10	17%
>10	9%
Overall average	2.61

Insight: Owners' time allocation

We asked **asset owners** : **How does the time allocated to sustainable investment and corporate governance divide between:**

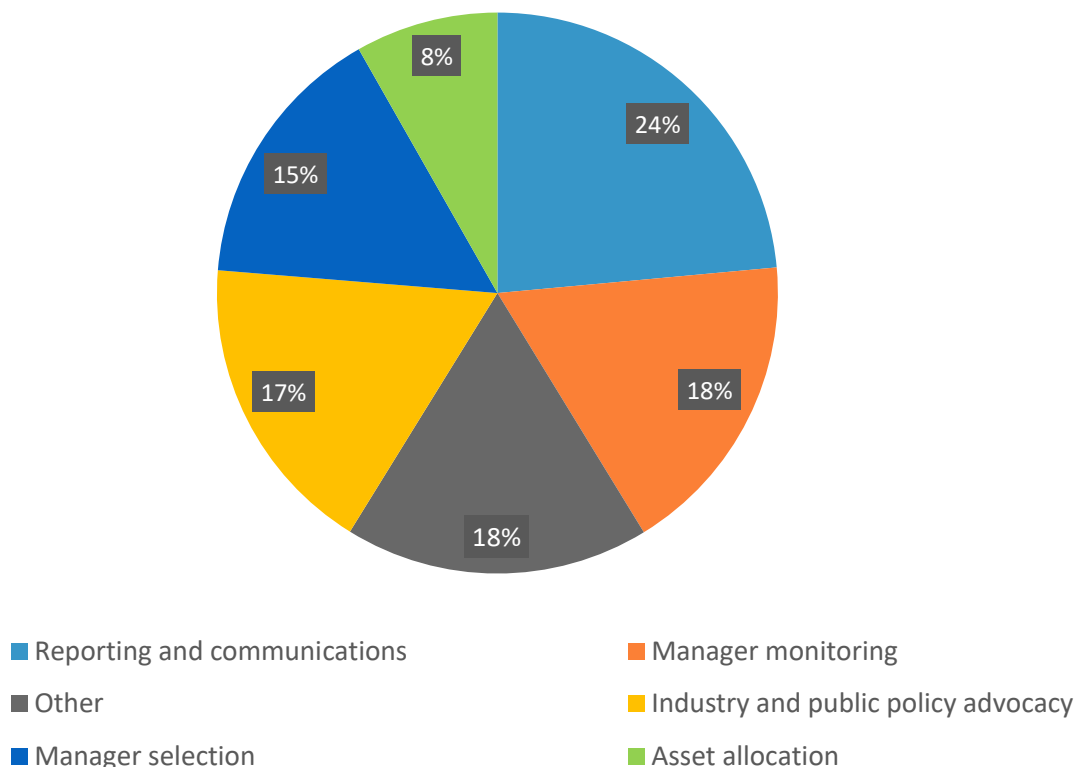
What's new?

- 41% of asset owners' time is spent on (the core investment activities of) asset allocation, manager selection and monitoring
- 59% of their time is spent on (non-investment-core) activities such as reporting, advocacy and other work

Who cares? What's next?

- Individual asset owners will want to benchmark their own time spend against their peer group to ensure that they are maximizing their efficiency
- Investment consultants will see opportunities to help asset owners with the 'core investment' activities
- Asset managers, investment consultants and other suppliers of specialist SRI services to asset owners should see a considerable opportunity to help asset owners improve the efficiency of non-investment-core activities
- Investor groups and NGOs may also be able to contribute by helping owners improve efficiency through collaboration

IRRI data: Basis for our analysis; basis for your action



Insight: Existing mandate integration

We asked **asset owners** : **Existing mandates: Do you require your asset managers to report on how they integrate sustainability and corporate governance factors into their investment decisions?**

What's new?

- 88% of asset owners surveyed now require managers to report on how they apply sustainability and governance factors to their investment decision-making with only 12% not requiring it at all.
- Importantly, 57% require this reporting to be explicit and not wrapped up in general performance reporting.

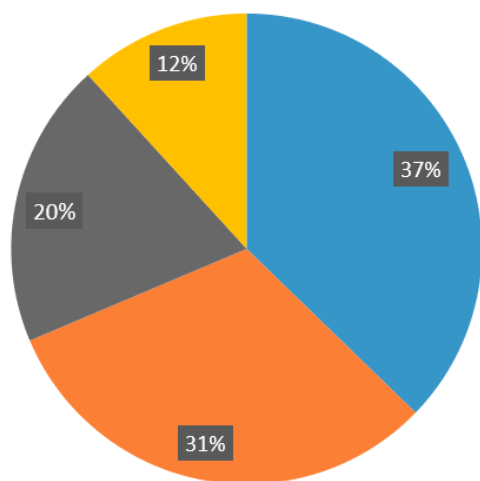
Who cares?

- Asset owners – who can be reassured that such a high proportion of their peers also have this requirement
- Asset managers – who need to be aware of this widespread expectation and prepare to report accordingly
- Investment consultants – who should position themselves to guide clients on what such reporting should contain while preparing to evaluate the quality of reports submitted by asset managers

What's next?

- As much *reporting* is private supplier-to-client reporting, there is little public information on what such reports contain. A benchmarking exercise on these reports (asset class by asset class and expectation by expectation) would probably help development of this area.
- Asset managers that lead in this area are likely to actively encourage high-quality reporting on SRI/CG activity – to create a new competitive battleground at a level higher than basic policy competence

IRRI data: Basis for our analysis; basis for your action



- Yes - EXPLICITLY - for ALL mandates, we require managers to report explicitly on any efforts that they have made to incorporate these factors within their investment decision-making
- Yes - IMPLICITLY - we expect managers to report on all drivers of performance - including, where applicable, sustainability & corporate governance related drivers
- Yes - EXPLICITLY - for NEW / RECENT mandates, we require managers to report explicitly on any efforts they have made to incorporate these factors within their investment decision-making
- No - we do not require managers to report on these factors

Insight: New mandate integration

We asked **asset owners** : **New mandates: Do you mandate your asset managers to integrate sustainability and corporate governance factors into their investment (buy-sell-hold) decisions?**

What's new?

- 87% of asset owners require sustainability and corporate governance to be integrated into new mandates.
- More require this integration to be explicit – now 50%.
- An explicit requirement creates a point of competitive differentiation against which mandates may be won and lost while an ‘implicit expectation’ can easily be faked.

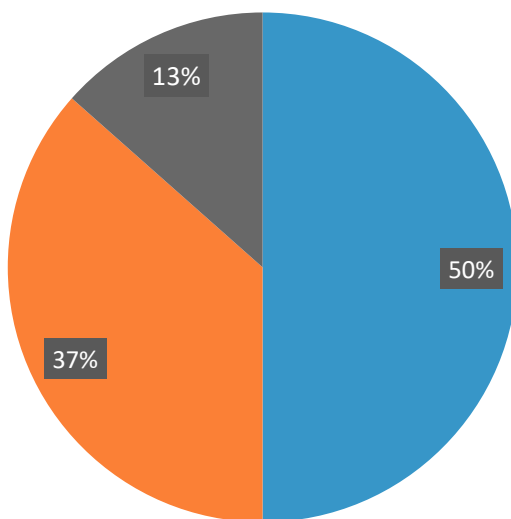
Who cares?

- Asset owners – to benchmark their expectations against those of their peers
- Investment consultants – who can advise on how to turn ‘implicit expectations’ into explicit requirements
- Asset managers – should continue to track the growing requirement for explicit integration reporting as this (together with the potential for investment outperformance) will define the extent to which they need to develop their sustainability and integration capabilities.

What's next?

- As asset owners continue to gain confidence and receive external beneficiary instructions, we can expect further increased explicit SRI/CG expectations; asset managers will need to be able to show increasing levels of competence in the area.

IRRI data: Basis for our analysis; basis for your action



- Yes - EXPLICITLY in the mandate - we require managers to take sustainability and corporate governance factors into account where relevant
- Yes - IMPLICITLY - we expect managers to take all relevant factors into account - including sustainability and corporate governance factors
- No - we do not require managers to report on these factors

Insight: Owners' stewardship

We asked **asset owners** : **What best describes the way that stewardship and engagement activity on your fund is carried out?**

What's new?

- 56% of asset owners engage directly with companies (up from 43% in 2017)
- 20% require their contracted asset managers to engage with companies
- 18% outsource the activity to engagement service providers

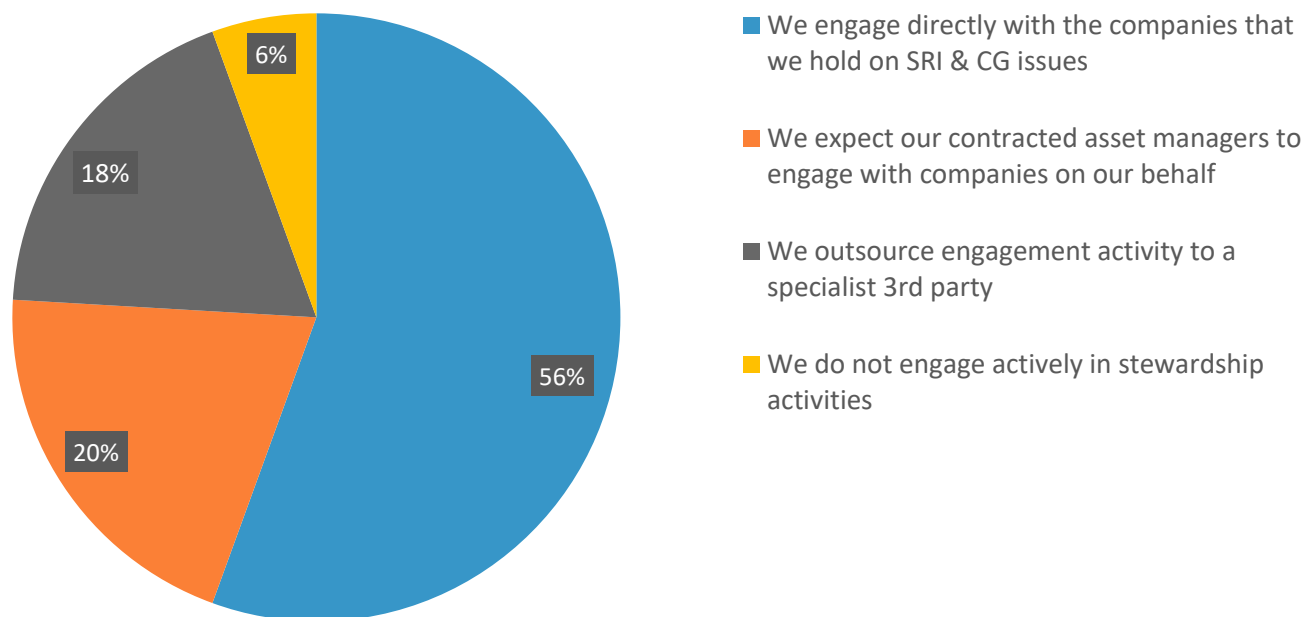
Who cares?

- Asset managers and independent engagement service providers – should be aware that increasingly asset owners are engaging directly with companies. There is still demonstrable demand for services, but both groups will want to keep abreast of existing initiatives and possible competition for services
- Asset owners – will want to keep tracks on the various engagement approaches, initiatives and services available to them

What's next?

- There is a tension between the efficiency and effectiveness of aligning engagement with investment decision-making (and therefore placing it in the hands of the asset manager) and an asset owner's need to know (and report to beneficiaries) that the engagement is being done properly and in-line with their interests (which is the primary reason for doing it themselves)
- At present, asset owners do not appear to have sufficient confidence in their asset managers' capabilities in this regard to allow them to outsource. However, we expect this debate to continue and the balance to continue adjusting accordingly.

IRRI data: Basis for our analysis; basis for your action



Insight: Reporting on SRI / CG activity

We asked **asset owners** : **Do you publish a regular report on your sustainable investment and corporate governance activity?**

What's new?

- 2/3 of institutional investors surveyed publish a regular report on their SRI & corporate governance activity

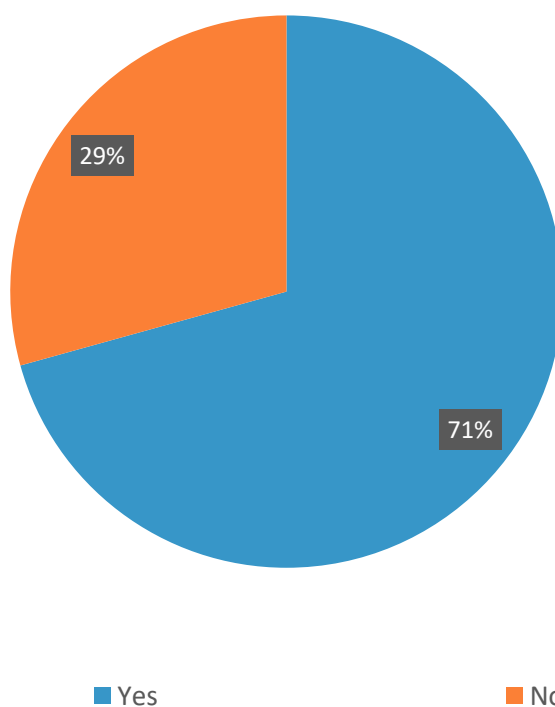
Who cares?

- Asset owners may use the reports of their peers will want to benchmark themselves and see what their peers are reporting on
- Asset managers could see these reports (many of which can be found via SRI-CONNECT) as ways of gaining insight into the needs and priorities of potential clients
- Communications service providers may see an opportunity to help asset owners communicate on the new area of SRI to their target audiences

What's next?

- Public reporting on SRI/CG activity appears to have become expected practice amongst asset owners.
- Any owners that have not yet published reports should look to align themselves with this practice this year or next

IRRI data: Basis for our analysis; basis for your action



About asset owners

Insight: Practical steps for asset owners

We asked **industry experts, investment consultants & specialist consultants** : **What practical steps can ASSET OWNERS take to capture most advantage from sustainable investment and corporate governance activity?**

What's new?

- The key recommendations received from industry experts are that asset owners should:
 - listen to end beneficiaries' requirements;
 - decide upon and articulate an SRI position;
 - formulate an integration strategy and then takes steps (such as joining the PRI and retaining external consultancy services) to support integration;
 - communicate with all stakeholders proactively;
 - monitor and evaluate asset managers to be sure they are integrating SRI and CG factors into their investment decisions and engagement.

Who cares?

- Asset owners – should review these suggestions and apply those that sound relevant to their own strategy
- Asset managers, investment and SRI-specialist consultants – who will see opportunities in these suggestions to deploy their own capabilities to help owners to implement these steps

What's next?

- As this is direct advice from industry experts, asset owners may want to shape some of their own SRI practices against the ideas expressed in response to this question.
- Notably most recommendations made fall well within the typical remit of asset owners. (Few advise asset owners to do things that lie typically within the remit of asset managers (e.g. research, corporate engagement etc). This may be indicative of a clearer segmentation between the SRI/CG activities that have clear synergies with the core roles of asset owners and those SRI/CG activities that are better undertaken by someone else in the value chain

IRRI data: Basis for our analysis; basis for your action

- "Take seriously the monitoring of portfolio companies' ESG performance improvements and consider allocation rebalancing to those companies that have and continue to make the greatest strides in achieving martial ESG improvements."
- "Take more of a public, articulated position on their expectations and the requirements of their beneficiaries - and call out when you don't see these being met."
- "First steps include joining the PRI and further steps include integrating sustainable investing in their investment process, either with the help of external consultants (for smaller firms) or by hiring a competent head of sustainable investing. The integration should be driven from the top with top management and directors pushing the necessity to integrate sustainability throughout the organisation. Further steps may include integrating stewardship and engagement capabilities, stress testing of the portfolio, allocating funds to impact strategies (all these solutions may be outsourced if needed). Collaboration with other asset owners locally or internationally, beyond the PRI, is a concrete step that can benefit asset owners at any stage of their integration."

- "Ensure there is transparency in the market to provide better data. "
- "Listen to the end investor not the intermediaries"
- "[a] Moving more into private markets[b] Driving demand for sustainability-related products from the asset management industry; [c] Activist investor work: engagement with companies. etc. [d] Concentrating more on climate and carbon risk."
- "Integrate responsible investment into your standard investment systems and processes: investment beliefs, policy, process and portfolio management. Educate your Board, develop your own responsible investment plans that's tailored to your context, be proactive not reactive."
- "Request TCFD disclosure"
- "Understand the issues involved. Challenge your asset managers and investment consultants to do better. Use long/short funds - a lot of opportunities are on the short side"
- "Be transparent / demand transparency"
- "Making engagement transparent and publicly available"
- "Learn by doing. Get more involved in engagements and monitor and discuss the responsible investment progress of your asset manager"
- "Asset owners should be very clear about their own needs in terms of both financial performance and expectations around sustainability, set annual specific targets for the ESG side, and share those, including rationale, with their beneficiaries and other stakeholders. Engagement with companies, RFPs for new managers, and other activities should demonstrate how they help to fulfill both ESG and financial goals."
- "The winners will be those that can seize the opportunity and act as positive agents for change."
- "Assign explicit weighting to ESG/responsible investment in mandates."
- "Engage with your asset managers to: a) understand potential ESG risks in your portfolios, b) communicate your interests/values, and c) define opportunities for potential asset allocation changes. "
- "Focus primarily on how their investment managers integrate ESG factors in their investment processes. Do not focus on a box-ticking evaluation. ESG integration is defined as "the systematic consideration of material ESG risks and opportunities in an investment decision-making process. The primary focus of ESG integration is to drive better risk-adjusted returns. ESG integration serves to identify those companies that will be the most resilient, and have the best long term competitive advantages."
- "Improving and monetizing SRI/CG related non-financial material risks, impacts and sensitivities. "
- "Asset owners need to develop more advanced assessments of asset managers' capabilities in sustainable investing. That will require going beyond a checklist approach to ensure that there is a genuine level of understanding given how familiar and comfortable are the analysts and portfolio managers of an asset manager to talk with clarity on sustainability issues, and how ESG information is used for sustainable investing practices."
- "Integrate throughout the investment process, with a time horizon that actually matches that of their beneficiaries, and allocation to assets that provide the solutions to climate change and sustainability challenges and contribute to achieving a 2 degree scenario climate outcome."
- "Require asset managers to increase weighting in sustainable assets (such as those that will help to meet Paris goals) and to decrease weighting in those assets which do not support these goals, such as coal, oil and gas."
- "Influence government policy to support aggressive emission reductions and a just transition"

- "[a] Identify beliefs regarding the purpose of the organization and the aim of investment activity; [b] Articulate an holistic strategy for the management of systemic risks (e.g. climate change, inequality) [c] Add ESG goals (e.g. lower carbon footprint) to staff incentive structures"
- "Make low-carbon investment allocations"
- "Ensure that beliefs about sustainable investment approaches and methods are well-articulated and reflected in the investment policy statement. Clarify expectations with investment managers regarding proxy voting and engagement activities, and request regular impact/ESG reporting from managers, to better understand how invested capital is driving impact in the world. Engage with managers who are not meeting ESG expectations, and/or seek alternative managers to replace underperformers."
- "Divestment from companies and sectors with ecologically-unsustainable business models"
- "Take It seriously"
- "Review all your external fund managers against the ESG inputs and outputs you would expect to find in each case; based on assurances you were given but also any reasonable minima you would expect any asset manager to meet. Ask the fund managers (not the ESG staff) to talk you through examples of it, in practice. Maintain credibility ratings for each meeting and be prepared to give feedback for the persuasive and not-so. Explain that it is a very significant element of a broader quality assurance exercise. "
- "Reduce the effect of standard finance theory on their decision-making. See climate change as a financial risk parameter. Ask their Scheme Actuary (if AO is DB scheme) how climate change is catered for in the actuary's work."
- "Ensure clarity in their priorities so that they can focus engagement around those issues and businesses that are most material to their decision making."
- "Educate themselves about the UN SDG investment case and act accordingly."
- "Develop ESG policy and hire managers to deliver portfolios aligned with it. Also reporting which helps measure the investment ESG impact alongside the financial return/risk."
- "[a] Be more assertive in challenging their managers; [b] Improve their expectations of asset consultants [c] Adjust Strategic Asset Allocation in response to climate threats; [d] Being far more forceful in their expectations of companies"
- "Very careful manager selection"
- "Once risks are understood and appropriate mitigation plans in place, asset owners should find new opportunities in developing their asset base so it might contribute to - and create value from - the transition to a low carbon economy and, more broadly, responsible business activities."
- "Ensure clear development and communication of expectations and policies around ESG incorporation, and systematic inclusion of ESG issues into manager selection, appoint and monitoring (for indirect), as well as direct investments. Clear messaging to stakeholders and beneficiaries that highlight why this demonstrates both sound risk management for long-term performance and alignment to beneficiary interest."
- "They need to bridge the divide between the development and the financing worlds. This means that they need to improve their capacity to assess development opportunities, to screen the investment opportunities using the gender, diversity and inclusion lenses. They need to work really hard in the creation of the business case of impact investing. Meaning that they need to build upon success cases and conduct rigorous evaluations"

- "Start with rating your portfolios according to the SRI criteria that are most important to your institution/your members"
- "Include ESG questions and due diligence in their consultant and manager searches, contracts and required reporting"

We asked **independent research firms** : How could clients improve the way that they communicate their needs to you?

- The dominant message from research providers is that they want to understand their asset manager clients' objectives, processes and priorities better. In particular, they want to understand how the information and data that they provide is actually used by asset managers in their research and investment processes.
- There appears to be a widespread understanding that asset managers' own communication of their needs does not give suppliers sufficient information to understand the full extent of what these managers do and don't want.

- Asset managers – as it is clear that research providers are open and receptive to hearing about their processes – and want to better meet their clients' needs

- This appetite to learn about clients' needs may be symptomatic of a gradual shift from SRI/CG research being a sellers' market to being a buyers' market – in which asset managers become more selective about what they need and actually use and providers respond accordingly.
- The close interest in clients' needs from providers would be an inevitable result of this.
- For this transition to occur, a critical mass of asset managers will need to become explicitly and openly selective about their research purchasing – a practice that we only see currently in small areas of the market.

Standardisation Share analysis
 Communicate values Regular meetings Coverage needs
 Make requests Understand engagement Primary contact
 Questionnaires Communicate motivation Facilitate meetings Track engagement
 Use of research Transparent integration Materiality disclosure
 Communicate better Client data and insight Facilitate collaboration
 Clarity on objectives Overcome language barriers Transparency
 Our problem not theirs Feedback Policy clarity Trust in our experience
 Clear approach Clarity on research processes Improve clarity
 Communicate goals
 Transparent engagement
 Communicate priorities
 Articulating specific questions for companies State scenario analysis
Transparent integration
 Communicate objectives
 Communicate needs
 Public disclosure Consistent reporting
 Guidance on usage of research Mandate transparency
 Clarity on research needs Use bespoke research
 Understand their impact Train their teams
 Clear coverage universe Open engagement
 ESG reporting webinars Prioritise ESG
 Communicate timelines
 Anticipate needs
 Allocate budget
 Use GRI
 Materiality
 Justify governance
 Clear annual strategic updates
 Identify blocks
 Understand the industry better

From asset managers

Insight: Services used for investment and ownership

We asked **asset managers** : Please rate the services below on their importance for your investment and ownership processes?

What's new?

- More than half of asset managers rate data & research from independent providers as 'critical' or 'significant'
- Research from sell-side is somewhat less important – just under half of managers rate it 'critical' or 'significant'
- Third party services for engagement and client reporting are seen as least useful delivering 'useful support' or 'limited contribution'

Using a simple weighting system, the services valued by asset managers (in ranked order are)

1. Raw data and newsflow - from independent research providers
2. Analysed data - from independent research providers
3. Thematic research - from independent research providers
4. Ratings - from independent research providers
5. Support for client reporting (data)
6. Sector research - from sell-side providers
7. Thematic research - from sell-side providers
8. Investable insight - from independent research providers
9. Stock-specific research - from sell-side providers
10. Support for client reporting (case studies)
11. Engagement recommendations - from independent research providers
12. Corporate access - from sell-side providers
13. Engagement recommendations - from campaign organisations
14. Engagement services - from 3rd party platforms and providers

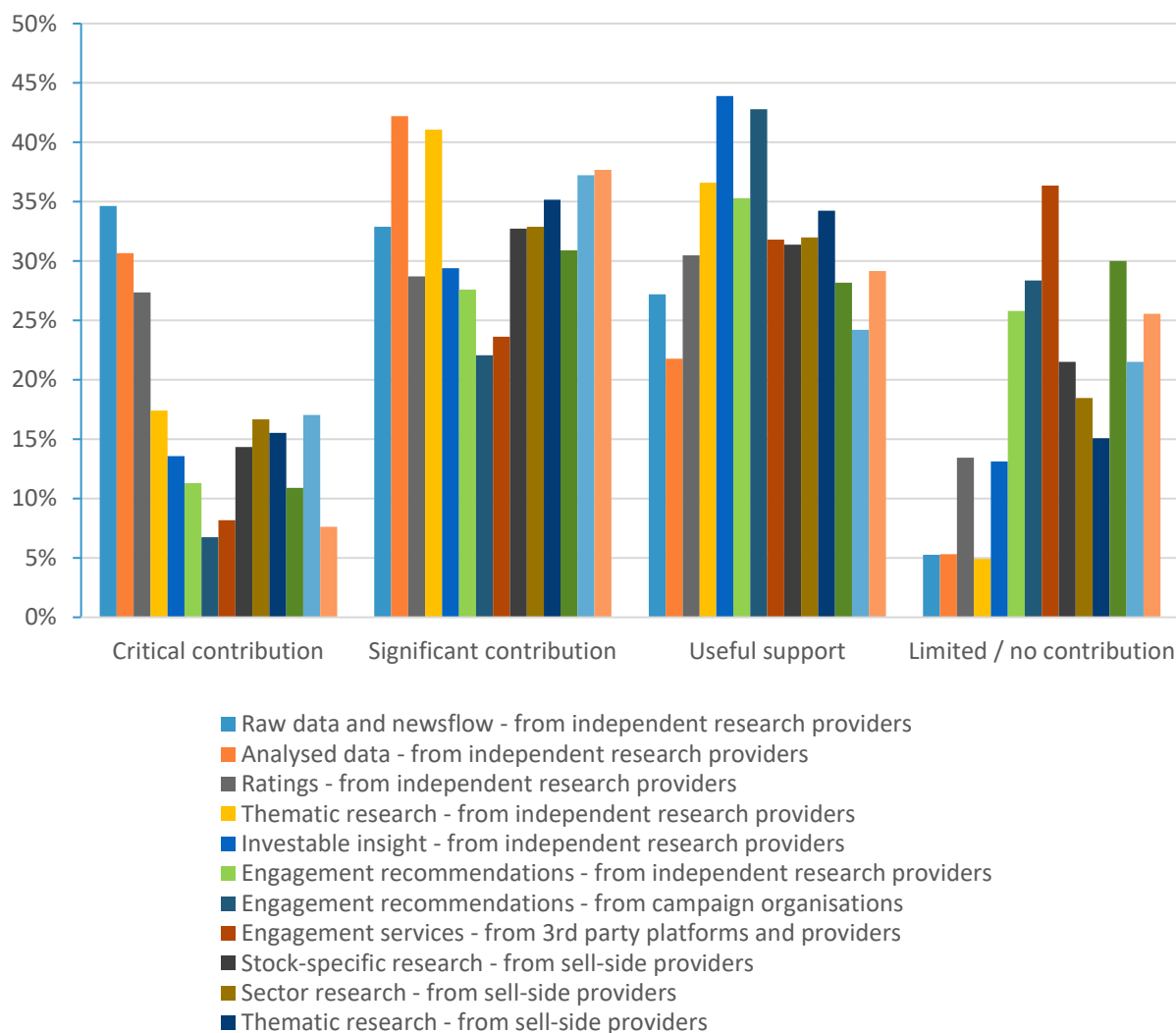
Our thoughts on this overall ranking are that:

- The appearance of thematic research high up the rankings endorses the finding in other 'insights' of a trend towards sustainable thematic investment.
- We would, perhaps, have expected reporting services to have appeared higher in the ranking given the significant increase in reporting that is expected across the industry. However, this may be due to the fact that the industry has only recently identified the future growth of reporting and communications – and service provision has not yet responded.
- Finally, the low ranking for engagement services and recommendations is interesting given the high profile accorded to these activities across the industry.

Who cares? What's next?

- All research and service providers will be interested in the trends that this data indicates. We suspect that the competitive landscape for the top three services (raw and processed data and ratings) is fairly well-established – until AI emerges as a significant provider
- However, there is likely to be much greater fluidity in the competition around the other services that are offered. Also, there are signs that some service areas are considerably less valued by asset managers than others and should be approached with caution.
- Asset managers that do not yet have a structured process for differentiating between the services that they purchase might use the prioritized listing above as a basic shopping list.

IRRI data: Basis for our analysis; basis for your action



Insight: Internal resources for research

We asked **asset managers** : **What internal resources do you currently use for the sustainable investment and corporate governance strategies that you apply?**

What's new?

- Asset managers who completed the Survey employ SRI teams that are about 1/5 of the size of the teams that they engage for conventional 'mainstream' analysis.
- This strikes us a reasonable ratio. However, we suspect that SRI/CG professionals are paid considerably less than their 'mainstream' counterparts – also that their responsibilities extend more broadly across the firm's activities. (An SRI analyst may also be responsible for marketing, client communications, colleague training etc). Therefore, in budgetary terms, the ratio could be somewhat different.

Who cares?

- All asset managers will be interested to benchmark their own resource allocation against that of their peers and competitors.

What's next?

- As sustainable investment grows and becomes more competitive, the resources required to differentiate within the industry seems likely to increase
- Asset managers are, therefore, likely to become much more disciplined about how to resource different aspects of their SRI / CG activity. They are likely to consider, as an integrated whole, their budget for in-house research and purchased research – in a way that has not hitherto been explicitly the case. They may also distinguish between the different aspects of the SRI professional's role in an attempt to fulfil each different aspect in the most efficient way. (For example, client relations may be undertaken by an SRI client relations specialist rather than bundled into an analyst's job.)

IRRI data: Basis for our analysis; basis for your action

Number of Full Time Equivalent Employees	Mainstream / generalists	Sustainability specialists
Portfolio managers	12.2	2.3
Investment analysts	22.3	4.2
Communications / client relations	5.3	1.1

Insight: External resources for research

We asked **asset managers** : **What external resources do you currently use for the sustainable investment and corporate governance strategies that you apply?**

What's new?

- On average SRI asset managers use two waterfront SRI/ESG subscriptions – so we can confidently say that the days of single-source research are over.
- It is notable, however, that asset managers seem more ready to take on a second ‘waterfront’ provider than to engage a larger number specialist sources and/or broker firms.
- We understand that this might be more complicated for the asset managers. However, we suspect that a broader pallet of research resources would deliver greater investment insight and also enable the asset manager to differentiate themselves better in an increasingly competitive market.

Who cares?

- All asset managers will be interested to benchmark their own resource allocation against that of their peers and competitors.
- Research providers will naturally be interested in what services asset managers are buying

What's next?

Asset managers are, therefore, likely to become much more disciplined about how to resource different aspects of their SRI / CG activity. Initially, they are likely to review what configuration of research spending is best able to deliver the results that they need. Subsequently, they may consider in-house research and externally-supplied research as part of the same budget line.

- Over time, we expect asset managers may also become more willing to outsource different aspects of the SRI activity set (for example, communications) to external specialists.

IRRI data: Basis for our analysis; basis for your action

Number of services used	Mainstream / generalists
‘Waterfront’ SRI/ESG subscriptions	1.8
Proxy voting services	0.9
Sell-side broker firms	3.5
Specialist SRI/ESG sources	2.5

Insight: Overall resources for SRI/CG research

We asked **asset managers** : **How do you think overall resourcing for sustainable investment and corporate governance activity at your firm might change over the next three years?**

What's new?

- 91% of managers expect at least some increase in resourcing for SRI and CG research over the next 3 years
- Over a third of managers expect this to grow faster than client demand - against an expectation of even greater client growth in years to come.

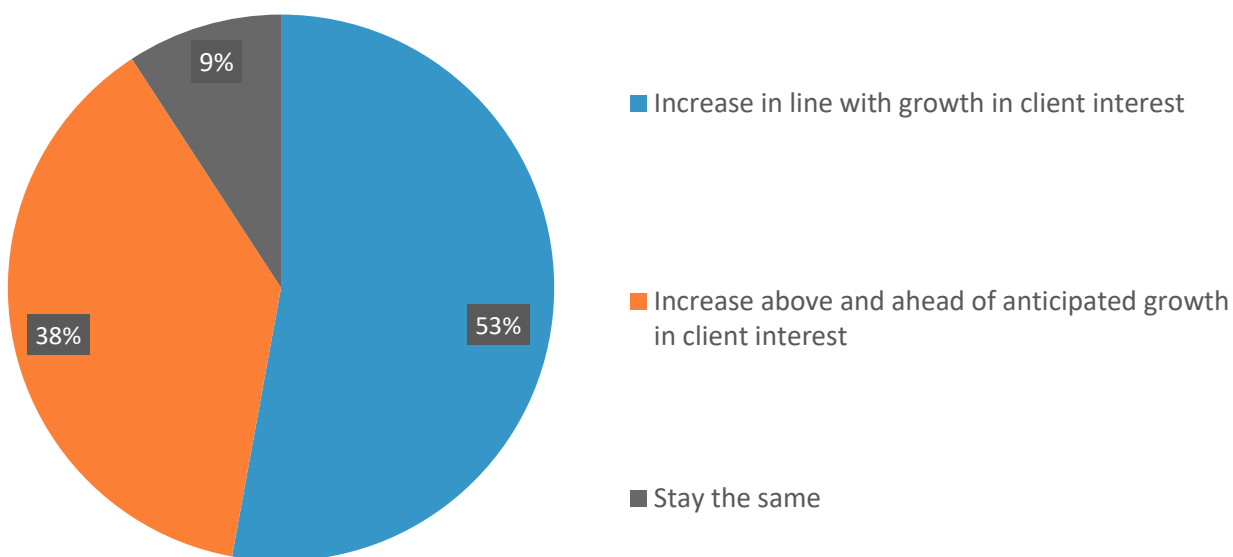
Who cares?

- Asset managers – to ensure that their investment plans relative to competitors reflect their ambitions in this market.
- Research providers – who will see these growth expectations as offsetting some of the downside of increased competition in the market

What's next?

- SRI looks likely to remain an area of above-market growth – particularly as other areas of investment and research budgets come under pressure.
- Asset managers wanting to 'lead' the market will need to increase resources significantly; those expecting to develop an in-line-with-market presence can grow at the same rate as their clients.
- With such rates of growth, asset managers could face increasing competition to hire experienced analysts.
- For bought-in research, we expect that growth in resources will necessarily be accompanied by a growth in purchasing discipline. This should drive up quality without requiring significant increase in resources.
- For employed capacity, ambitious asset managers will look to hire staff early and find ways to retain them as market growth continues.

IRRI data: Basis for our analysis; basis for your action



Insight: Resource allocation for SRI/CG research

We asked **asset managers** : **How do you think resource allocation between different sustainable investment and corporate governance inputs to your firm might change over the next three years?**

What's new?

- Half of the asset managers surveyed see resource allocation to sustainable investment growing steadily over the next three years while half see it remaining the same
- Between 10% and 20% see it increasing by a significant amount.
- In-house capacity is expected to grow most followed by analysis from independent research providers

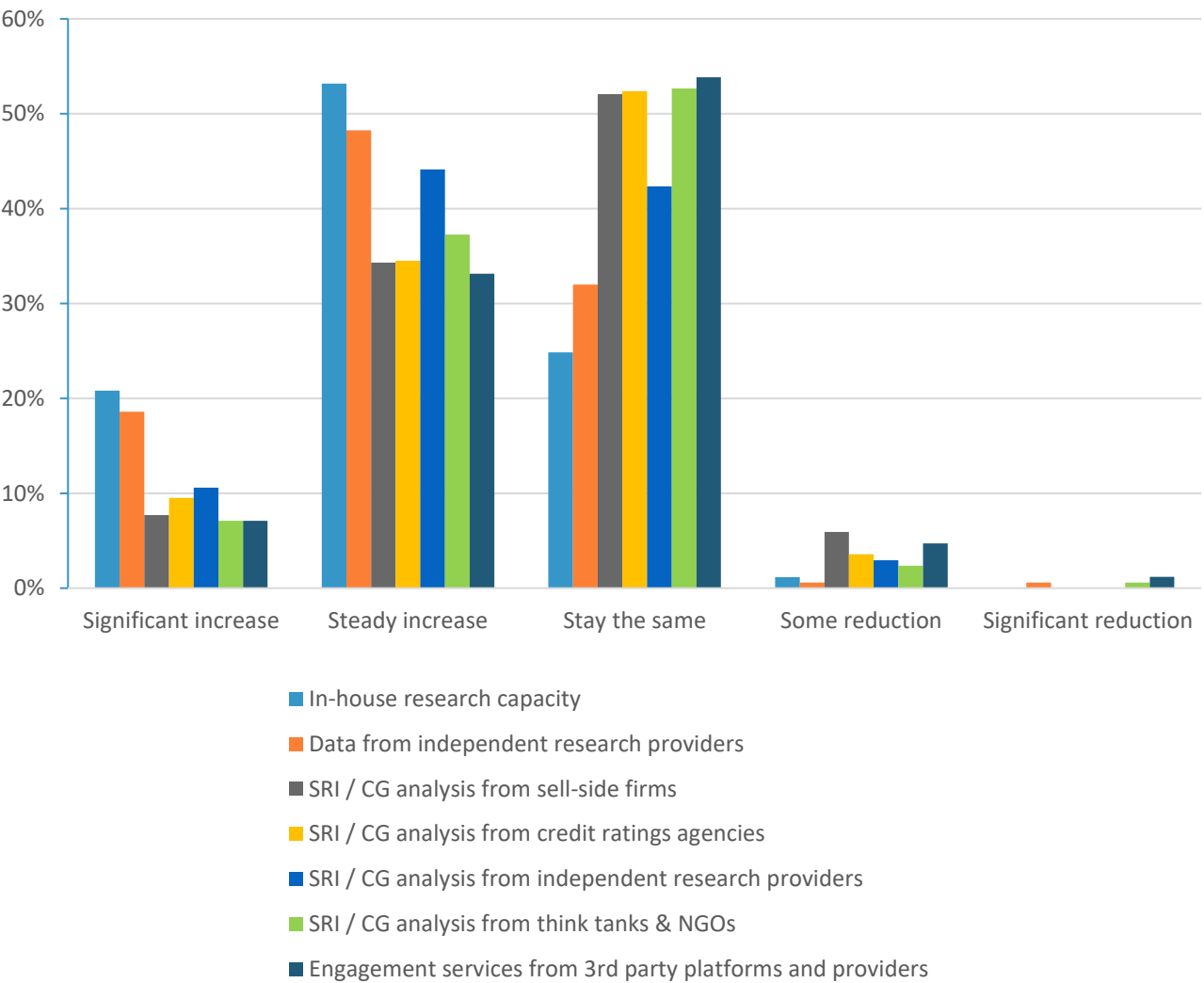
Who cares?

- Asset managers – who will note how their peers are expecting to invest in SRI/CG ... and the fact that such investment is likely to be increasing.
- Research providers – who will naturally be interested in the size of market growth and also in the fact that in—house investment looks likely to happen faster than external sourcing.

What's next?

- Different research sources are favoured at different stages of the SRI / CG investment development cycle and, as different firms are at different stages, a clear picture across the board is hard to discern.
- We suspect that in-house resources will grow while the majority of firms are at an average stage of development.
- However, once internal capacity is built to a level that enables it to service internal and external client needs, the increased efficiency of external sourcing of research will resurge.
- (Where the basic model of development is: (Stage 1: Buy-in well-recognised research base. Stage 2: Recruit team to develop internal practices and process incoming research. Stage 3: Move to 'mainstream' investment model whereby in-house team add differentiation to a suite of externally-sourced data and research resources).

IRRI data: Basis for our analysis; basis for your action



Insight: Improving company - investor communications

We asked **asset managers** : **How could companies improve their communications to you on sustainability and corporate governance matters?**

What's new?

- Primarily, asset managers want companies to focus on setting materiality issues within a strategic context and reporting to industry-standard-aligned metrics
- In respect of communications, asset managers want companies to focus on direct communications with them above written reports or communications with research providers – although the difference is marginal.

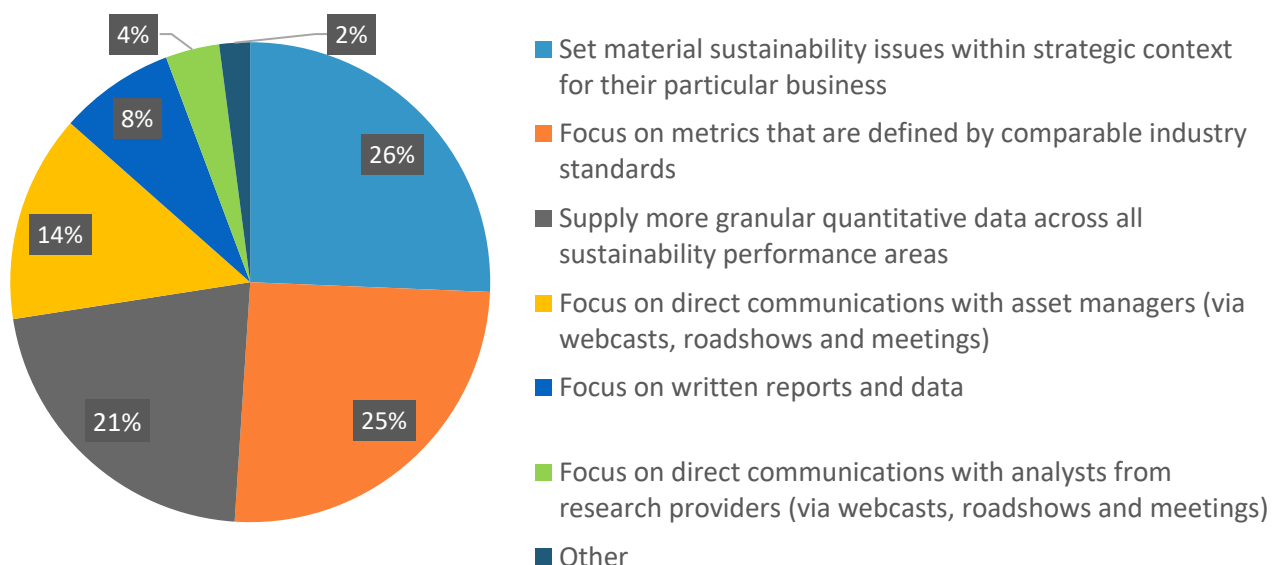
Who cares?

- Companies – who will be encouraged to see the emphasis on materiality and direct communications but perhaps somewhat discouraged by the continued interest in granular data

What's next?

- The conflict between 'materiality' and 'data granularity' will, we suspect, become increasingly evident. There are already signs of discontent within companies about the time and resources required to supply granular data for unspecified investment reasons. We suspect that increased confidence by companies and a drive for efficiency will override asset managers' calls for breadth and granularity.
- The call for direct communications is well aligned with a focus on 'materiality' and strategic context. So, we hope to see it progress significantly in the years ahead.
- Research providers also have a role to play in resolving the tension between 'data granularity' and 'materiality' and we suspect that the providers to do this most effectively will earn improved access to both companies and investors.

IRRI data: Basis for our analysis; basis for your action



Insight: Importance of company communications

We asked **asset managers** : **How important is direct communication with companies in your sustainable investment and corporate governance research?**

What's new?

- 70% of asset managers regard direct communications with companies as an important or top priority for their research
- Only 8% regard it as being of little / no interest

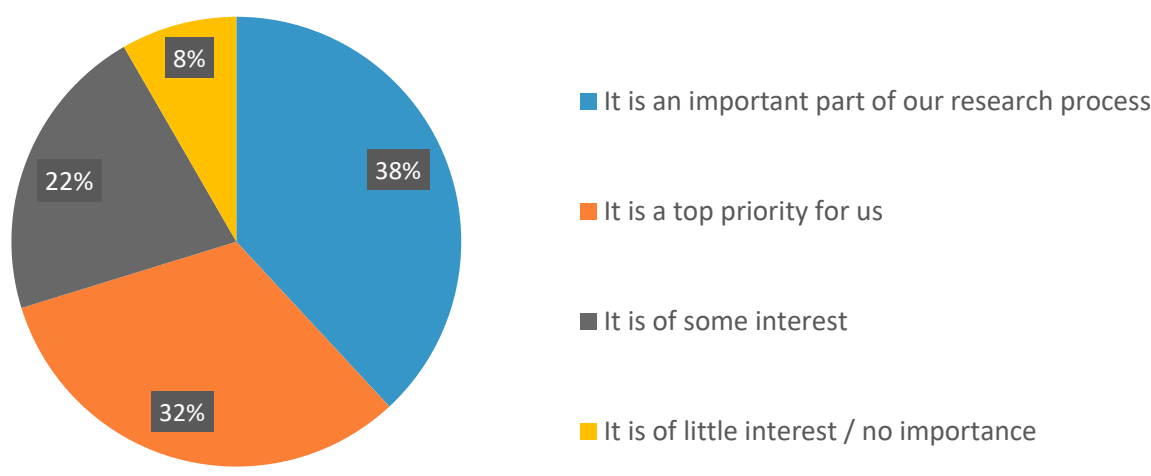
Who cares?

- Companies who – given the significance that asset managers place on this type of communications - will need to increase structurally the amount of direct outreach they do for investors
- Asset managers who will note how significant this aspect of the investment process is to their peers and competitors and will want to ensure that their own activity in this area is effectively planned and efficiently executed.
- Service providers who can facilitate communications between companies and investors on sustainability issues will see an opportunity to provide services to both sides.

What's next?

- This is not actually new. Investors have long claimed that they want more direct contact with companies. Also, companies have long sought greater levels of engagement from investors on sustainability issues.
- The barriers to substantially greater contact between the two sides appear to lie (a) within companies where IR teams may not share CSR teams' enthusiasm to engage; (b) within investors where contact with companies on SRI/CG issues has become subsumed into complex engagement structures and processes rather than kept as simple as it is by 'mainstream' investors; (c) the reluctance of service providers (probably consultants) to provide solutions.
- These barriers are gradually being broken down and smooth, efficient direct communications should quickly follow once a critical mass of company communicators have led the way.

IRRI data: Basis for our analysis; basis for your action



Insight: Company communicators

We asked **asset managers, independent research providers** : Which (quoted) companies are best at managing and communicating the material sustainability and corporate governance issues facing their business?

What's new?

- Congratulations to those listed below on being recognised by asset managers and research providers as being proactive communicators to investors on sustainability issues.
- Also, congratulations to all [100 companies that are ranked and the many commended here on SRI-CONNECT](#).
- We note, however, that many of the companies ranked highly were also ranked highly last year – suggesting that the leaders have confirmed their best practices but are not being challenged by newcomers to the practice of effective communicators

Who cares?

- Companies who are ranked ... will be pleased – because it's nice to be recognized for hard work.
- Companies who are not ranked – but expend considerable energy and resources communicating sustainability performance to investors may want to reconsider their approach to investor communications. As the rest of this research shows, there are effective ways to communicate sustainability to investors and ineffective ways.

What's next?

- As companies' awareness of the differences between effective and ineffective practice in sustainable investor communications grows, we expect to see a significant number of companies realigning their current activities with the practices that work best.
- In particular, we expect ambitious companies to compare themselves with their sector peers (and competitors for investor capital) in a bid to emulate and outperform them.

IRRI data: Basis for our analysis; basis for your action

Top 10

1. [Unilever](#)
2. [Danone](#)
3. [Nestlé](#)
4. [Marks and Spencer Group](#)
5. [Aguas Andinas](#)
6. [BHP Billiton](#)
- 7.= [Axa Group](#)
- 7.= [Intel](#)
- 7.= [Orsted](#)
- 7.= [Schneider Electric](#)
- 7.= [Swiss Re](#)

Insight: Company contact desired

We asked **asset managers & independent research providers** : Which companies would you most like to have direct contact with next year?

What's new?

- The Top 20 companies on investors' 'would like to meet' list are evenly divided between tech firms, resources firms and others – with financials and consumer firms featuring in the other categories.
- Below this Top 20 a broad spread of companies and sectors appear on the list (over 250 companies mentioned) reflecting the breadth of investor interest in contact with companies.
- Also note that a [longer listing of companies that investors want to meet can be viewed here on SRI-CONNECT](#)

Who cares?

- The companies listed – obviously!
- Consultants that can facilitate communications between these companies and investors
- Other investors interested in the same companies. Once a critical mass of investors shows interest in meeting, companies will typically oblige – if an efficient way can be found for them to do so.

What's next?

- Over time, all companies should take the initiative and reach out proactively to investors to discuss sustainability and corporate governance issues.
- This process can be accelerated by drawing the list below to the attention of any companies that are on it and introducing them to intermediaries who can arrange efficient contact with a broad range of analysts and investors globally.

IRRI data: Basis for our analysis; basis for your action

Top 10

1. [Amazon.com](#)
2. [Facebook](#)
3. [Royal Dutch Shell](#)
- 4.= [Exxon Mobil Corporation](#)
- 4.= [Vale](#)
6. [Google](#)
7. [Bayer](#)
- 8.= [BHP Billiton](#)
- 8.= [BlackRock \(Company\)](#)
- 8.= [Nestlé](#)

Insight: Supporting access to companies

We asked **asset managers** : Which group best supports your access to companies?

What's new?

- Most asset managers plan to do more of their company engagement directly or through collaborative engagement initiatives.
- A minority (c. 30%) plan to use independent research or specialist engagement providers more.

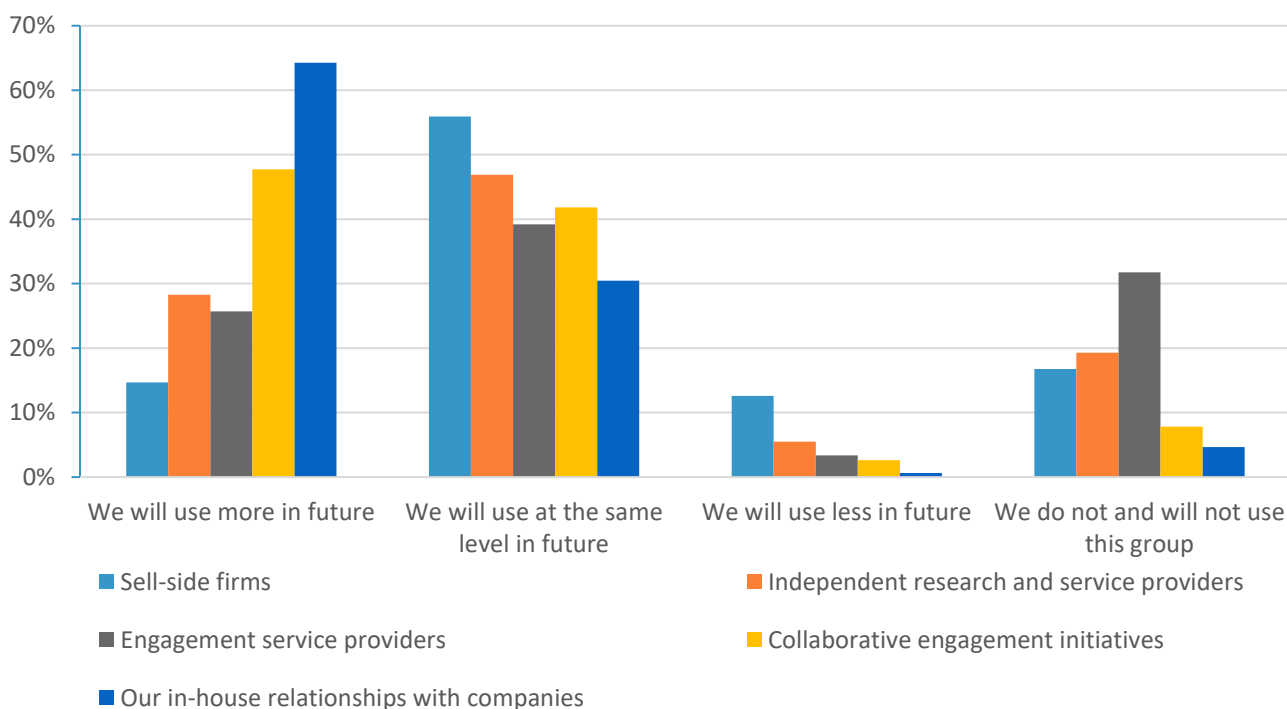
Who cares?

- Companies: - as this will help them decide who to target to maintain efficient contact with asset managers
- Asset managers: - who will be interested to compare their own expectations against those of their peers

What's next?

- At current levels of engagement (see other insights), it may be reasonable for asset managers to expect to use their own in-house relationships with companies to support access. At the higher levels of engagement that are to be expected, however, this becomes impractical and mutualized solutions are to be expected.
- Collaborative engagement initiatives are widely but erroneously assumed to be efficient ways of supporting contact between companies and investors. However, they are widely supported in the industry. As the industry matures and access to companies is increasingly used for information rather than 'engagement', we see the inefficiency of these becoming evident – such that asset managers and companies are likely to disintermediate them.

IRRI data: Basis for our analysis; basis for your action



About asset managers

Insight: Asset managers' SRI interest

We asked **sell-side brokers** : **Client demand: What percentage of your largest 100 asset manager clients show:**

What's new?

- Just over half of the largest asset managers show a strong or sustained interest in SRI research, with a further quarter starting to become interested

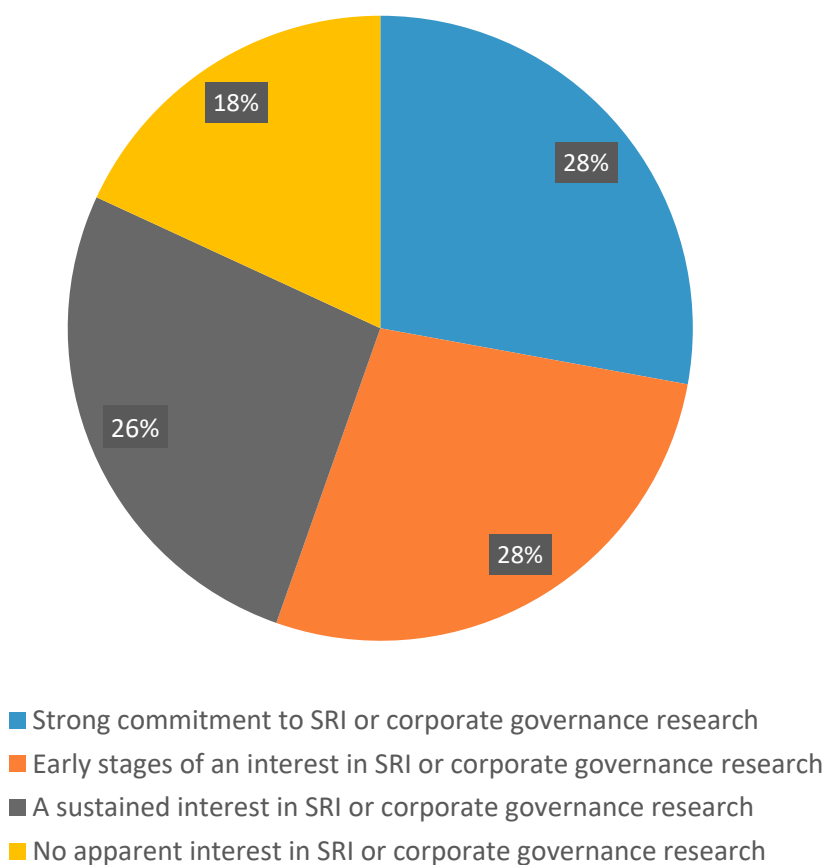
Who cares?

- Managers who have had little exposure to SRI will want to understand the engagement levels of other managers
- All research providers will be interested in identifying the 28% of asset managers who show the early stages of interest in the subject – as these are potential new clients

What's next?

- We expect research market growth to be equally driven by those moving from 'early stage' to 'sustained interest' and on to 'strong commitment' as it is by those entering the market for the first time.

IRRI data: Basis for our analysis; basis for your action



Insight: Use of sell-side

We asked **sell-side brokers** : **How well asset managers understand their business relationship with brokers:**

What's new?

- Only 28% of asset managers, according to brokers, are clear about what they want from the sell-side and understand how to pay for it

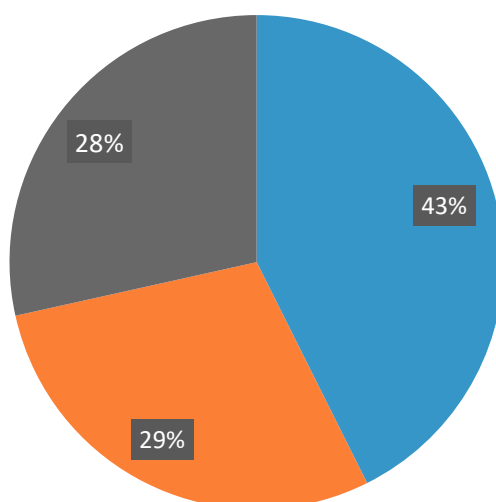
Who cares?

- Brokers – because, self-evidently, their business depends on their target clients knowing what they want and how to pay for it
- Asset managers – because the economic dynamics of the sell-side are changing rapidly and there is an unique opportunity for SRI and corporate governance analysts to make their needs and priorities heard. However, there appears to be too little awareness amongst SRI investors of how to use their buying power exploit this opportunity.

What's next?

- The SRI industry is missing a massive opportunity here; the sell-side wants to supply integrated research; the buy-side claims to want it; the business model has opened up in a way that makes sell-side research cheaper and more accessible.
- However, the industry has been missing this opportunity for the past five years and it is hard to predict what will change the game.
- In the meantime, the 28% who do understand what they want and how to pay for it are gaining considerable competitive advantage.

IRRI data: Basis for our analysis; basis for your action



- Are unclear about how sell-side research and services can support their SRI & CG investment activity
- Know what they want but are not clear about how (or how much) to pay for it
- Know what they want and know how to pay brokers for it

Insight: Existing mandate integration

We asked **asset owners** : **Existing mandates: Do you require your asset managers to report on how they integrate sustainability and corporate governance factors into their investment decisions?**

What's new?

- 88% of asset owners surveyed now require managers to report on how they apply sustainability and governance factors to their investment decision-making with only 12% not requiring it at all.
- Importantly, 57% require this reporting to be explicit and not wrapped up in general performance reporting.

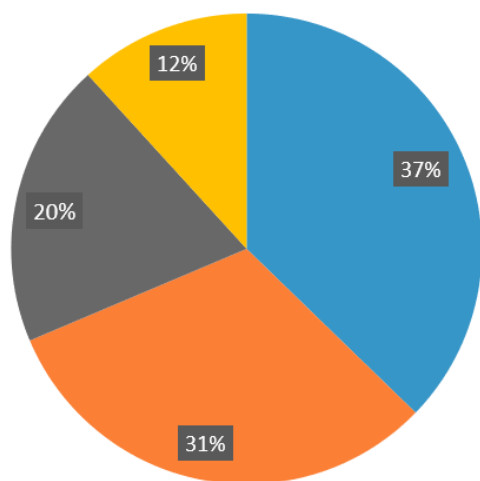
Who cares?

- Asset owners – who can be reassured that such a high proportion of their peers also have this requirement
- Asset managers – who need to be aware of this widespread expectation and prepare to report accordingly
- Investment consultants – who should position themselves to guide clients on what such reporting should contain while preparing to evaluate the quality of reports submitted by asset managers

What's next?

- As much *reporting* is private supplier-to-client reporting, there is little public information on what such reports contain. A benchmarking exercise on these reports (asset class by asset class and expectation by expectation) would probably help development of this area.
- Asset managers that lead in this area are likely to actively encourage high-quality reporting on SRI/CG activity – to create a new competitive battleground at a level higher than basic policy competence

IRRI data: Basis for our analysis; basis for your action



- Yes - EXPLICITLY - for ALL mandates, we require managers to report explicitly on any efforts that they have made to incorporate these factors within their investment decision-making
- Yes - IMPLICITLY - we expect managers to report on all drivers of performance - including, where applicable, sustainability & corporate governance related drivers
- Yes - EXPLICITLY - for NEW / RECENT mandates, we require managers to report explicitly on any efforts they have made to incorporate these factors within their investment decision-making
- No - we do not require managers to report on these factors

Insight: New mandate integration

We asked **asset owners** : **New mandates: Do you mandate your asset managers to integrate sustainability and corporate governance factors into their investment (buy-sell-hold) decisions?**

What's new?

- 87% of asset owners require sustainability and corporate governance to be integrated into new mandates.
- More require this integration to be explicit – now 50%.
- An explicit requirement creates a point of competitive differentiation against which mandates may be won and lost while an ‘implicit expectation’ can easily be faked.

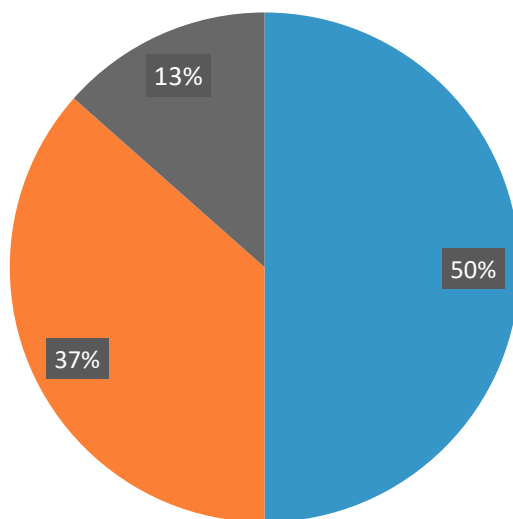
Who cares?

- Asset owners – to benchmark their expectations against those of their peers
- Investment consultants – who can advise on how to turn ‘implicit expectations’ into explicit requirements
- Asset managers – should continue to track the growing requirement for explicit integration reporting as this (together with the potential for investment outperformance) will define the extent to which they need to develop their sustainability and integration capabilities.

What's next?

- As asset owners continue to gain confidence and receive external beneficiary instructions, we can expect further increased explicit SRI/CG expectations; asset managers will need to be able to show increasing levels of competence in the area.

IRRI data: Basis for our analysis; basis for your action



- Yes - EXPLICITLY in the mandate - we require managers to take sustainability and corporate governance factors into account where relevant
- Yes - IMPLICITLY - we expect managers to take all relevant factors into account - including sustainability and corporate governance factors
- No - we do not require managers to report on these factors

Insight: Investors communicating research needs

We asked **independent research firms** : **How could clients improve the way that they communicate their needs to you?**

What's new?

- The dominant message from research providers is that they want to understand their asset manager clients' objectives, processes and priorities better. In particular, they want to understand how the information and data that they provide is actually used by asset managers in their research and investment processes.
- There appears to be a widespread understanding that asset managers' own communication of their needs does not give suppliers sufficient information to understand the full extent of what these managers do and don't want.

Who cares?

- Asset managers – as it is clear that research providers are open and receptive to hearing about their processes – and want to better meet their clients' needs

What's next?

- This appetite to learn about clients' needs may be symptomatic of a gradual shift from SRI/CG research being a sellers' market to being a buyers' market – in which asset managers become more selective about what they need and actually use and providers respond accordingly.
- The close interest in clients' needs from providers would be an inevitable result of this.
- For this transition to occur, a critical mass of asset managers will need to become explicitly and openly selective about their research purchasing – a practice that we only see currently in small areas of the market.

IRRI data: Basis for our analysis; basis for your action



Insight: Sell-side broker services

We asked **sell-side brokers** : **What SRI / CG research services does your firm provide to clients?**

What's new?

- Brokers continue to offer a broad range of products and services to asset managers.
- The most widely- and consistently-provided services are Market Commentary and Newsflow Analysis, Thematic Research, Sector-based and Issue-based research

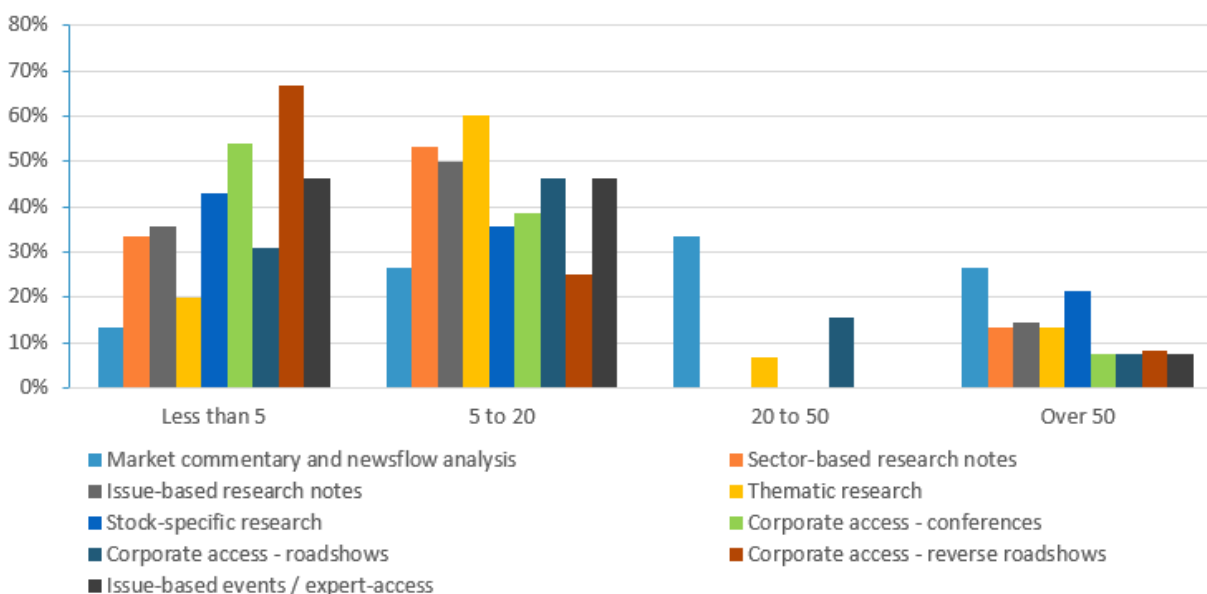
Who cares?

- Asset managers – many of whom have, to date, been indiscriminating and passive recipients of ‘sell-side’ research but who – under MIFID will need to become much more explicit about what they want and will pay for.
- Sell-side brokers – who will see data as reflecting the somewhat opportunistic approach that many of their peers have been forced to take but may also see it as a baseline against which to articulate clear product focus and specialism.

What's next?

- Tight resourcing (see insight on asset managers’ understanding of the broker business model) and regulatory change (MIFID) are forcing ‘sell-side’ research providers to become more selective and differentiated in what they offer
- Asset managers can use the current ‘buyers’ market to encourage focus on research approaches that the ‘sell-side’ is best equipped to deliver and the ‘buy-side’ most needs.
- Such focus will probably be around - as other ‘Insights’ evidence - the objective of ‘integration of sustainability and corporate governance’ factors – a practice that the sell-side (more than any other providers in the research value chain) are well-positioned to support.

IRRI data: Basis for our analysis; basis for your action



Insight: Asset managers' needs communication to brokers

We asked **sell-side brokers** : **How could clients improve the way they communicate their needs to you?**

What's new?

- From the comments below, we identify three points of improvements: Asset managers to be clearer about their own needs; asset managers need to understand the broker business model better; direct communication is needed to connect these two.

Who cares?

- Asset managers will want to understand how to help brokers to improve their service to them
- Sell-side analysts clearly need more advanced notice of asset managers' interest areas if they are to produce research that is of the quality required to be distributed as research product.

What's next?

- Arguably, the onus for the improved communication should always lie with the supplier. However, we suspect that the reality of resourcing levels within brokers means that the asset managers who are most proactive about communicating what they need in advance will get most attention.
- We expect communications of needs to improve as transparency of payment improves (see Insight: Improvements to payment)

IRRI data: Basis for our analysis; basis for your action

- "Admit their lack of knowledge and listen more...."
- "Developing broker reviews for Fixed Income research!"
- "By saying clearly what they need and what themes they are targeting."
- "The main issue is that ESG analysts often don't understand how broking fundamentally works / what the commercial relationship is. This is a bigger issue with asset owners that manage their funds in-house - where the ESG specialists will be even more remote from commission allocation."
- "More phone less email"
- "Continued face-to-face communication."
- "Clients need to communicate first what they do and don't need from the sell side. Then they need to discuss the business arrangements that will enable us to meet those needs."
- "Communicate directly with the relevant analysts / sales on the ESG issues that matter to them. To achieve full integration (which everyone seems to aim for) then the analysts at sell-side firms need to be shown clearly that their asset management clients are actually interested."
- "Ensure that CIOs and managers ask portfolio teams who value ESG/SRI research to quantify that value and ensure broker liaison officer includes ESG/SRI in firm's regular broker assessment/reviews."
- "A clearer understanding of their mandates "

Insight: Interest in companies - sector interest of investors

We asked **sell-side brokers** : **From which sectors are the companies that SRI / CG analysts most want to meet?**

What's new?

- Brokers believe that energy and carbon-exposed sectors dominate the list of sectors that investors want to meet. This is consistent with other findings within the Survey.
- Similarly, to last year, the food producers sector appears relatively highly – perhaps reinforcing the recognition that FAIRR has received for various reports on protein and antibiotics in farming.

Who cares?

- Companies in the sectors prioritized by investors will need to develop pro-active investor communications strategies for the year ahead
- Sell-side brokers may want to explore why they have not picked up investors' interest in software companies (this may be due to a geographical coverage bias)
- All research providers will want to make sure they are providing appropriate levels of coverage for the sectors that investors are most interested in

What's next?

- As discussed in other parts of the Survey, we expect a structural uplift in the volume and quality of sustainable investor communications by companies in energy and carbon-exposed sectors in future years.
- Companies in the auto sector have not yet faced the same level of investor pressure that energy companies have but will want to understand the issues for SRI/CG analysts and prepare their strategy for engagement

IRRI data: Basis for our analysis; basis for your action

Top 10

1. Energy (25%)
- 2.= Banks (10%)
- 2.= Transport (10%)
- 4.= Food products (8%)
- 4.= Metals & Mining (8%)
6. Alternative & Renewable Energy (7%)
- 7.= Automobiles & Components (5%)
- 7.= Chemicals (5%)
- 7.= Food & staples retailing (5%)
- 7.= Internet (5%)

Insight: Interest in companies - by investor geography

We asked **sell-side brokers** : In which markets is there most demand for meetings with companies from SRI / CG analysts?

What's new?

- Investors based in France stand out above other countries as having the most interest in meeting with companies. Then demand from Benelux, the Nordic region, Germany, Austria and the UK is also strong.
- Demand is notably stronger in Canada than in the USA

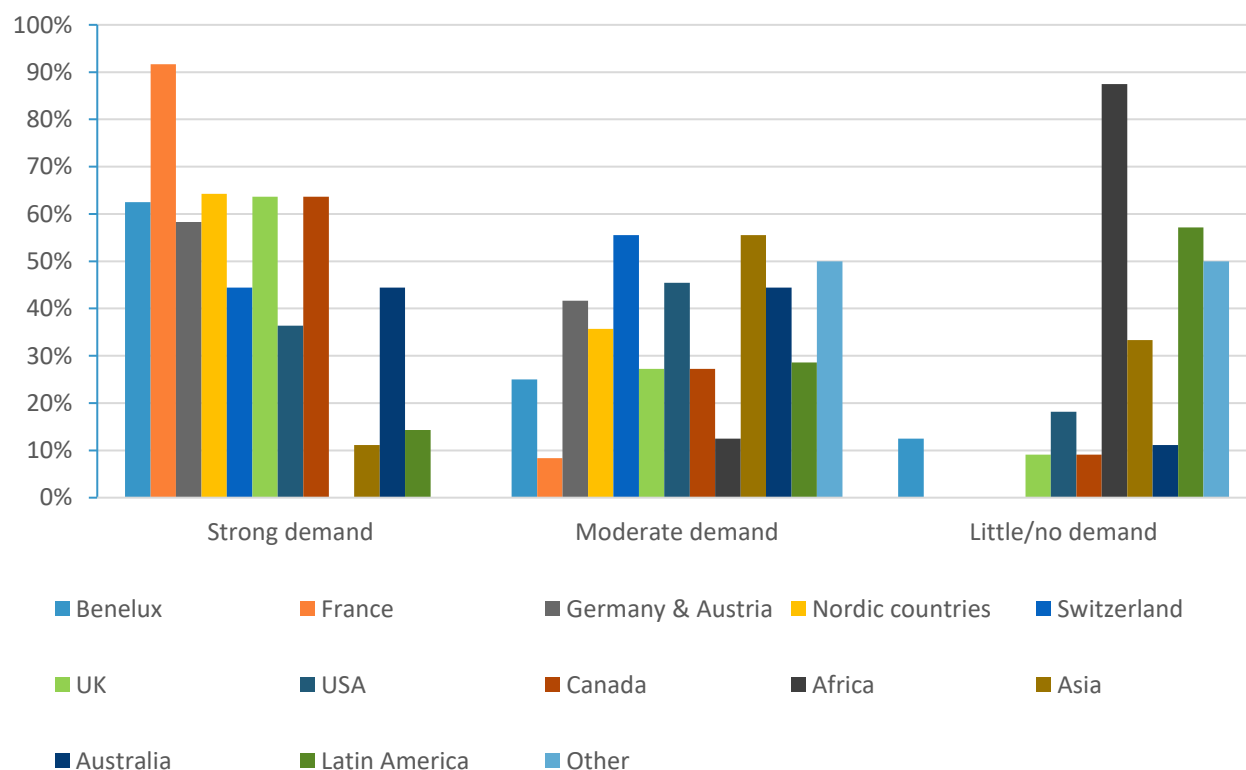
Who cares?

- Companies in the different markets will naturally be interested in the likely level of investor interest in their sustainability story

What's next?

- Companies with significant shareholders in the markets with strong appetite for meetings or with strong sustainability stories to tell will probably prioritise outreach to investors in these markets

IRRI data: Basis for our analysis; basis for your action



Insight: Managing contact

We asked **listed companies** : **What does your company do to manage its SRI / CG contacts?**

What's new?

- 27% of companies proactively target SRI investors and analysts
- 31% manage relationships reactively (by recording contact when it happens)
- A diminishing number of companies have no formal approach to managing their SRI / CG relationships or limit such management to keeping a mailing list

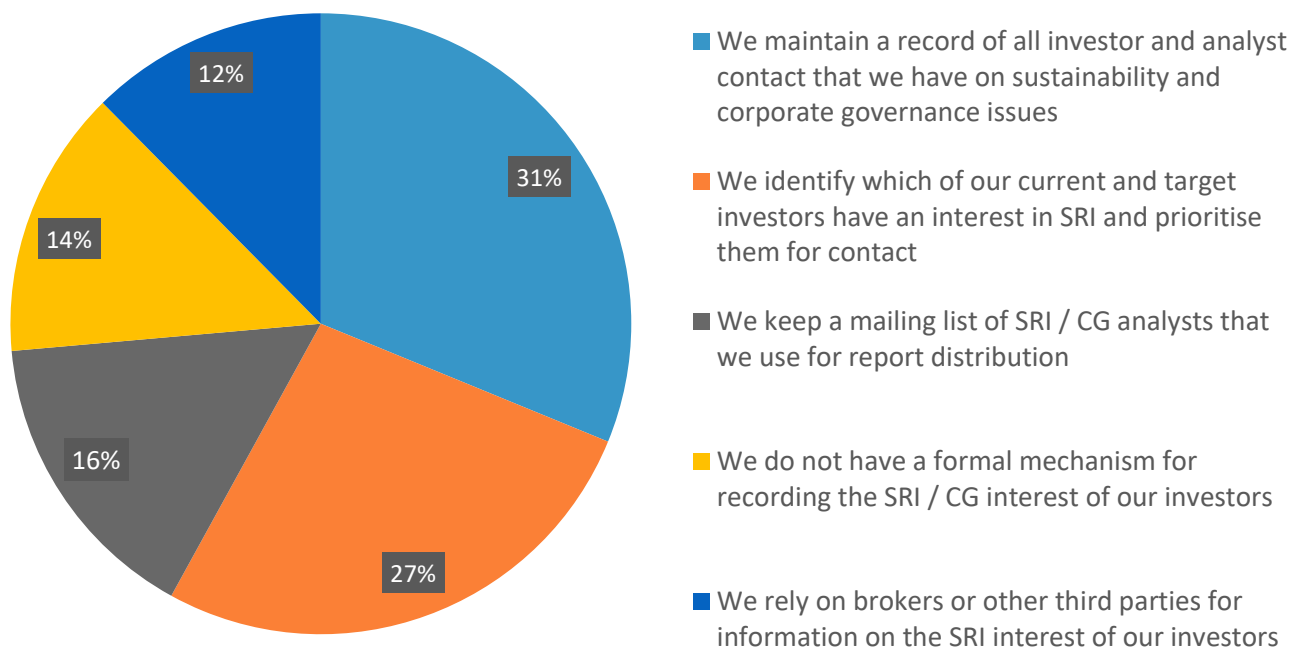
Who cares?

- Investors and research providers will be pleased to know companies are becoming increasingly active in their approach to SRI and CG contact and communications management – as this will improve efficiency throughout the industry.
- Companies who should be aware that their peers are becoming more proactive in managing SRI & CG contact

What's next?

- As they engage further in sustainable investor communications, it seems likely that all companies will step up the degree of targeting and tracking that they engage in – not least because it improves significantly the efficiency of the process.
- Investors and analysts may – for their part – respond by communicating more clearly to companies which sectors and issues interest them – such that they too contribute to improved efficiency within the industry

IRRI data: Basis for our analysis; basis for your action



Insight: Communications actions by companies

We asked **listed companies** : Which of the following things did your company do last year to communicate with SRI / CG analysts?

What's new?

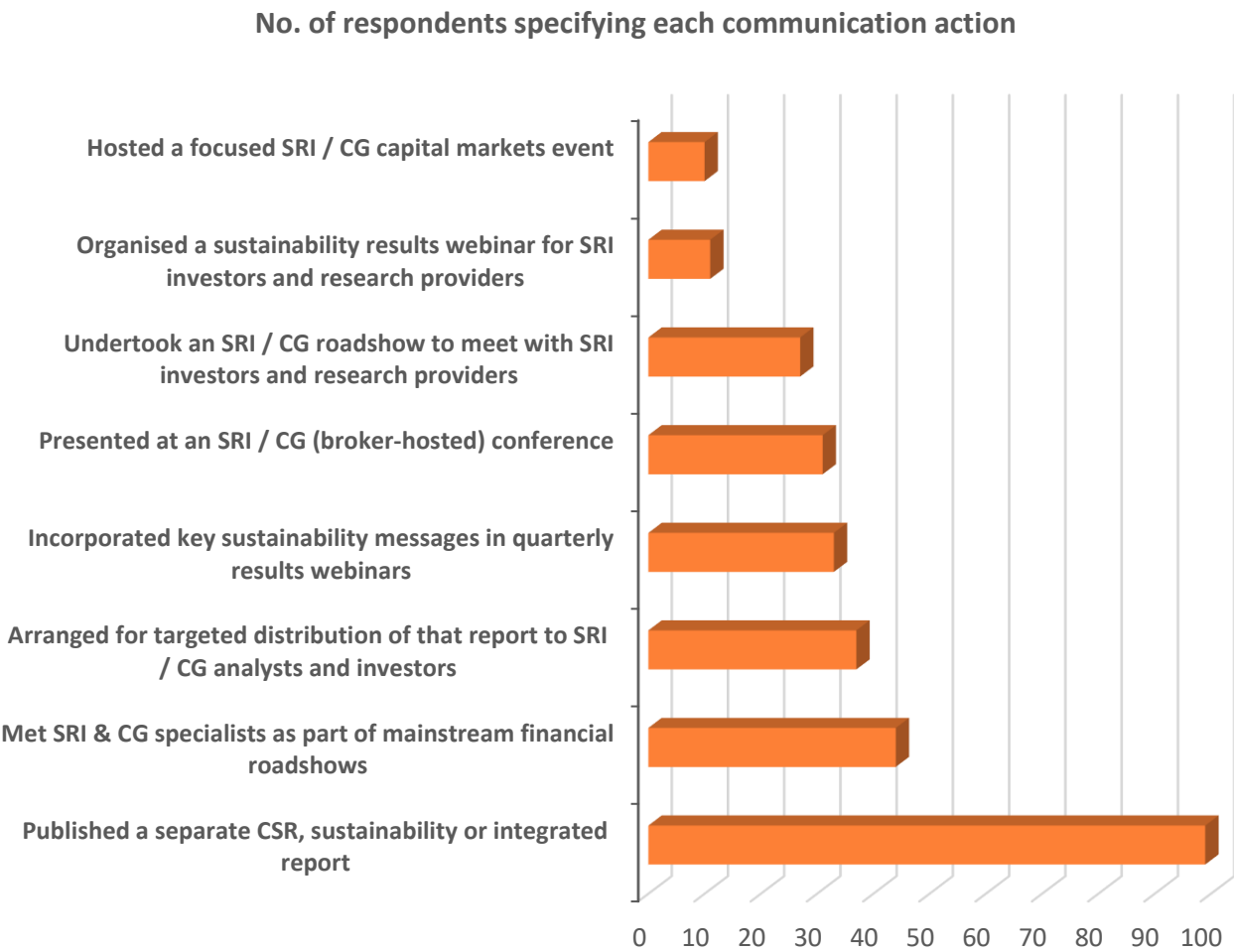
- The majority of companies publish CSR, sustainability or integrated reports.
- Repeated anecdotal evidence from other sources suggests a high degree of frustration amongst companies that these reports are not read.
- This is not actually surprising. In a massively oversupplied information environment (there are lots of reports on the internet!) and, as the data below reveals, most companies fail to follow up the publication of their report with even the simplest steps (that are prevalent in other investor communications) to ensure that these reports are read.
- Around 1/3 of the companies that produce sustainability reports organize for them to be distributed to an investor audience and similar numbers meet with analysts or present at investor conferences.

Who cares?

- Companies who want their sustainability information to be absorbed by analysts and investors will follow-up the publication of reports in 2019 and 2020 with distribution of those reports and other simple outreach activities.

What's next?

- Over time, we expect the practices involved in the communication of sustainability information to investors to converge with the practice involved in 'mainstream' investor communications. Questionnaires will disappear and webinars and roadshows will increase.
- These basic steps are likely to precede the full integration of sustainability information within 'mainstream' investor presentations – which remains challenging for both companies and investors.



Insight: Best understanding of companies - asset managers

We asked **listed companies** : Which SRI / CG research analyst from an ASSET MANAGER best understands the challenges and opportunities facing your company?

What's new?

- A refreshed listing of the analysts that companies most respect features two mentions for analysts from RobecoSAM and single mentions for analysts from a variety of other firms.
- Congratulations to all analysts listed below and to the others [listed and commended on SRI-CONNECT here](#)

Who cares?

- Asset managers – Companies are often the best judges of who best understands their business (and have no incentive to lie when voting anonymously for asset managers). So, this is a useful indicator of which analysts are most insightful about different companies and sectors
- Companies – who are not already connected to these analysts may want to ensure that they are covered by the analysts that are most likely to understand their business and the context within which they operate

What's next?

- No significant changes are envisaged here although a virtuous circle may be created whereby the best regarded analysts will receive better access to companies which will improve their understanding and reputation etc.

IRRI data: Basis for our analysis; basis for your action

Top 10

1. [Aaron Re'em \(RobecoSAM\)](#)
- 2.= [Niamh Whooley \(PIMCO\)](#)
- 2.= [Sylvia van Waveren \(Robeco\)](#)
- 4.= [alexandre gazzotti \(Itau Asset Management\)](#)
- 4.= [Daniel Wild \(RobecoSAM\)](#)
- 4.= [Yuko Natsuka \(Sompo Japan Asset Management\)](#)
- 7.= Annareetta Lumme-Timonen (Solidium)
- 7.= [Eugenia Jackson \(Allianz Global Investors\)](#)
- 7.= [Raquel Costa \(Bradesco Asset Management\)](#)
- 7.= [Shane Chaplin \(Swedbank Robur\)](#)

Insight: Practical steps for asset managers

We asked **industry experts, investment consultants, specialist consultants** : **What practical steps can ASSET MANAGERS take to capture most advantage from sustainable investment and corporate governance activity?**

What's new?

- Key messages are: ensure you have the proper resources; develop and communicate an SRI/CG strategy; show how you are actually using ESG information in your investment process and report on key indicators; talk to asset owners and companies about what you are doing and why you are doing it.
- It goes without saying (although it is well-expressed in a number of the comments below) that a strategy that resonates with the firm's core objectives needs to be developed and that adequate resources need to be allocated to enable asset managers to engage successfully.
- More surprising perhaps is the frequency with which 'improved communications' are cited by the expert respondents below

Who cares?

- Leaders (asset managers): may be surprised by the number of recommendations that relate to improved communications. Within an industry (financial services) that is generally bad at communications, SRI should present an opportunity for firms to excel.
- Learners (asset managers): are more likely to find more value in the simple tips on strategy development and the importance of aligning this with the firm's core objectives.

What's next?

- Asset managers will continue to progress towards developing effective sustainable investment strategies and processes.
- However, in today's social media environment, doing the right thing counts for little if that is not effectively communicated to stakeholders (in asset managers' case, these stakeholders include: clients of different types, investee companies, research providers and the wider public).
- Asset managers should see SRI and Corporate Governance as communications priorities that resonate much more broadly than the specific SRI/CG investment strategies adopted. With a few notable exceptions, this is not yet happening.
- However, we are confident that pressure from wider society and the actions of a few leaders will structurally change asset managers' approach to communications such that it becomes nearly as valued as fundamental research and investment process within individual firms and the industry as a whole.

IRRI data: Basis for our analysis; basis for your action

- "Asset managers should favor portfolio companies that provide substantive ESG/Sustainability disclosure (as opposed to those that fill a lot of space with a lot of noise and green washing). Studies have shown only 20% of the information being disclosed is material (and useful to the investment decision-making), so start rewarding the companies who get it and are focused on providing the information that investors truly do need, as opposed to just giving them the fell-good information."
- "Understand the issues; Sift out what is and isn't material to returns; Communicate properly what you are (and aren't) doing"

- "Asset managers should dedicate resources to proprietary research and sponsor research in academia, and then share the research as widely with peers and investors alike. Corporate engagement should also be at the centre of the investment process. It should be fully integrated and results should be monitored. In general monitoring and measuring is essential to the credibility of sustainable investment practices. "
- "Develop platforms that are easier to use"
- "Investors are now asking for a sniff test after the negative and positive screens have been completed in the analysis of potential investments . "
- "Answering greater demand from asset owner clients; Walk the walk on UN PRI obligations; Less marketing, more substance."
- "Use TCFD disclosure"
- "Engage more with companies on ESG to gain a deeper understanding of the challenges and opportunities facing them."
- "Be fearful when others are greedy and greedy when others are fearful. Right now, asset managers should be focused on ensuring their offerings, especially in labelled funds, are methodologically robust, at a time when there are increased rumblings about greenwashing. As for stewardship, Climate Action 100+ has shown that forceful collaboration can induce a step-change in corporate behaviour. Asset managers needs to be more readily to sublimate their preferred subtlety in favour of sending a choreographed message that is clear and indivisible and backed by serious, serious money, to effect change."
- "Engage more with the end investor and their advisers to get a fuller understanding of what they want. Be driven by their needs and wants and create products accordingly."
- "[a] Question the data from rating agencies if you are surprised by what you see; [b] Ensure that all information is relevant (e.g. timely); [c] Request interaction where it will add value but is not forthcoming. Many businesses may not know how to engage, help them!"
- "Publish your PRI Assessment report publicly"
- "Asset managers should push sell-side sector and stock analysts to integrate ESG into their regular sector and company research, and include ESG in the broker vote process. AM's who are public about their ESG engagement should raise their standards on what counts as a "victory," differentiate in their public messaging between commitment and action, and be bold about expressing disappointment if it's merited. Equally, we should not judge engagement-focused AMs on the supposed victories count, but on raising awareness and effort. It takes a village."
- "Knowledge is key. Those who understand the opportunity and are prepared to actively engage will take the lead. Investors will increasingly know more and want to engage more. Success will come to those that use this as a driver for good."
- "Report on impact."
- "Engage with company management early and often on material issues. "
- "Assess their ESG exposures across asset classes."
- "Develop a deeper and broader understanding of systemic risks cascading from unattended SRI/CG topics."
- "Take account of ESG analysis"
- "Educate themselves about the UN SDG investment case and act accordingly."
- "Use sustainable indices as benchmarks. Disinvest from assets which are clearly not supportive of an energy transition from fossil fuels to renewables."

- "Influence government policy to support aggressive emission reductions and a just transition"
- "Create truly differentiated products; articulate sustainability-themed investment theses"
- "Engage with all third party ESG data providers to ensure that analysts and portfolio managers are provided access to the broadest and deepest suite of material ESG data to inform investment decision making. Articulate the ESG investment thesis internally to ensure senior management supports such efforts and invests in enhancing firm capabilities around ESG data management and investment stewardship/engagement activities. Ensure that data collection mechanisms are well-developed to ensure that alpha captured through ESG-influenced decisions is adequately defined and lessons learned and disseminated internally for the firm's benefit."
- "Divestment from companies and sectors with ecologically-unsustainable business models"
- "Take it seriously"
- "Show how they differentiate themselves from their competitors on ESG integration"
- "Ensure actions match words; Ensure public commitments and strategy have a meaningful impact (as well as beneficial commercial positioning)"
- "Go for quality not quantity when it comes to product development. Central to that development should be investing capital consistent with social and environmental solutions, not continuing to contribute to the problems that we face."
- "Integrate SRI/ESG topics into research and risk management process"
- "Full integration of ESG and comprehensive comparable reporting"
- "Be far more forceful in their active ownership activities, focusing on achieving outcomes rather than just activity for the sake of it"
- "Start using SASB. It's the first time we have an ESG data standard specifically for investors"
- "Participation in Multi-Stakeholders initiatives; company and public policy engagement"
- "Asset Managers need to take leadership both in supporting responsible business and sustainable commerce, while demonstrating the highest standards of transparency and responsibility."
- "[a] Ensure robust policies and processes for a systematic approach to incorporating ESG factors into investment decision making; [b] include cross-departmental input and wider internal education and training [c] ensure clear messaging and reporting for a clear proposition on what RI/ESG means to the asset manager."
- "Be empathetic with both investors and social entrepreneurs. In the end, it is about the financial metrics, but we cannot ignore the fact that the triple impact is both a goal and an opportunity of impact investing. We need more voices and diversity in those management teams. We need to build more capacities to understand better the social and environmental dimensions of the due diligence. We need more documented exits. We need to learn from the mistakes."
- "Teach their clients more on this."

From sell-side brokers

Insight: Asset managers' SRI interest

We asked **sell-side brokers** : **Client demand: What percentage of your largest 100 asset manager clients show:**

What's new?

- Just over half of the largest asset managers show a strong or sustained interest in SRI research, with a further quarter starting to become interested

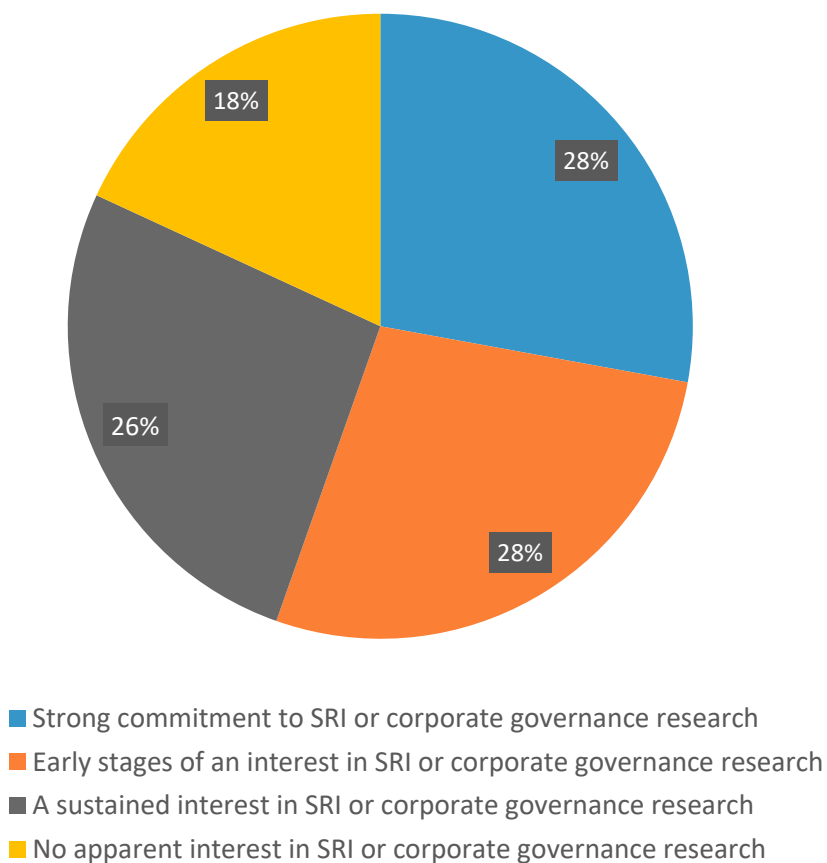
Who cares?

- Managers who have had little exposure to SRI will want to understand the engagement levels of other managers
- All research providers will be interested in identifying the 28% of asset managers who show the early stages of interest in the subject – as these are potential new clients

What's next?

- We expect research market growth to be equally driven by those moving from 'early stage' to 'sustained interest' and on to 'strong commitment' as it is by those entering the market for the first time.

IRRI data: Basis for our analysis; basis for your action



Insight: Use of sell-side

We asked **sell-side brokers** : **How well asset managers understand their business relationship with brokers:**

What's new?

- Only 28% of asset managers, according to brokers, are clear about what they want from the sell-side and understand how to pay for it

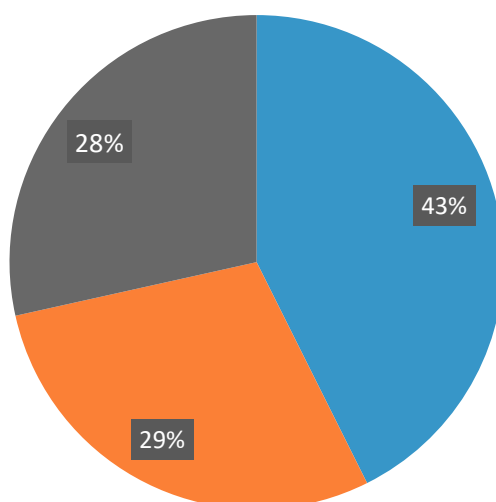
Who cares?

- Brokers – because, self-evidently, their business depends on their target clients knowing what they want and how to pay for it
- Asset managers – because the economic dynamics of the sell-side are changing rapidly and there is an unique opportunity for SRI and corporate governance analysts to make their needs and priorities heard. However, there appears to be too little awareness amongst SRI investors of how to use their buying power exploit this opportunity.

What's next?

- The SRI industry is missing a massive opportunity here; the sell-side wants to supply integrated research; the buy-side claims to want it; the business model has opened up in a way that makes sell-side research cheaper and more accessible.
- However, the industry has been missing this opportunity for the past five years and it is hard to predict what will change the game.
- In the meantime, the 28% who do understand what they want and how to pay for it are gaining considerable competitive advantage.

IRRI data: Basis for our analysis; basis for your action



- Are unclear about how sell-side research and services can support their SRI & CG investment activity
- Know what they want but are not clear about how (or how much) to pay for it
- Know what they want and know how to pay brokers for it

Insight: Sell-side broker services

We asked **sell-side brokers** : **What SRI / CG research services does your firm provide to clients?**

What's new?

- Brokers continue to offer a broad range of products and services to asset managers.
- The most widely- and consistently-provided services are Market Commentary and Newsflow Analysis, Thematic Research, Sector-based and Issue-based research

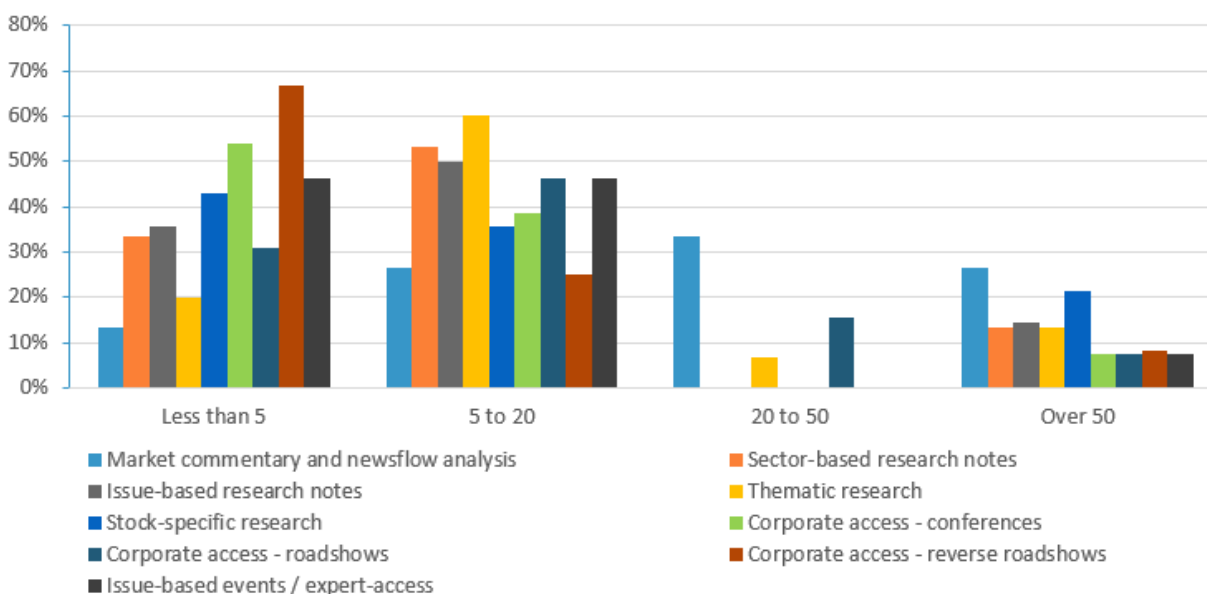
Who cares?

- Asset managers – many of whom have, to date, been indiscriminating and passive recipients of ‘sell-side’ research but who – under MIFID will need to become much more explicit about what they want and will pay for.
- Sell-side brokers – who will see data as reflecting the somewhat opportunistic approach that many of their peers have been forced to take but may also see it as a baseline against which to articulate clear product focus and specialism.

What's next?

- Tight resourcing (see insight on asset managers’ understanding of the broker business model) and regulatory change (MIFID) are forcing ‘sell-side’ research providers to become more selective and differentiated in what they offer
- Asset managers can use the current ‘buyers’ market to encourage focus on research approaches that the ‘sell-side’ is best equipped to deliver and the ‘buy-side’ most needs.
- Such focus will probably be around - as other ‘Insights’ evidence - the objective of ‘integration of sustainability and corporate governance’ factors – a practice that the sell-side (more than any other providers in the research value chain) are well-positioned to support.

IRRI data: Basis for our analysis; basis for your action



Insight: Asset managers' needs communication to brokers

We asked **sell-side brokers** : **How could clients improve the way they communicate their needs to you?**

What's new?

- From the comments below, we identify three points of improvements: Asset managers to be clearer about their own needs; asset managers need to understand the broker business model better; direct communication is needed to connect these two.

Who cares?

- Asset managers will want to understand how to help brokers to improve their service to them
- Sell-side analysts clearly need more advanced notice of asset managers' interest areas if they are to produce research that is of the quality required to be distributed as research product.

What's next?

- Arguably, the onus for the improved communication should always lie with the supplier. However, we suspect that the reality of resourcing levels within brokers means that the asset managers who are most proactive about communicating what they need in advance will get most attention.
- We expect communications of needs to improve as transparency of payment improves (see Insight: Improvements to payment)

IRRI data: Basis for our analysis; basis for your action

- "Admit their lack of knowledge and listen more...."
- "Developing broker reviews for Fixed Income research!"
- "By saying clearly what they need and what themes they are targeting."
- "The main issue is that ESG analysts often don't understand how broking fundamentally works / what the commercial relationship is. This is a bigger issue with asset owners that manage their funds in-house - where the ESG specialists will be even more remote from commission allocation."
- "More phone less email"
- "Continued face-to-face communication."
- "Clients need to communicate first what they do and don't need from the sell side. Then they need to discuss the business arrangements that will enable us to meet those needs."
- "Communicate directly with the relevant analysts / sales on the ESG issues that matter to them. To achieve full integration (which everyone seems to aim for) then the analysts at sell-side firms need to be shown clearly that their asset management clients are actually interested."
- "Ensure that CIOs and managers ask portfolio teams who value ESG/SRI research to quantify that value and ensure broker liaison officer includes ESG/SRI in firm's regular broker assessment/reviews."
- "A clearer understanding of their mandates "

Insight: Interest in companies - by investor geography

We asked **sell-side brokers** : In which markets is there most demand for meetings with companies from SRI / CG analysts?

What's new?

- Investors based in France stand out above other countries as having the most interest in meeting with companies. Then demand from Benelux, the Nordic region, Germany, Austria and the UK is also strong.
- Demand is notably stronger in Canada than in the USA

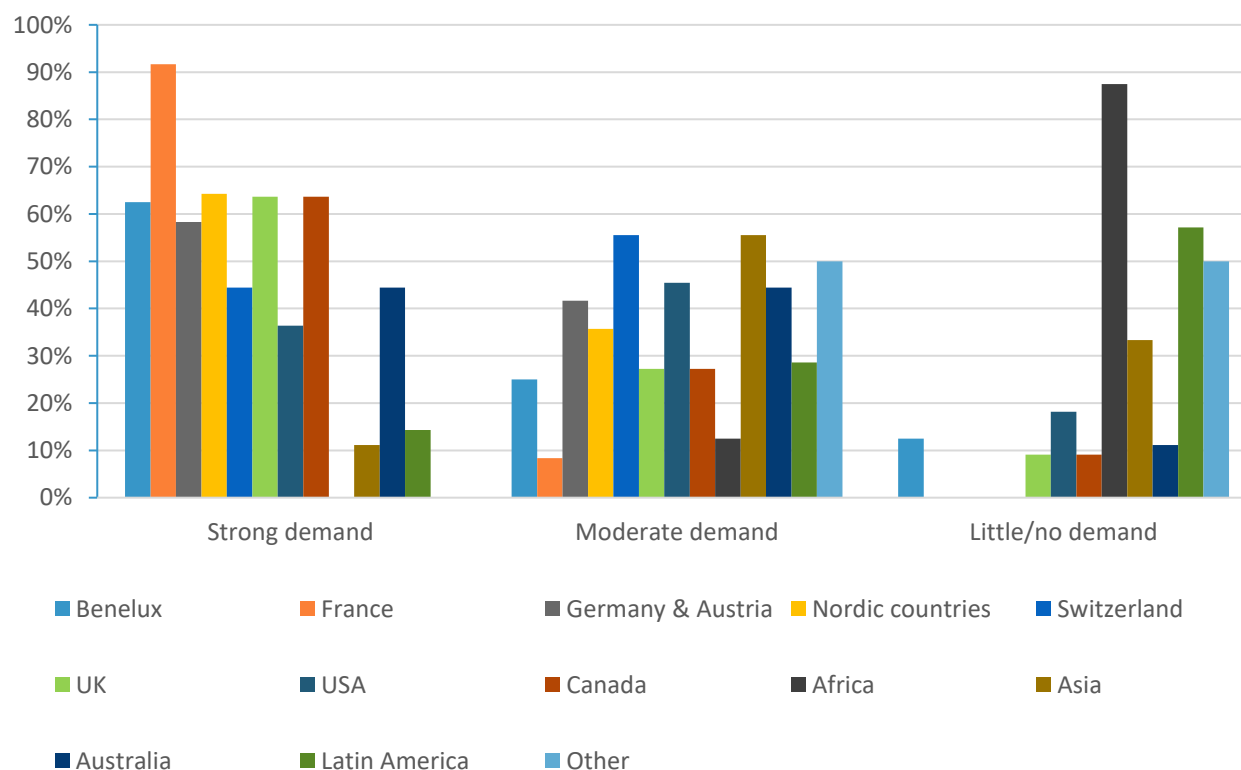
Who cares?

- Companies in the different markets will naturally be interested in the likely level of investor interest in their sustainability story

What's next?

- Companies with significant shareholders in the markets with strong appetite for meetings or with strong sustainability stories to tell will probably prioritise outreach to investors in these markets

IRRI data: Basis for our analysis; basis for your action



Insight: Interest in companies - sector interest of investors

We asked **sell-side brokers** : **From which sectors are the companies that SRI / CG analysts most want to meet?**

What's new?

- Brokers believe that energy and carbon-exposed sectors dominate the list of sectors that investors want to meet. This is consistent with other findings within the Survey.
- Similarly, to last year, the food producers sector appears relatively highly – perhaps reinforcing the recognition that FAIRR has received for various reports on protein and antibiotics in farming.

Who cares?

- Companies in the sectors prioritized by investors will need to develop pro-active investor communications strategies for the year ahead
- Sell-side brokers may want to explore why they have not picked up investors' interest in software companies (this may be due to a geographical coverage bias)
- All research providers will want to make sure they are providing appropriate levels of coverage for the sectors that investors are most interested in

What's next?

- As discussed in other parts of the Survey, we expect a structural uplift in the volume and quality of sustainable investor communications by companies in energy and carbon-exposed sectors in future years.
- Companies in the auto sector have not yet faced the same level of investor pressure that energy companies have but will want to understand the issues for SRI/CG analysts and prepare their strategy for engagement

IRRI data: Basis for our analysis; basis for your action

Top 10

1. Energy (25%)
- 2.= Banks (10%)
- 2.= Transport (10%)
- 4.= Food products (8%)
- 4.= Metals & Mining (8%)
6. Alternative & Renewable Energy (7%)
- 7.= Automobiles & Components (5%)
- 7.= Chemicals (5%)
- 7.= Food & staples retailing (5%)
- 7.= Internet (5%)

Insight: Broker usage of SRI/CG research firms

We asked **sell-side brokers** : **How do you use independent SRI / CG research firms?**

What's new?

- Sell-side brokers primarily use independent SRI / CG research firms as data suppliers. Some usage is made of their ratings but other uses are limited

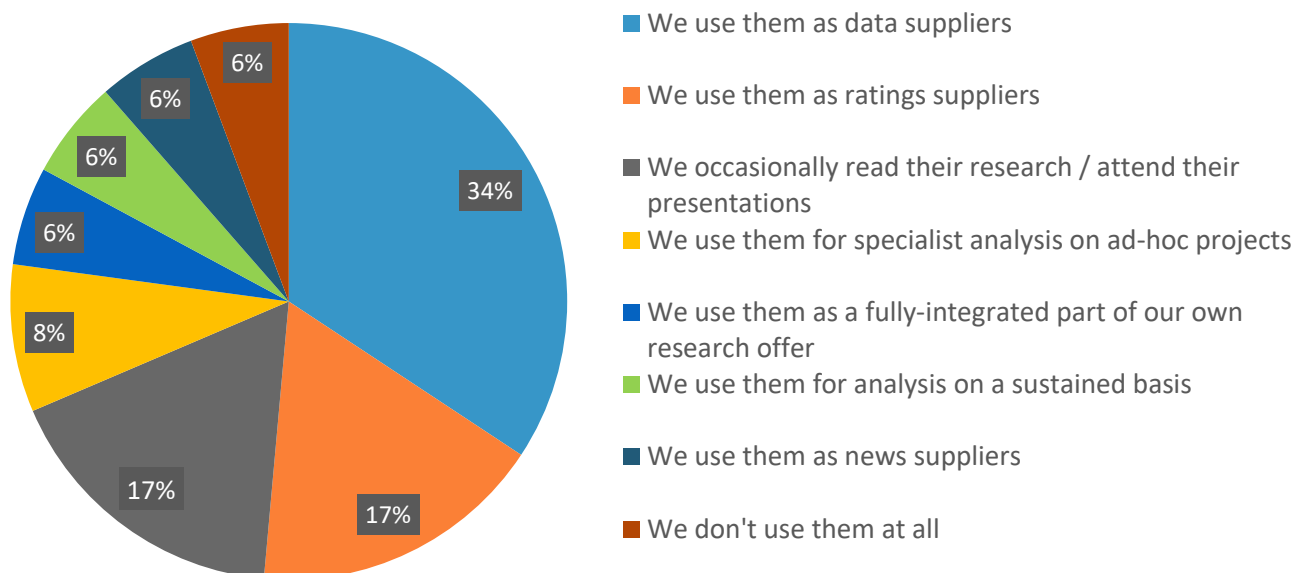
Who cares?

- Both broker (clients) and research agency (suppliers) will be interested in the current views on this relationship and its likely future developments.

What's next?

- We think it is unlikely that brokers will use independent research firms more for investment analysis. This is the sell-side's core business and they will not welcome independent providers as competitors in this space.
- Equally, we doubt that brokers will make further use of ratings – as these are very hard (outside 'quant' probably impossible) to integrate with valuation.
- Clearly, data is the most natural candidate for growth.
- However, we speculate (without evidence from this Survey) that two more interesting opportunities present themselves (a) for specialist (possibly client-driven) projects where there is a synergy between the very different capabilities of sell-side brokers and of independent research providers or (b) in partnership where 'sell-side' brokers can integrate or even 'white-label' independent research and leverage their broader distribution networks.

IRRI data: Basis for our analysis; basis for your action



Insight: Brokers' expectations of agency research

We asked **sell-side brokers** : **How do you expect to use independent SRI / CG research firms in future?**

What's new?

- 35% of sell-side brokers expect their usage of services from independent SRI or CG research firms to grow in future; 15% expect it to decrease (compared to only 5% last year).
- Half expect no change.

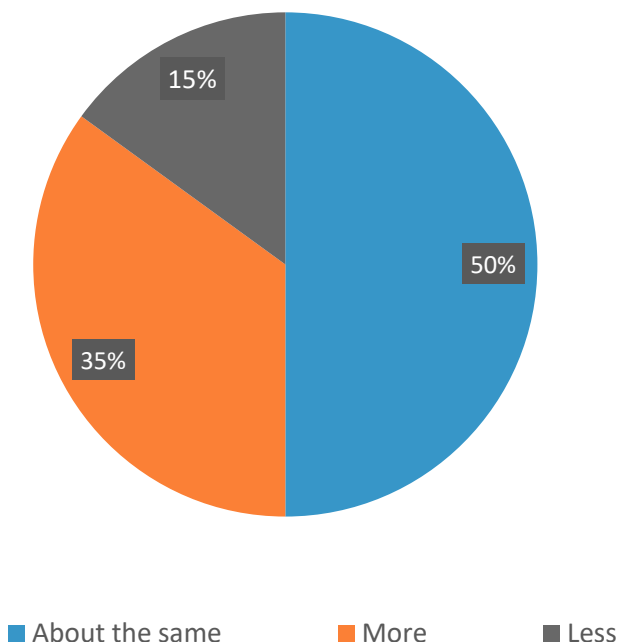
Who cares?

- Both broker (clients) and research agency (suppliers) will be interested in the current views on this relationship and its likely future developments.

What's next?

- As noted above, we think that data is the service bought by brokers from independent providers that is likely to see most growth.
- However, we also speculate (without evidence) that interesting opportunities may arise (a) on specialist projects where there is a synergy between the very different capabilities of sell-side brokers and of independent research providers or [b] in partnership where 'sell-side' brokers can leverage their broader distribution networks to distribute products supplied by smaller independent providers.

IRRI data: Basis for our analysis; basis for your action



About sell-side brokers

Insight: Sell-side understanding

We asked **listed companies** : Which SRI / CG research analyst from a SELL-SIDE BROKER best understands the challenges and opportunities facing your company?

What's new?

- Within the leading analysts highlighted below, three work for Morgan Stanley and three for Goldman Sachs.
- Congratulations to all analysts listed below and to the [others listed and commended on SRI-CONNECT here](#)

Who cares?

- Listed companies will naturally want to be in contact with the analysts that best understand their businesses
- Asset managers will naturally want to be in contact with the analysts that are rated by the companies that they cover for a good understanding of their business.
- (We recognise that, in mainstream research, companies may be inclined to vote for analysts who write analysis that is most positive about them. We do not think this is a significant risk in SRI, where accuracy of understanding and ability to contextualise are more valued attributes than a favourable coverage slant. In other words, companies get more annoyed by SRI analysts' factual errors or failure to understand context than they do by difference of opinion)

What's next?

- Listed companies should identify whether these analysts cover their company and, if so, make contact to ensure that they are connected to the most highly-regarded analysts
- Similarly, investors and asset management analysts should establish whether these analysts cover the sectors that are relevant to them and, if so, make contact.
- One way to do this is by following the hyperlink below and 'connecting' on SRI-CONNECT.

IRRI data: Basis for our analysis; basis for your action

Top 10

1. [Carole Crozat \(Exane BNP Paribas \(Investment Research\)\)](#)
2. [Jessica Alsford \(Morgan Stanley \(Investment Research\)\)](#)
- 3.= [Derek Bingham \(Goldman Sachs \(Investment Research\)\)](#)
- 3.= [Mikael Jafs \(Kepler Cheuvreux \(Investment Research\)\)](#)
- 3.= [Richard Manley \(Goldman Sachs \(Investment Research\)\)](#)
- 3.= [Thomas Girard \(Natixis Securities \(Investment Research\)\)](#)
- 7.= [Hugo Dubourg \(Exane BNP Paribas \(Investment Research\)\)](#)
- 7.= [James Fitzsimmons \(Goldman Sachs \(Markets & Trading\)\)](#)
- 7.= [Jan Rabe \(Deutsche Bank \(Investment Research\)\)](#)
- 7.= [Mari Yoshitaka \(Mitsubishi UFJ Securities \(Investment Bank\)\)](#)
- 7.= [Mark Savino \(Morgan Stanley \(Investment Research\)\)](#)
- 7.= [Valentin Pernet \(Oddo Securities \(Investment Research\)\)](#)
- 7.= [Victoria Irving \(Morgan Stanley \(Investment Research\)\)](#)
- 7.= [Yannick Ouaknine \(Societe Generale Securities \(Investment Research\)\)](#)

Insight: Supporting access to companies

We asked **asset managers** : Which group best supports your access to companies?

What's new?

- Most asset managers plan to do more of their company engagement directly or through collaborative engagement initiatives.
- A minority (c. 30%) plan to use independent research or specialist engagement providers more.

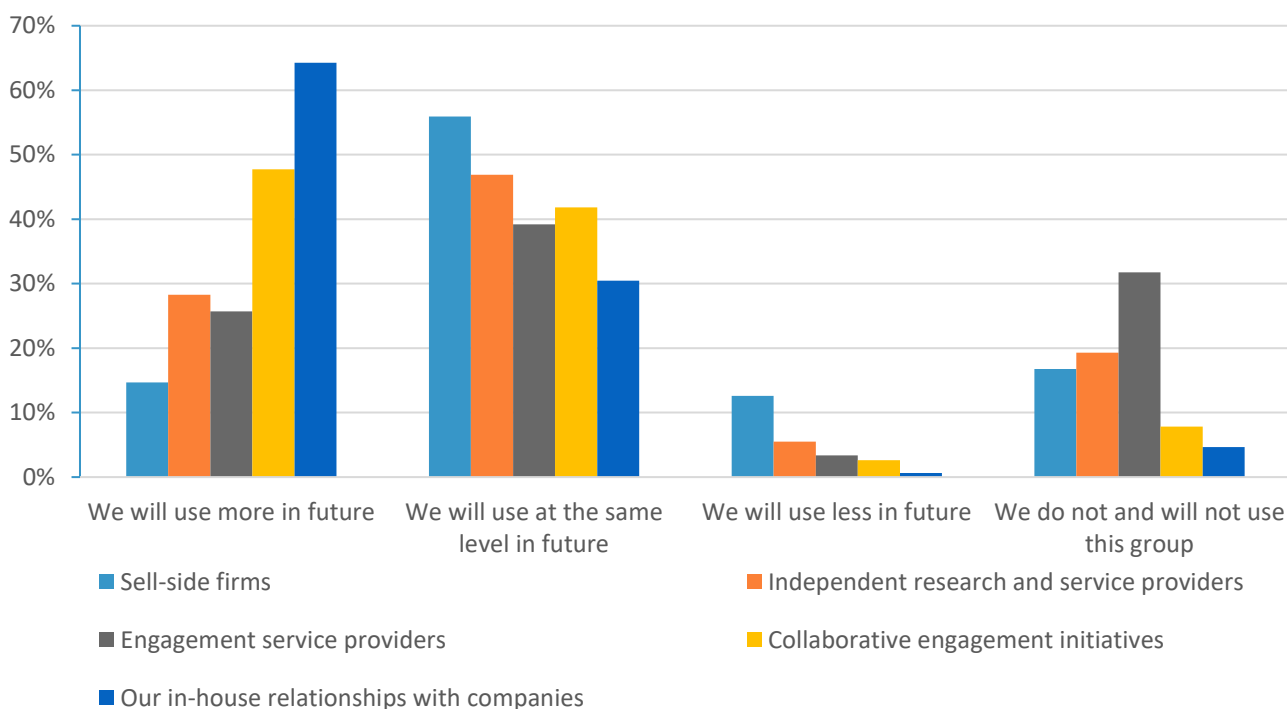
Who cares?

- Companies: - as this will help them decide who to target to maintain efficient contact with asset managers
- Asset managers: - who will be interested to compare their own expectations against those of their peers

What's next?

- At current levels of engagement (see other insights), it may be reasonable for asset managers to expect to use their own in-house relationships with companies to support access. At the higher levels of engagement that are to be expected, however, this becomes impractical and mutualized solutions are to be expected.
- Collaborative engagement initiatives are widely but erroneously assumed to be efficient ways of supporting contact between companies and investors. However, they are widely supported in the industry. As the industry matures and access to companies is increasingly used for information rather than 'engagement', we see the inefficiency of these becoming evident – such that asset managers and companies are likely to disintermediate them.

IRRI data: Basis for our analysis; basis for your action



Insight: Best integrated research

We asked **sell-side brokers** : Which of your own research pieces (from 2018) do you believe most successfully integrated sustainability or corporate governance factors with an investment recommendation?

What's new?

- 16 pieces highlighted by sell-side brokers as being their best integration of sustainability / CG factors with an investment recommendation.

Who cares?

- Asset managers

What's next?

- Asset managers may wish to review the list below and read any of the highlighted pieces that they have not previously seen.

IRRI data: Basis for our analysis; basis for your action

- Citi: Consumer Staples and the Environment: Which shares should you buy on environmental grounds? (December 2018)
- Citi: Searching for Alpha: The ESG Edge (September 2018)
- Citi: Sustainable Tech 2018: Good and Green Growth is the New Normal (December 2018)
- Citi: The ESG Edge (September 2018)
- CLSA & ARE: Protein dreams (June 2018)
- CLSA: Beautiful China - policy shifts underpins nation's economic future (May 2018)
- CLSA: CG Watch 2018 (Hard Decisions) (December 2018)
- CLSA: Protein Dreams - Asia avoiding ethical and ecological nightmare (June 2018)
- Credit Suisse: Disenfranchised: Head I win, Tails you lose (June 2018)
- Credit Suisse: The age of plastic: at a tipping point (October 2018)
- Kepler Cheuvreux: ESG Profile CNHI (May 2018)
- Kepler Cheuvreux: ESG Profile FCA (May 2018)
- Kepler Cheuvreux: European Investment Banking: A misnomer (July 2018)
- Oddo BHF: Blockchain: responsible investments?
- Oddo BHF: Corporate Governance Large Caps
- Oddo BHF: Quality of the management - large caps 2018

Insight: Managing contact

We asked **listed companies** : **What does your company do to manage its SRI / CG contacts?**

What's new?

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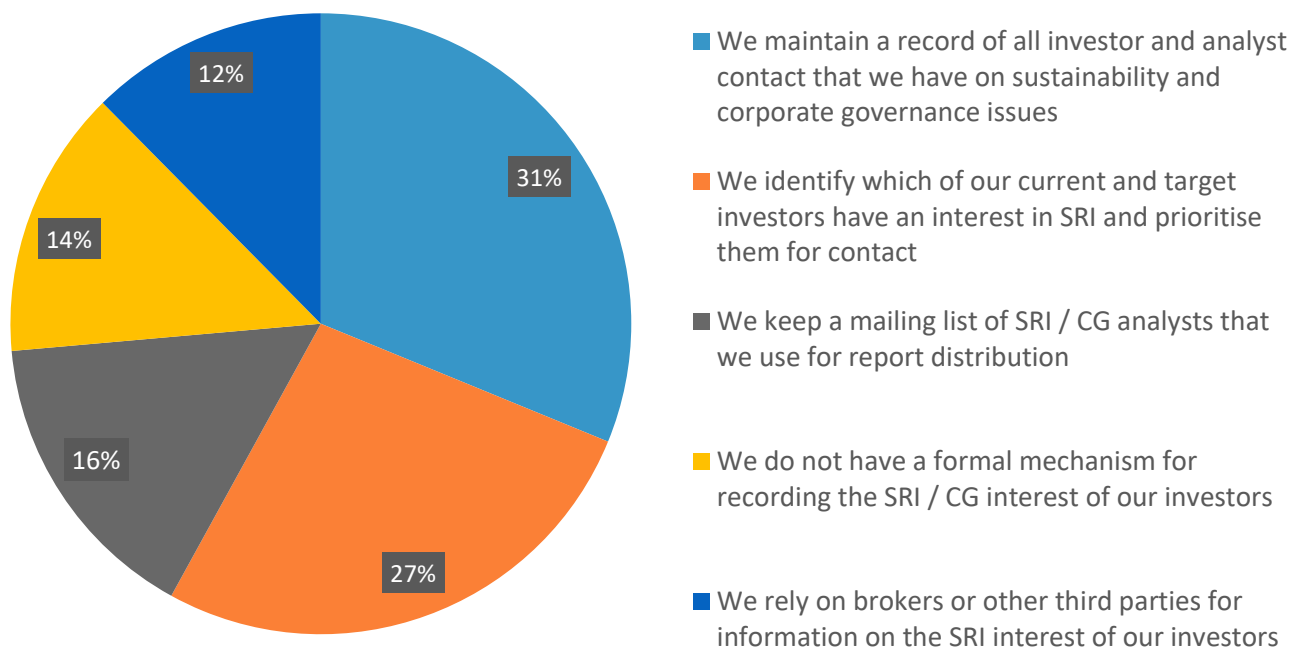
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- Companies who should be aware that their peers are becoming more proactive in managing SRI & CG contact

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IRRI data: Basis for our analysis; basis for your action



Insight: Communications actions by companies

We asked **listed companies** : Which of the following things did your company do last year to communicate with SRI / CG analysts?

What's new?

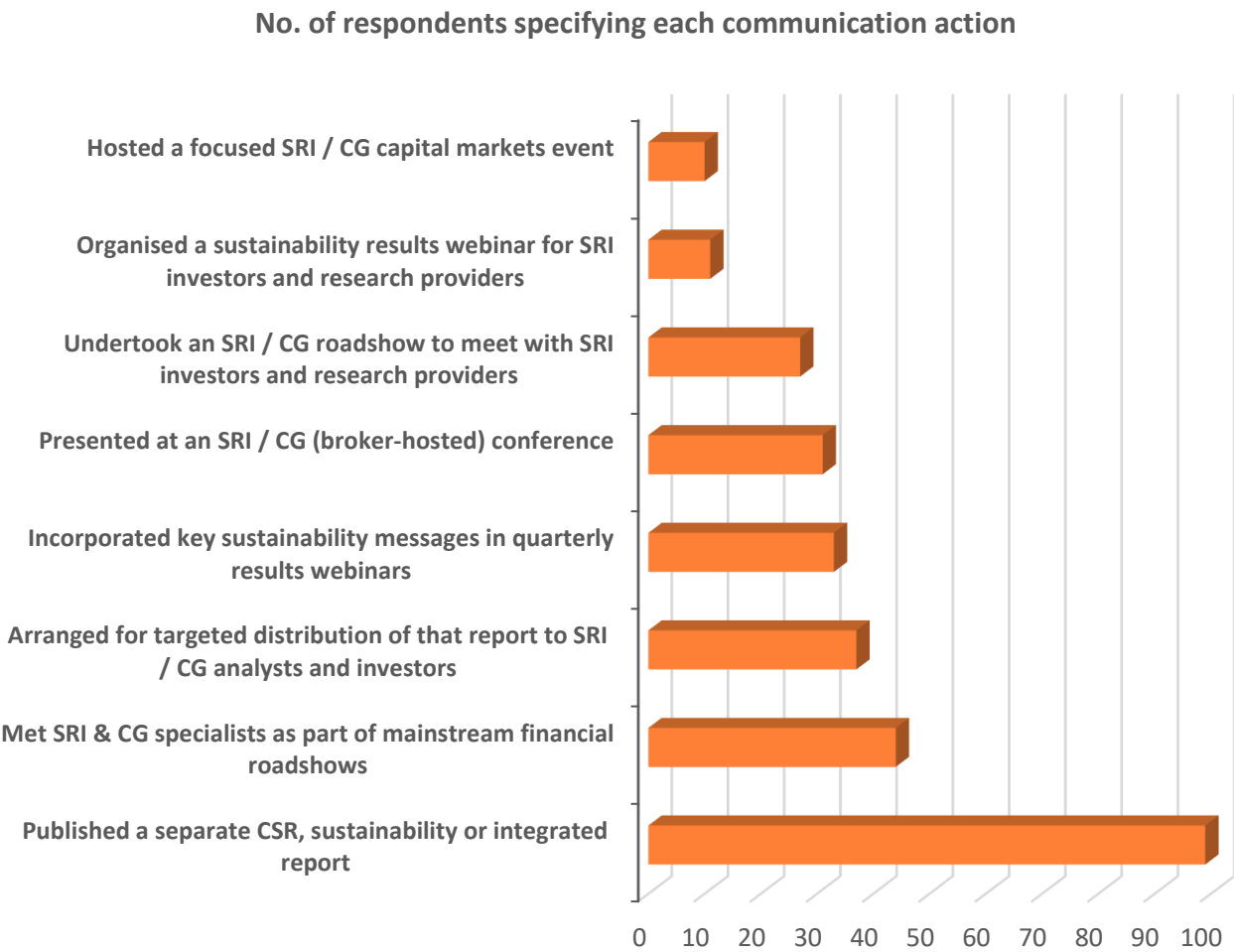
- The majority of companies publish CSR, sustainability or integrated reports.
- Repeated anecdotal evidence from other sources suggests a high degree of frustration amongst companies that these reports are not read.
- This is not actually surprising. In a massively oversupplied information environment (there are lots of reports on the internet!) and, as the data below reveals, most companies fail to follow up the publication of their report with even the simplest steps (that are prevalent in other investor communications) to ensure that these reports are read.
- Around 1/3 of the companies that produce sustainability reports organize for them to be distributed to an investor audience and similar numbers meet with analysts or present at investor conferences.

Who cares?

- Companies who want their sustainability information to be absorbed by analysts and investors will follow-up the publication of reports in 2019 and 2020 with distribution of those reports and other simple outreach activities.

What's next?

- Over time, we expect the practices involved in the communication of sustainability information to investors to converge with the practice involved in 'mainstream' investor communications. Questionnaires will disappear and webinars and roadshows will increase.
- These basic steps are likely to precede the full integration of sustainability information within 'mainstream' investor presentations – which remains challenging for both companies and investors.



Insight: Resource allocation for SRI/CG research

We asked **asset managers** : **How do you think resource allocation between different sustainable investment and corporate governance inputs to your firm might change over the next three years?**

What's new?

- Half of the asset managers surveyed see resource allocation to sustainable investment growing steadily over the next three years while half see it remaining the same
- Between 10% and 20% see it increasing by a significant amount.
- In-house capacity is expected to grow most followed by analysis from independent research providers

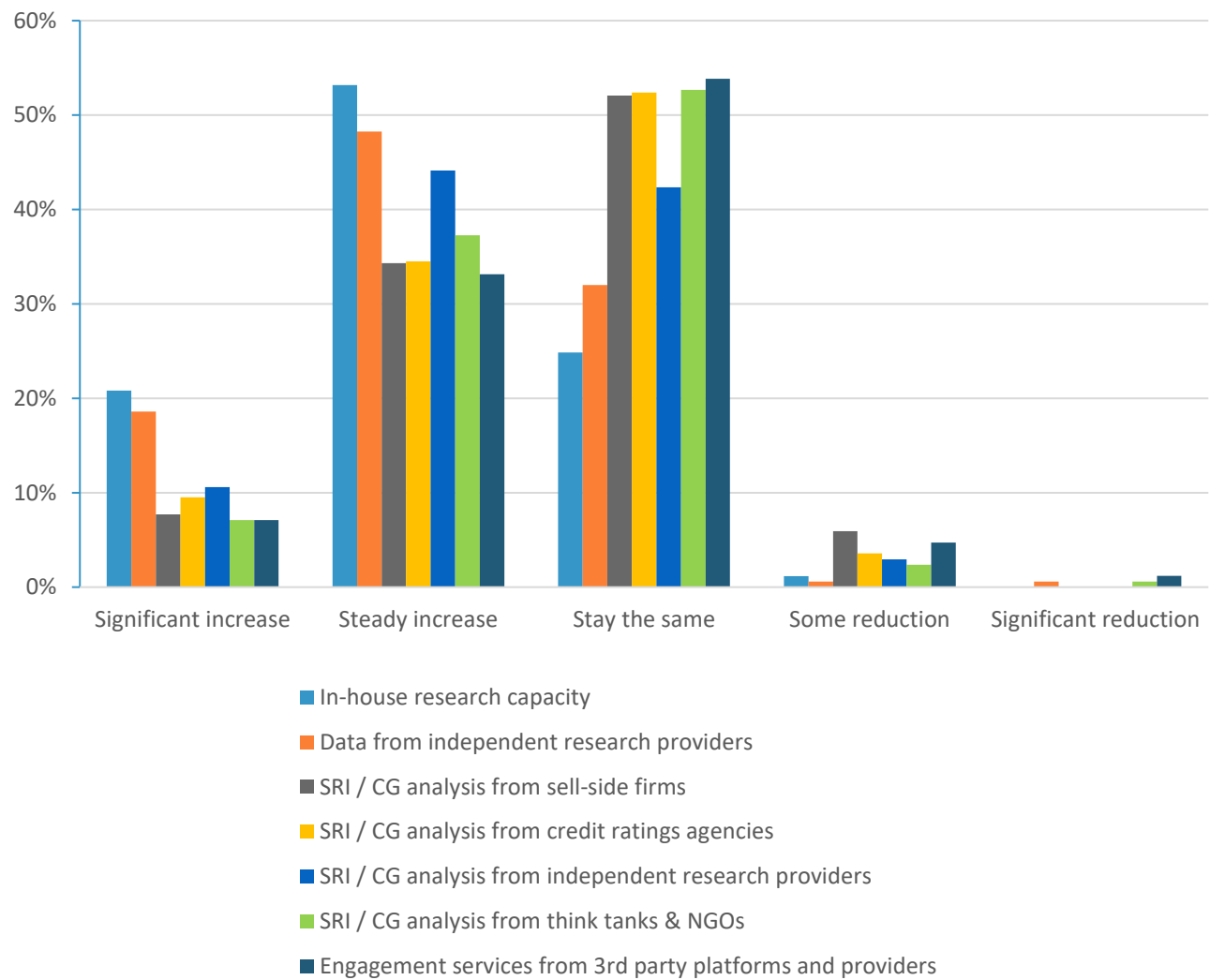
Who cares?

- Asset managers – who will note how their peers are expecting to invest in SRI/CG ... and the fact that such investment is likely to be increasing.
- Research providers – who will naturally be interested in the size of market growth and also in the fact that in—house investment looks likely to happen faster than external sourcing.

What's next?

- Different research sources are favoured at different stages of the SRI / CG investment development cycle and, as different firms are at different stages, a clear picture across the board is hard to discern.
- We suspect that in-house resources will grow while the majority of firms are at an average stage of development.
- However, once internal capacity is built to a level that enables it to service internal and external client needs, the increased efficiency of external sourcing of research will resurge.
- (Where the basic model of development is: (Stage 1: Buy-in well-recognised research base. Stage 2: Recruit team to develop internal practices and process incoming research. Stage 3: Move to 'mainstream' investment model whereby in-house team add differentiation to a suite of externally-sourced data and research resources).

IRRI data: Basis for our analysis; basis for your action



Insight: Overall resources for SRI/CG research

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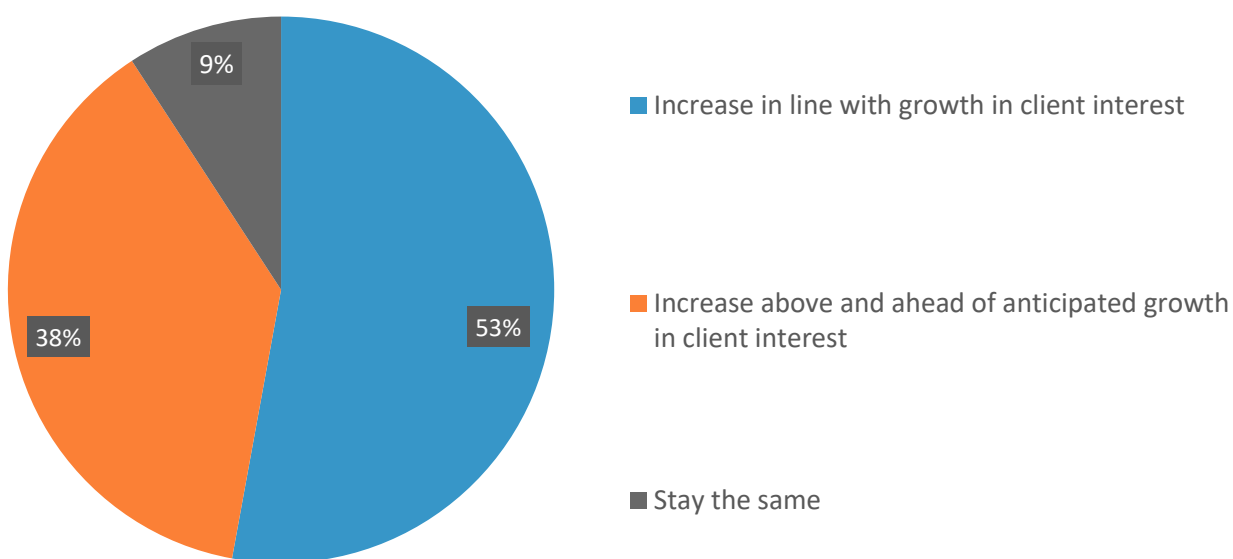
Who cares?

- Asset managers – to ensure that their investment plans relative to competitors reflect their ambitions in this market.
- Research providers – who will see these growth expectations as offsetting some of the downside of increased competition in the market

What's next?

- SRI looks likely to remain an area of above-market growth – particularly as other areas of investment and research budgets come under pressure.
- Asset managers wanting to 'lead' the market will need to increase resources significantly; those expecting to develop an in-line-with-market presence can grow at the same rate as their clients.
- With such rates of growth, asset managers could face increasing competition to hire experienced analysts.
- For bought-in research, we expect that growth in resources will necessarily be accompanied by a growth in purchasing discipline. This should drive up quality without requiring significant increase in resources.
- For employed capacity, ambitious asset managers will look to hire staff early and find ways to retain them as market growth continues.

IRRI data: Basis for our analysis; basis for your action



From independent research providers

Insight: Investors communicating research needs

We asked **independent research firms** : How could clients improve the way that they communicate their needs to you?

What's new?

- The dominant message from research providers is that they want to understand their asset manager clients' objectives, processes and priorities better. In particular, they want to understand how the information and data that they provide is actually used by asset managers in their research and investment processes.
- There appears to be a widespread understanding that asset managers' own communication of their needs does not give suppliers sufficient information to understand the full extent of what these managers do and don't want.

Who cares?

- Asset managers – as it is clear that research providers are open and receptive to hearing about their processes – and want to better meet their clients' needs

What's next?

- This appetite to learn about clients' needs may be symptomatic of a gradual shift from SRI/CG research being a sellers' market to being a buyers' market – in which asset managers become more selective about what they need and actually use and providers respond accordingly.
- The close interest in clients' needs from providers would be an inevitable result of this.
- For this transition to occur, a critical mass of asset managers will need to become explicitly and openly selective about their research purchasing – a practice that we only see currently in small areas of the market.

IRRI data: Basis for our analysis; basis for your action



Insight: Improving communications (with research providers)

We asked **independent research providers** : **How could companies improve their reporting and communications to you on sustainability and corporate governance issues?**

What's new?

- Research providers highlighted a move to integrated reporting – although we are unsure whether this expresses a genuine need that they have or because it is a default ‘best practice’.
- Next ranked are the publication of easily identifiable contact points and the publication of reporting schedules. These are simple administrative steps that companies can take to improve the efficiency of communications

Who cares?

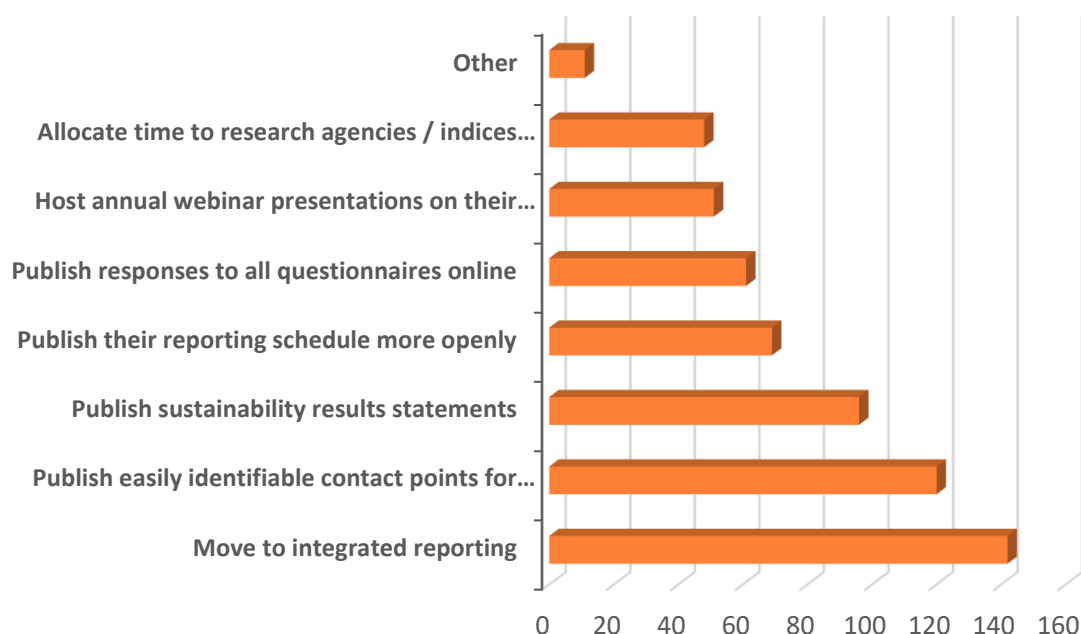
- Companies – who are seeking more effective and efficient ways to communicate with SRI / CG research providers

What's next?

- Companies will increasingly seek to professionalise their sustainability communications to investors – along the lines of their mainstream investor communications. All of the steps highlighted here will help achieve this.

IRRI data: Basis for our analysis; basis for your action

No. of respondents specifying each communication type



Insight: Company communicators

We asked **asset managers, independent research providers** : Which (quoted) companies are best at managing and communicating the material sustainability and corporate governance issues facing their business?

What's new?

- Congratulations to those listed below on being recognised by asset managers and research providers as being proactive communicators to investors on sustainability issues.
- Also, congratulations to all [100 companies that are ranked and the many commended here on SRI-CONNECT](#).
- We note, however, that many of the companies ranked highly were also ranked highly last year – suggesting that the leaders have confirmed their best practices but are not being challenged by newcomers to the practice of effective communicators

Who cares?

- Companies who are ranked ... will be pleased – because it's nice to be recognized for hard work.
- Companies who are not ranked – but expend considerable energy and resources communicating sustainability performance to investors may want to reconsider their approach to investor communications. As the rest of this research shows, there are effective ways to communicate sustainability to investors and ineffective ways.

What's next?

- As companies' awareness of the differences between effective and ineffective practice in sustainable investor communications grows, we expect to see a significant number of companies realigning their current activities with the practices that work best.
- In particular, we expect ambitious companies to compare themselves with their sector peers (and competitors for investor capital) in a bid to emulate and outperform them.

IRRI data: Basis for our analysis; basis for your action

Top 10

1. [Unilever](#)
2. [Danone](#)
3. [Nestlé](#)
4. [Marks and Spencer Group](#)
5. [Aguas Andinas](#)
6. [BHP Billiton](#)
- 7.= [Axa Group](#)
- 7.= [Intel](#)
- 7.= [Orsted](#)
- 7.= [Schneider Electric](#)
- 7.= [Swiss Re](#)

Insight: Company contact desired

We asked **asset managers & independent research providers** : **Which companies would you most like to have direct contact with next year?**

What's new?

- The Top 20 companies on investors' 'would like to meet' list are evenly divided between tech firms, resources firms and others – with financials and consumer firms featuring in the other categories.
- Below this Top 20 a broad spread of companies and sectors appear on the list (over 250 companies mentioned) reflecting the breadth of investor interest in contact with companies.
- Also note that a [longer listing of companies that investors want to meet can be viewed here on SRI-CONNECT](#)

Who cares?

- The companies listed – obviously!
- Consultants that can facilitate communications between these companies and investors
- Other investors interested in the same companies. Once a critical mass of investors shows interest in meeting, companies will typically oblige – if an efficient way can be found for them to do so.

What's next?

- Over time, all companies should take the initiative and reach out proactively to investors to discuss sustainability and corporate governance issues.
- This process can be accelerated by drawing the list below to the attention of any companies that are on it and introducing them to intermediaries who can arrange efficient contact with a broad range of analysts and investors globally.

IRRI data: Basis for our analysis; basis for your action

Top 10

1. [Amazon.com](#)
2. [Facebook](#)
3. [Royal Dutch Shell](#)
- 4.= [Exxon Mobil Corporation](#)
- 4.= [Vale](#)
6. [Google](#)
7. [Bayer](#)
- 8.= [BHP Billiton](#)
- 8.= [BlackRock \(Company\)](#)
- 8.= [Nestlé](#)

Insight: Research analysts activities breakdown

We asked **independent research providers** : **FOR ANALYSTS: What percentage of your time do you spend:**

What's new?

- Independent research providers split their time across a range of tasks, most prominently processing written information and analytical thinking
- We are encouraged to see that a sizeable proportion of time is devoted to analytical thinking and to 'undertaking contextual research' (the lack of which is a key cause of misleading research).
- We note the low proportion of time spent in contact with clients and companies – which differs considerably (anecdotal evidence) from that spent by sell-side analysts.

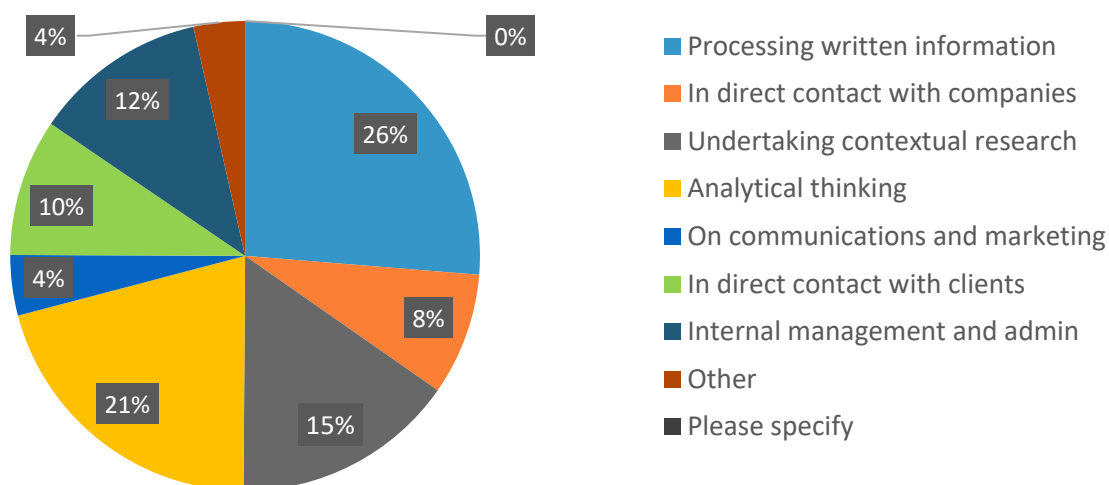
Who cares?

- Research managers who will be able to benchmark their team's activities against the wider industry and potentially challenge colleagues to move towards higher-margin use of their time.

What's next?

- Over time we expect the processing of written information to reduce – driven by system efficiency and ultimately AI. We expect the time to be used for contextual research and contact with companies and clients – which delivers higher quality research and, therefore, higher margins to increase.

IRRI data: Basis for our analysis; basis for your action



About independent research providers

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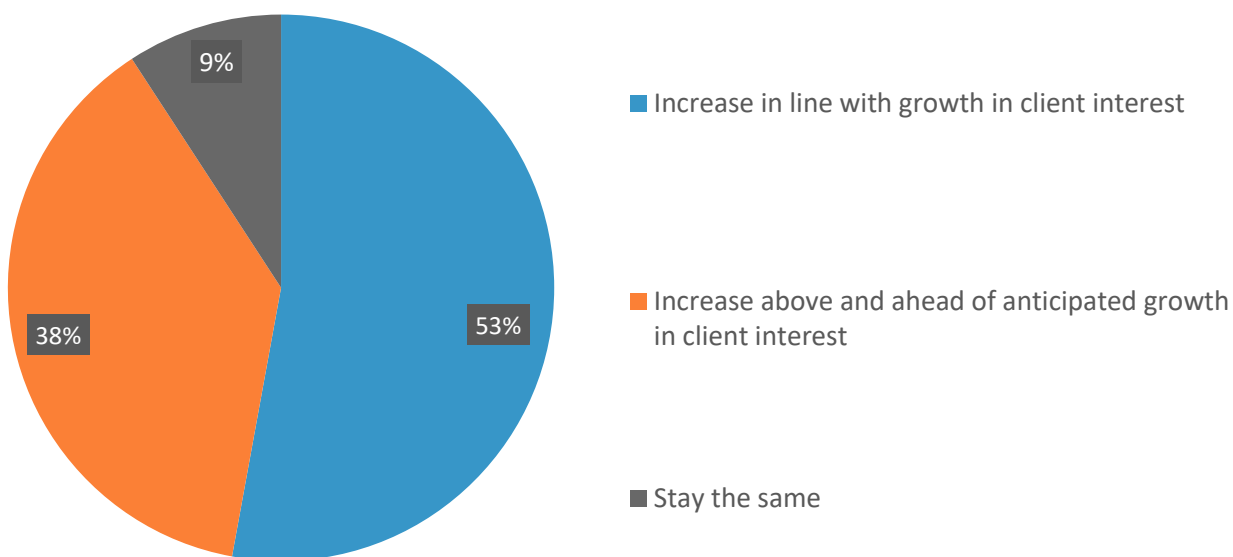
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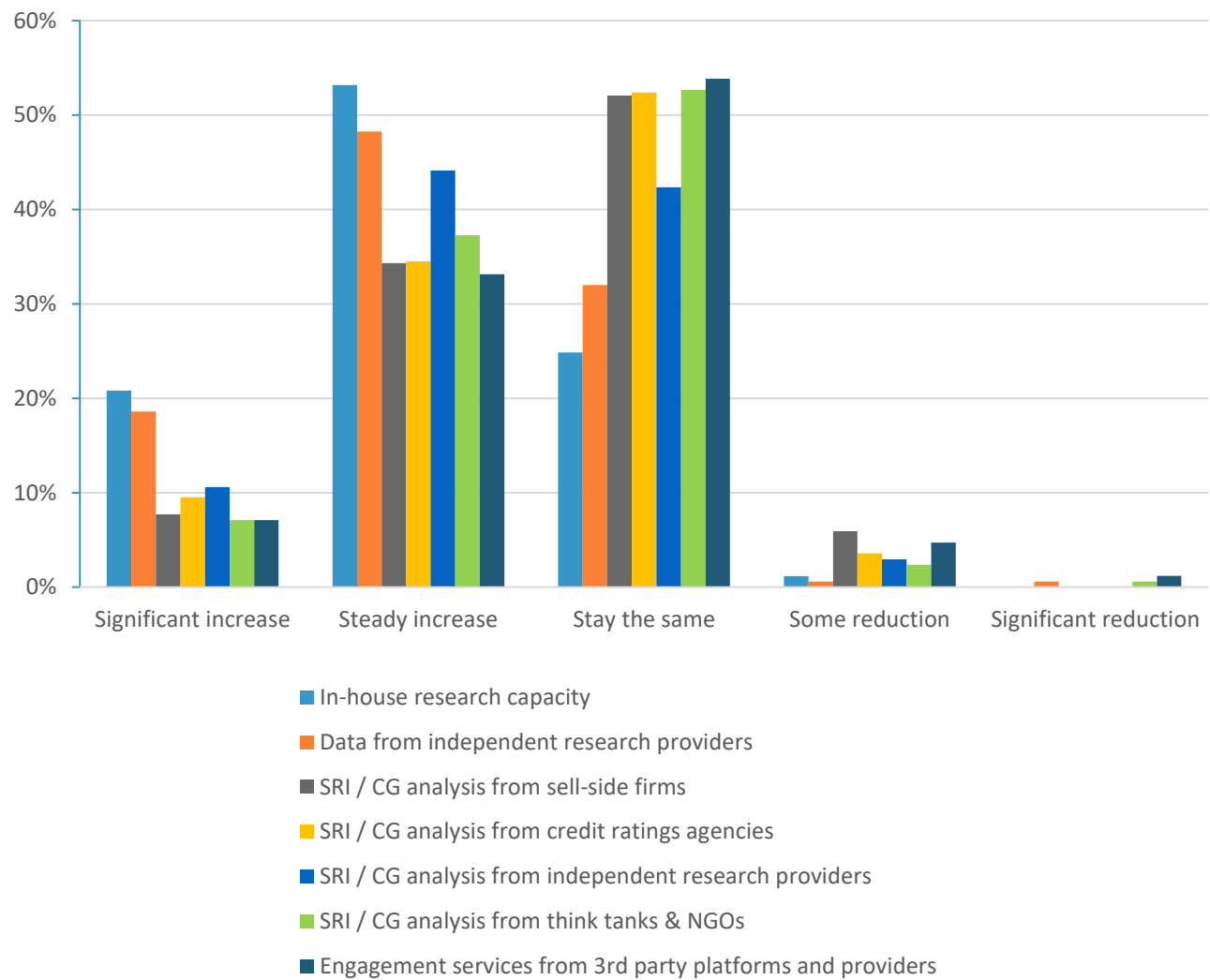
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IRRI data: Basis for our analysis; basis for your action



Insight: Broker usage of SRI/CG research firms

We asked **sell-side brokers** : **How do you use independent SRI / CG research firms?**

What's new?

- Sell-side brokers primarily use independent SRI / CG research firms as data suppliers. Some usage is made of their ratings but other uses are limited

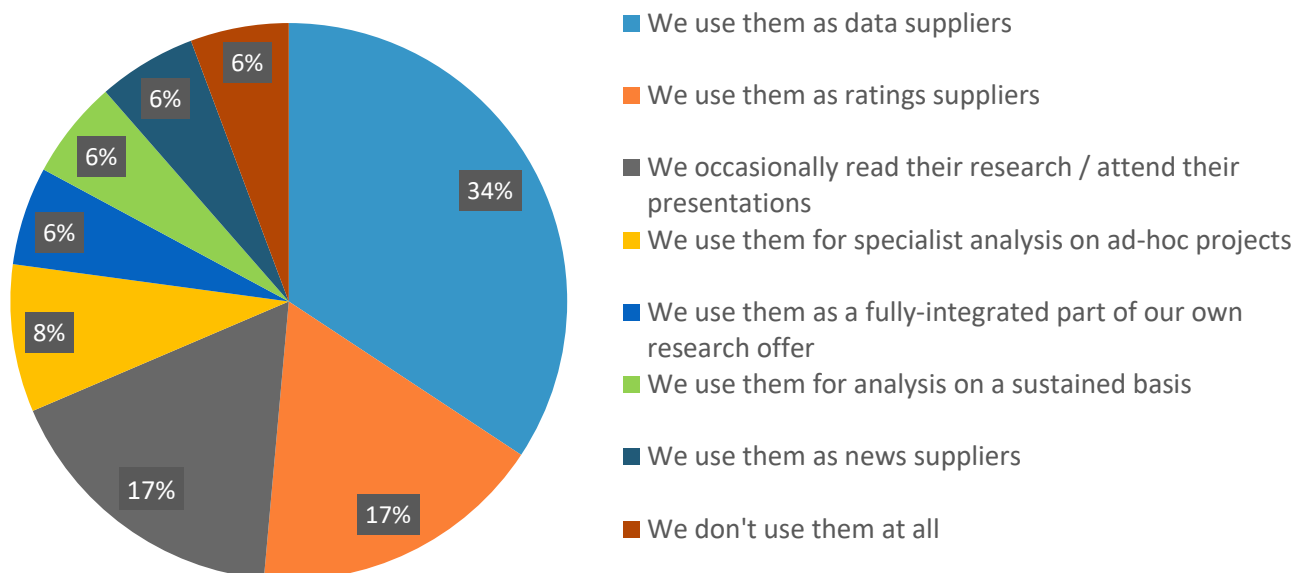
Who cares?

- Both broker (clients) and research agency (suppliers) will be interested in the current views on this relationship and its likely future developments.

What's next?

- We think it is unlikely that brokers will use independent research firms more for investment analysis. This is the sell-side's core business and they will not welcome independent providers as competitors in this space.
- Equally, we doubt that brokers will make further use of ratings – as these are very hard (outside 'quant' probably impossible) to integrate with valuation.
- Clearly, data is the most natural candidate for growth.
- However, we speculate (without evidence from this Survey) that two more interesting opportunities present themselves (a) for specialist (possibly client-driven) projects where there is a synergy between the very different capabilities of sell-side brokers and of independent research providers or (b) in partnership where 'sell-side' brokers can integrate or even 'white-label' independent research and leverage their broader distribution networks.

IRRI data: Basis for our analysis; basis for your action



Insight: Brokers' expectations of agency research

We asked **sell-side brokers** : **How do you expect to use independent SRI / CG research firms in future?**

What's new?

- 35% of sell-side brokers expect their usage of services from independent SRI or CG research firms to grow in future; 15% expect it to decrease (compared to only 5% last year).
- Half expect no change.

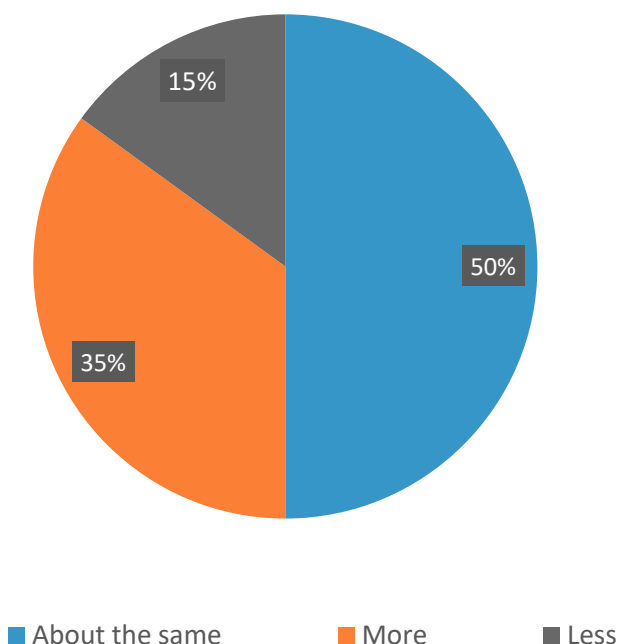
Who cares?

- Both broker (clients) and research agency (suppliers) will be interested in the current views on this relationship and its likely future developments.

What's next?

- As noted above, we think that data is the service bought by brokers from independent providers that is likely to see most growth.
- However, we also speculate (without evidence) that interesting opportunities may arise (a) on specialist projects where there is a synergy between the very different capabilities of sell-side brokers and of independent research providers or [b] in partnership where 'sell-side' brokers can leverage their broader distribution networks to distribute products supplied by smaller independent providers.

IRRI data: Basis for our analysis; basis for your action



Insight: Supporting access to companies

We asked **asset managers** : Which group best supports your access to companies?

What's new?

- Most asset managers plan to do more of their company engagement directly or through collaborative engagement initiatives.
- A minority (c. 30%) plan to use independent research or specialist engagement providers more.

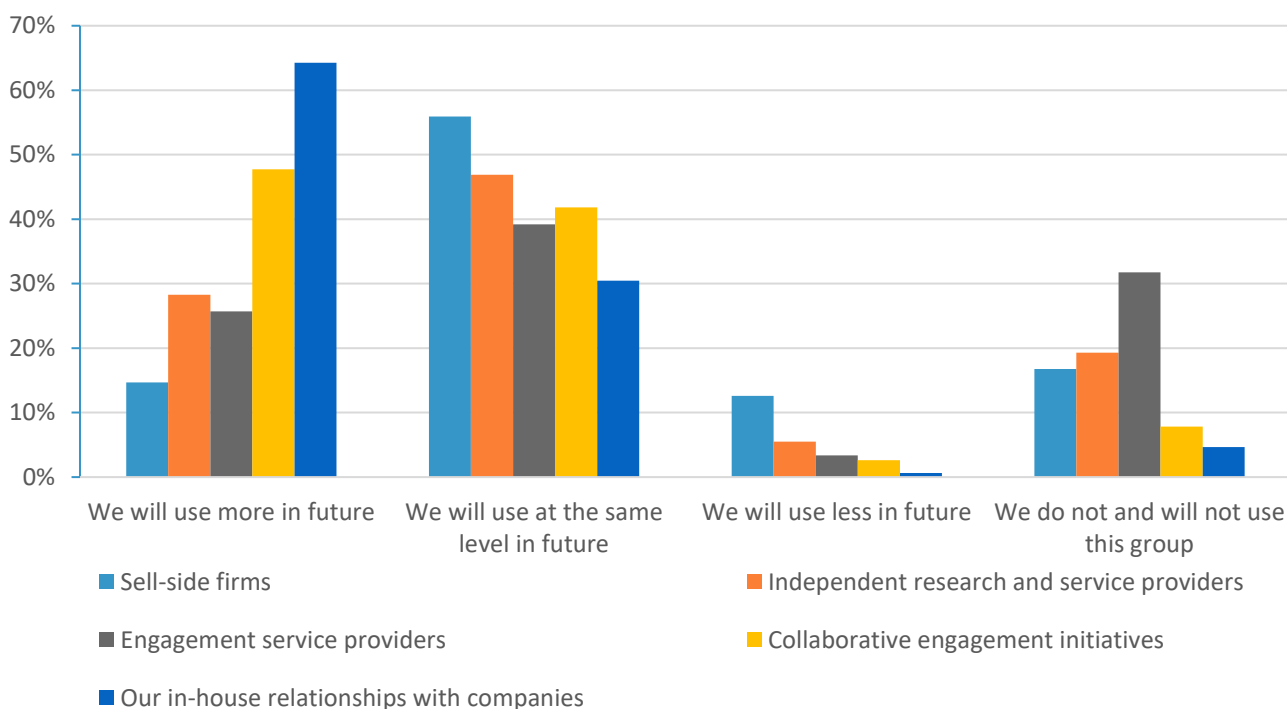
Who cares?

- Companies: - as this will help them decide who to target to maintain efficient contact with asset managers
- Asset managers: - who will be interested to compare their own expectations against those of their peers

What's next?

- At current levels of engagement (see other insights), it may be reasonable for asset managers to expect to use their own in-house relationships with companies to support access. At the higher levels of engagement that are to be expected, however, this becomes impractical and mutualized solutions are to be expected.
- Collaborative engagement initiatives are widely but erroneously assumed to be efficient ways of supporting contact between companies and investors. However, they are widely supported in the industry. As the industry matures and access to companies is increasingly used for information rather than 'engagement', we see the inefficiency of these becoming evident – such that asset managers and companies are likely to disintermediate them.

IRRI data: Basis for our analysis; basis for your action



Insight: Managing contact

We asked **listed companies** : **What does your company do to manage its SRI / CG contacts?**

What's new?

- 27% of companies proactively target SRI investors and analysts
- 31% manage relationships reactively (by recording contact when it happens)
- A diminishing number of companies have no formal approach to managing their SRI / CG relationships or limit such management to keeping a mailing list

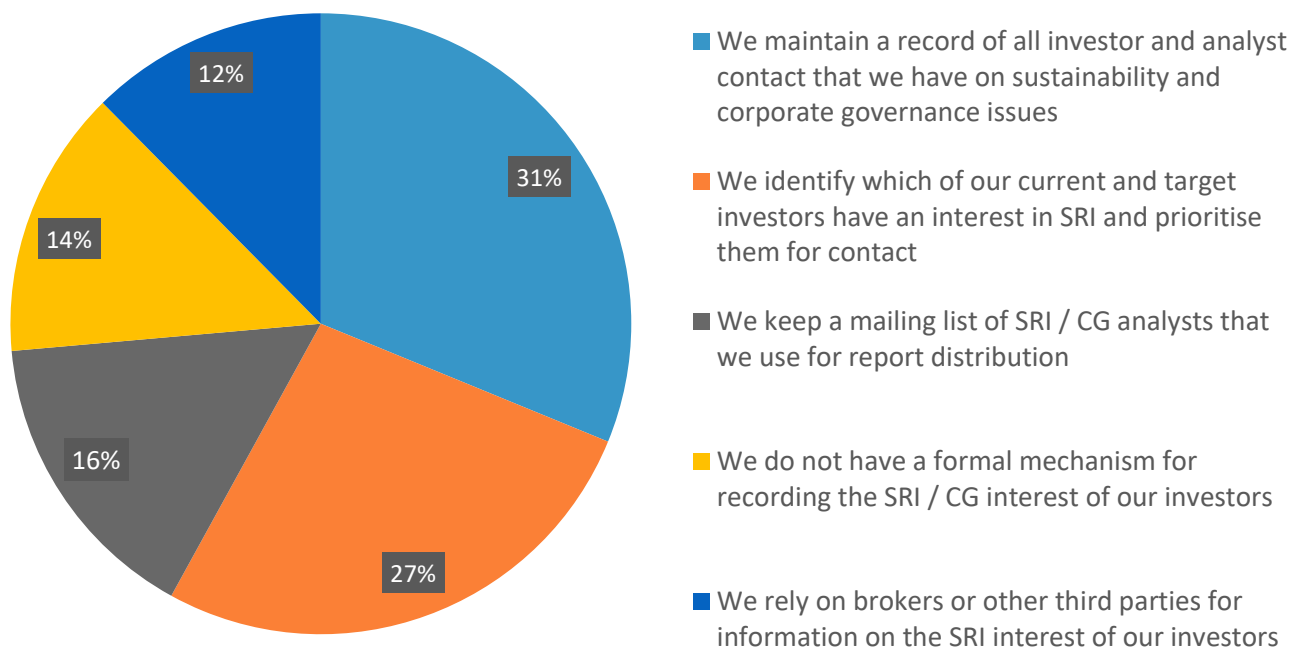
Who cares?

- Investors and research providers will be pleased to know companies are becoming increasingly active in their approach to SRI and CG contact and communications management – as this will improve efficiency throughout the industry.
- Companies who should be aware that their peers are becoming more proactive in managing SRI & CG contact

What's next?

- As they engage further in sustainable investor communications, it seems likely that all companies will step up the degree of targeting and tracking that they engage in – not least because it improves significantly the efficiency of the process.
- Investors and analysts may – for their part – respond by communicating more clearly to companies which sectors and issues interest them – such that they too contribute to improved efficiency within the industry

IRRI data: Basis for our analysis; basis for your action



Insight: Communications actions by companies

We asked **listed companies** : Which of the following things did your company do last year to communicate with SRI / CG analysts?

What's new?

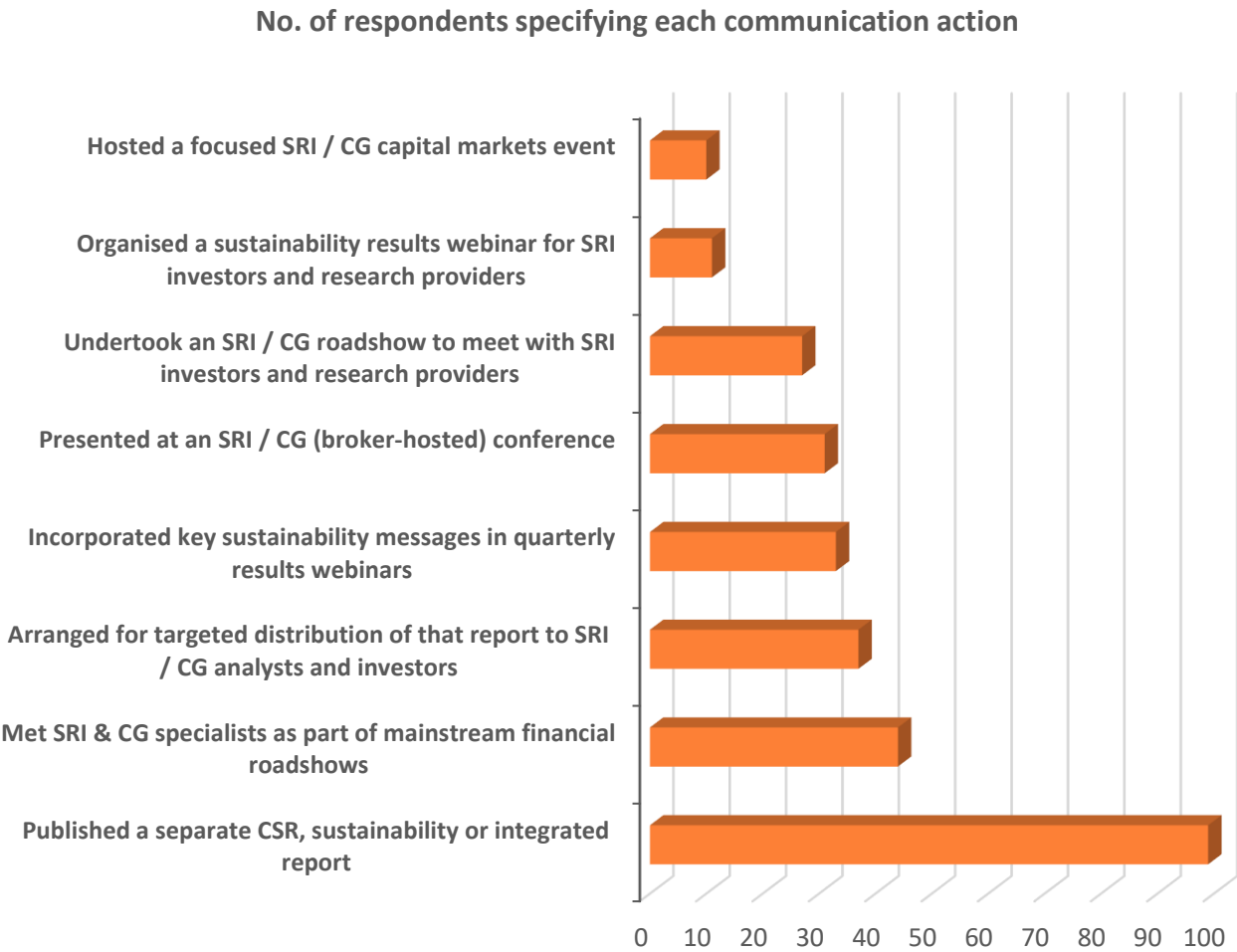
- The majority of companies publish CSR, sustainability or integrated reports.
- Repeated anecdotal evidence from other sources suggests a high degree of frustration amongst companies that these reports are not read.
- This is not actually surprising. In a massively oversupplied information environment (there are lots of reports on the internet!) and, as the data below reveals, most companies fail to follow up the publication of their report with even the simplest steps (that are prevalent in other investor communications) to ensure that these reports are read.
- Around 1/3 of the companies that produce sustainability reports organize for them to be distributed to an investor audience and similar numbers meet with analysts or present at investor conferences.

Who cares?

- Companies who want their sustainability information to be absorbed by analysts and investors will follow-up the publication of reports in 2019 and 2020 with distribution of those reports and other simple outreach activities.

What's next?

- Over time, we expect the practices involved in the communication of sustainability information to investors to converge with the practice involved in 'mainstream' investor communications. Questionnaires will disappear and webinars and roadshows will increase.
- These basic steps are likely to precede the full integration of sustainability information within 'mainstream' investor presentations – which remains challenging for both companies and investors.



Insight: Company engagement by research providers

We asked **listed companies** : How could SRI / CG research providers improve the way they interact with your company?

What's new?

- Companies could not be clearer. The priority improvement that they want to see from research providers is more direct communications.
- Below this headline are requests for (a) improved transparency in methodology (b) more transparency around the research process (c) a more disciplined approach to checking published material and (d) a greater effort to understand the business context within which they operate

Who cares?

- Research providers should be interested in the improvements requested not least because companies are business-critical suppliers (of information) to their businesses.
- Companies will be interested in the ideas put forward by their peers on how research providers could improve

What's next?

- Improvements in the quality of research should be seen as a high priority through the value chain:
 - Improved communications between companies and investors will be a key part of this
 - companies will need to communicate better and ensure that research providers engage;
 - research providers will need to start research with a thorough understanding of each individual business's operations (stockmarket sector context is nowhere near granular enough);
 - asset managers will need to ensure that research providers deliver contextualized research to them – compensating those that do and penalizing those that do not.

IRRI data: Basis for our analysis; basis for your action



Insight: Best practices by research providers - company view

We asked **listed companies** : What best practices by SRI / CG research providers deserve highlighting?

What's new?

- Companies appreciate:
 - Research providers that pre-complete their questionnaires with information that has already been put in the public domain
 - Analysts that take the time to understand the business context within which companies operate and focus on material issues. Also, those that make direct contact and those that give guidance on best industry practice are valued.

Who cares?

- Research providers – who should want to understand how to build constructive relationships with companies – as companies are their primary suppliers (of information)
- Companies – who may see their own opinions echoed by peers
- Asset managers – who can encourage their contracted research providers to adopt the practices that are most welcomed by the companies that they hold

What's next?

- There is a considerable gulf between companies' desire to engage directly with analysts at ratings agencies and the high proportion of analysts who spend a low proportion of their time in contact with companies. This will need to be addressed, as a priority, if the relationship between companies and research providers is to improve.
- As the SRI demands on companies time grow, companies may prioritise access for research providers based on the factors highlighted below (together with the levels of market influence each provider has (indicated by ratings elsewhere in this document))

IRRI data: Basis for our analysis; basis for your action



Insight: Best understanding of companies - independent research firm

We asked **listed companies** : Which SRI / CG research analyst from an SRI / CG RESEARCH PROVIDER best understands the challenges and opportunities facing your company?

What's new?

- A refreshed listing of the analysts that companies most respect features, in the Top 12, eight mentions for analysts from Sustainalytics, five mentions for analysts from MSCI ESG Research and three mentions each for analysts from ISS and Vigeo Eiris.
- Congratulations to all analysts listed below and to the others [listed and commended on SRI-CONNECT here](#)

Who cares?

- Asset managers – Companies are often the best judges of who best understands their business. (While companies might favour analysts that write positively about them, we do not think that sort of bias is likely to be a concern here). So, this is a useful indicator of which analysts are most insightful about different companies and sectors
- Companies – who are not already connected to these analysts may want to ensure that they are covered by the analysts that are most likely to understand their business and the context within which they operate

What's next?

- No significant changes are envisaged here although a virtuous circle may be created whereby the best regarded analysts will receive better access to companies which will improve their understanding and reputation etc.

IRRI data: Basis for our analysis; basis for your action

Top 10

1. [Minako Takaba \(MSCI ESG Research\)](#)
- 2.= [Cristóvão Alves de Souza Gonçalves \(SITAWI - Finance for Good\)](#)
- 2.= [Jasmine Mehta \(MSCI ESG Research\)](#)
- 4.= [Frances Fairhead \(Sustainalytics\)](#)
- 4.= [Saori Odera \(FTSE Russell\)](#)
- 6.= [Aaron Bertinetti \(Glass, Lewis & Co\)](#)
- 6.= [Alan Brett \(MSCI ESG Research\)](#)
- 6.= [Alberto Serna Martin \(Sustainalytics\)](#)
- 6.= [Birte Stoffer \(ISS-oekom\)](#)
- 6.= [Bruce Jackson \(Sustainalytics\)](#)
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- 6.= [Maria Ghannam \(Vigeo Eiris\)](#)
- 6.= [Maximilian Horster \(ISS-ESG\)](#)
- 6.= [Michelle McCulloch \(Sustainalytics\)](#)
- 6.= [Mouna Loutiti \(In transit\)](#)
- 6.= [Nadine Flack \(CDP\)](#)
- 6.= [Nwanna Ifeanyi Onyedikachi \(Vigeo Eiris\)](#)
- 6.= [Paul Hewitt \(Vigeo Eiris\)](#)
- 6.= [Pierre-Yves Le Stradic \(EthiFinance & Gaia Rating\)](#)
- 6.= [Rita Ferreira \(Sustainalytics\)](#)
- 6.= [Stina Nilsson \(Sustainalytics\)](#)

From listed companies

Insight: Significant audiences

We asked **listed companies** : Please rank the audiences below on their importance as recipients of your sustainability messages?

What's new?

- Some companies make a conscious effort to prioritise the different investor audiences for their sustainability information. For others, the process is more aspirational.
- SRI specialists at asset managers that hold their shares rank top of companies' priority list

Who cares?

- Companies – as prioritising different audiences is the first step to improving the efficiency of communications

What's next?

- As companies become more aware of the different investor audiences for their sustainability information and the different impact that each have on their share price, we expect the sophistication with which they prioritise will improve
- In the short-term, however, we note two anomalies that we expect to change. First, companies claim to consider asset managers as more important than research / ratings firms and yet, as our other 'insight' shows, they spend much more time focused on the research / ratings firms.
- Secondly, credit ratings agencies are ranked low on the list – given their recent commitment to the area of sustainable investment and their significance in the investment landscape, we expect them to rise up the list of priorities.

IRRI data: Basis for our analysis; basis for your action

In priority order:

1. SRI specialists (analysts & portfolio managers) at asset managers that hold your company's shares
2. SRI specialists (analysts & PMs) at asset managers that are well-known for sustainable investment
3. Financial analysts & PMs at asset managers that hold your company's shares
4. SRI analysts at independent SRI/ESG research / ratings firms
5. SRI specialists at 'sell-side' broker firms
6. SRI analysts at SRI index providers
7. Sector (financial) analysts at 'sell-side' broker firms
8. Analysts at proxy voting advisors
9. SRI specialists at credit rating agencies
10. 'Mainstream' credit analysts at credit rating agencies

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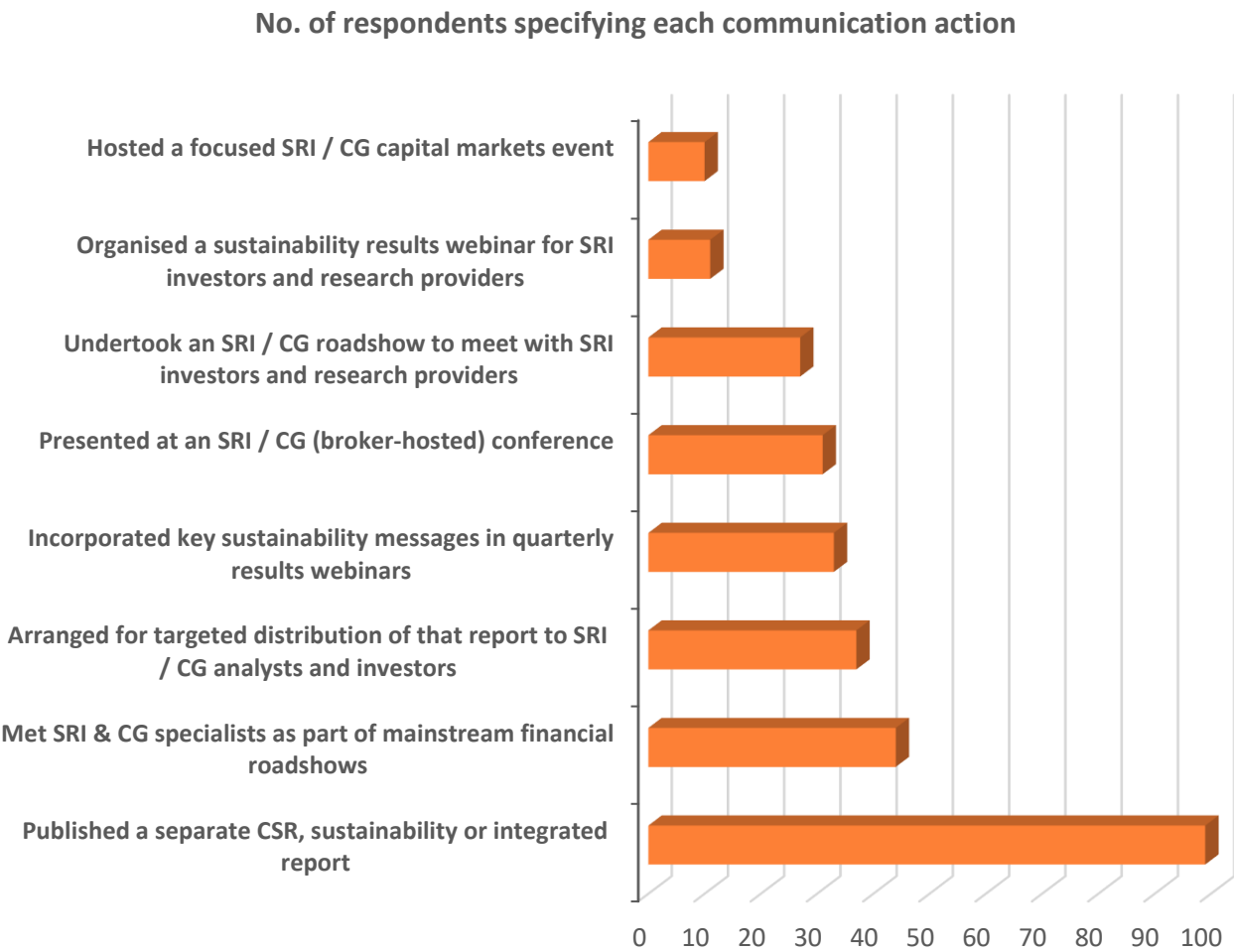
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What's next?

- Over time, we expect the practices involved in the communication of sustainability information to investors to converge with the practice involved in 'mainstream' investor communications. Questionnaires will disappear and webinars and roadshows will increase.
- These basic steps are likely to precede the full integration of sustainability information within 'mainstream' investor presentations – which remains challenging for both companies and investors.



Insight: Time spent on communications

We asked **listed companies** : **How much time did your firm spend on these different SRI communication activities in 2018?**

What's new?

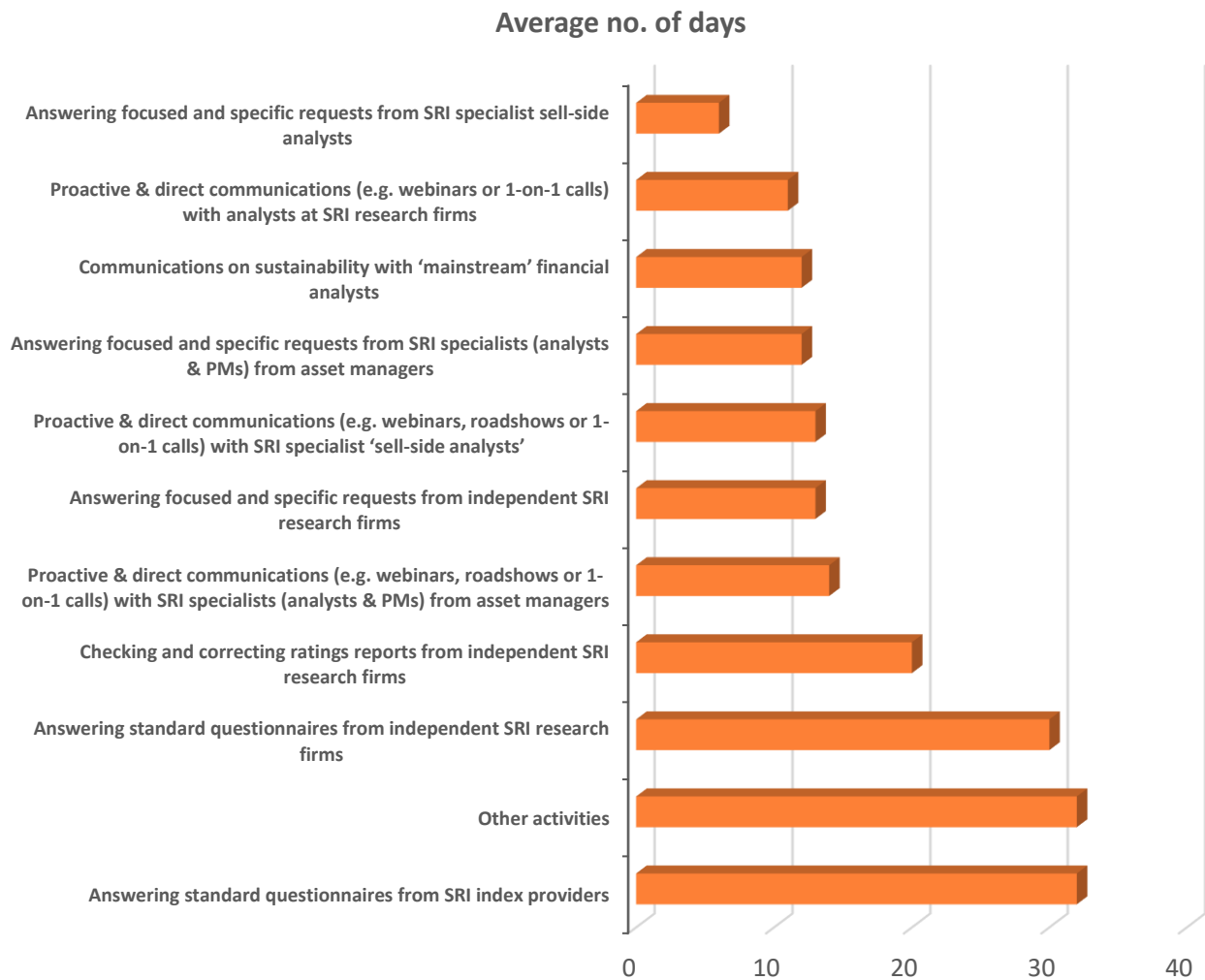
- Completing standardized questionnaires from SRI research agencies and index providers remains the most time-consuming activity for companies
- Much less time is spent on proactive and direct communications and answering focused questions from asset managers and financial analysts.
- There is a huge mismatch between these ratios and the fact that companies regard “SRI specialists (analysts & portfolio managers) at asset managers that hold your company's shares” as the highest priority recipients of their sustainability messages.
- Also, the time spent on questionnaire completion appears to detract from time that asset managers would like companies to spend in direct communication.

Who cares?

- Companies – as this data shows how their peers spend the time that they devote to SRI communications.
- SRI research firms – who should note, in particular, the large proportion of company time spent completing questionnaires and checking and correcting ratings. Companies will be looking to reduce the time they spend doing this. Improvements that research providers can make from their side to this process will reduce the likelihood of their questionnaires / checks being the ones that are de-prioritised in future years.

What's next?

- Companies will need to respond to asset managers’ requests for more direct communication.
- Assuming that no additional time is to be devoted to SRI overall, this will have to come at the expense of questionnaire completion time.
- There may be subtle ways of managing this rebalancing of the time that companies allocate to SRI communications or it may come down to overt competition between research providers and their asset manager clients.
- It is clearly in the industry’s wider interest to avoid direct competition (and conflict) between the time for SRI that companies allocate to asset managers and the time that they allocate to SRI agencies.



Insight: Running SRI communications

We asked **listed companies** : **Who leads your company's communications with SRI analysts and investors?**

What's new?

- Investor Relations managers are responsible for SRI communications at 42% of the companies who responded. This is a welcome development as it aligns SRI communications with 'mainstream' investor communications. (It also replicates last year's result which showed a similar split.)
- We fear that the 26% of companies who claim to 'share responsibility' might mean that 'no-one' is proactively leading the agenda – although a more generous interpretation might conclude that seamless teamwork is in action.

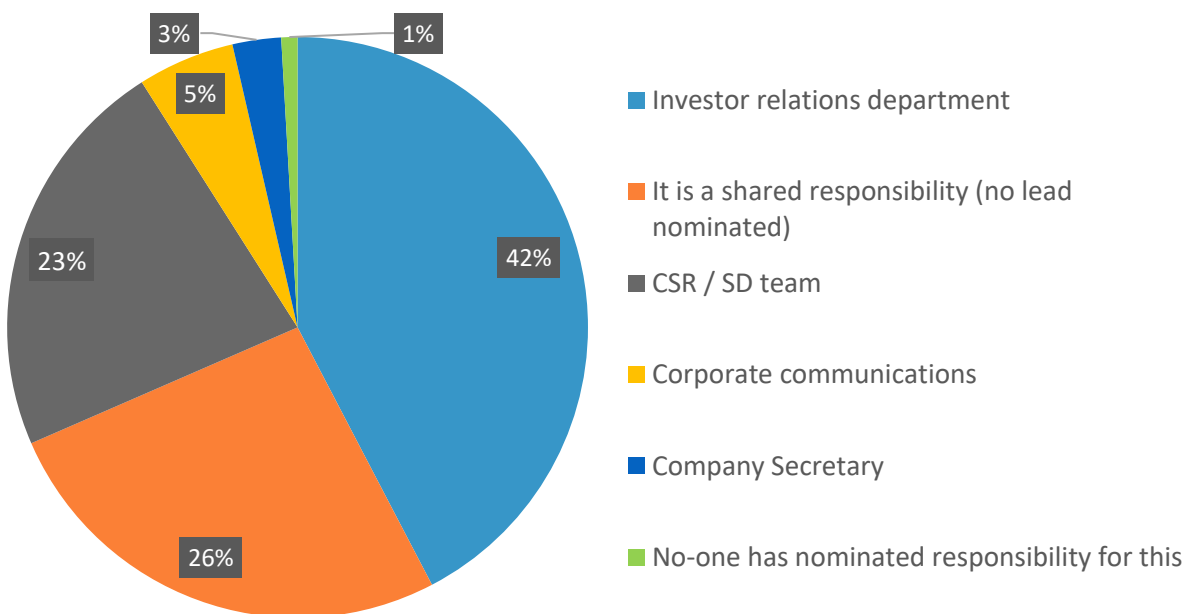
Who cares?

- Investors need clearly-defined contact points at companies and will be encouraged to see that these are being appointed inside IR departments. Notably they will be pleased to see increasing alignment between SRI communications practices and 'mainstream' investor communications practices.
- CSR & IR specialists at companies will be interested to see how their peers are allocating responsibility for SRI communications.

What's next?

- Continual convergence around the best practice of allocating responsibility to IR departments seems likely.
- However, to make this viable (and to ensure that sufficient focus is placed by IR teams on SRI communications), CSR/SD teams will need to remain actively involved in the process.

IRRI data: Basis for our analysis; basis for your action



Insight: Responsibility for CG communications

We asked **listed companies** : **Who leads your company's communications with corporate governance analysts & investors?**

What's new?

- Corporate governance communications are most commonly managed by companies' Investor Relations teams
- In 17% of companies CG communications are a shared responsibility and at 16% of companies, the Company Secretary is responsible

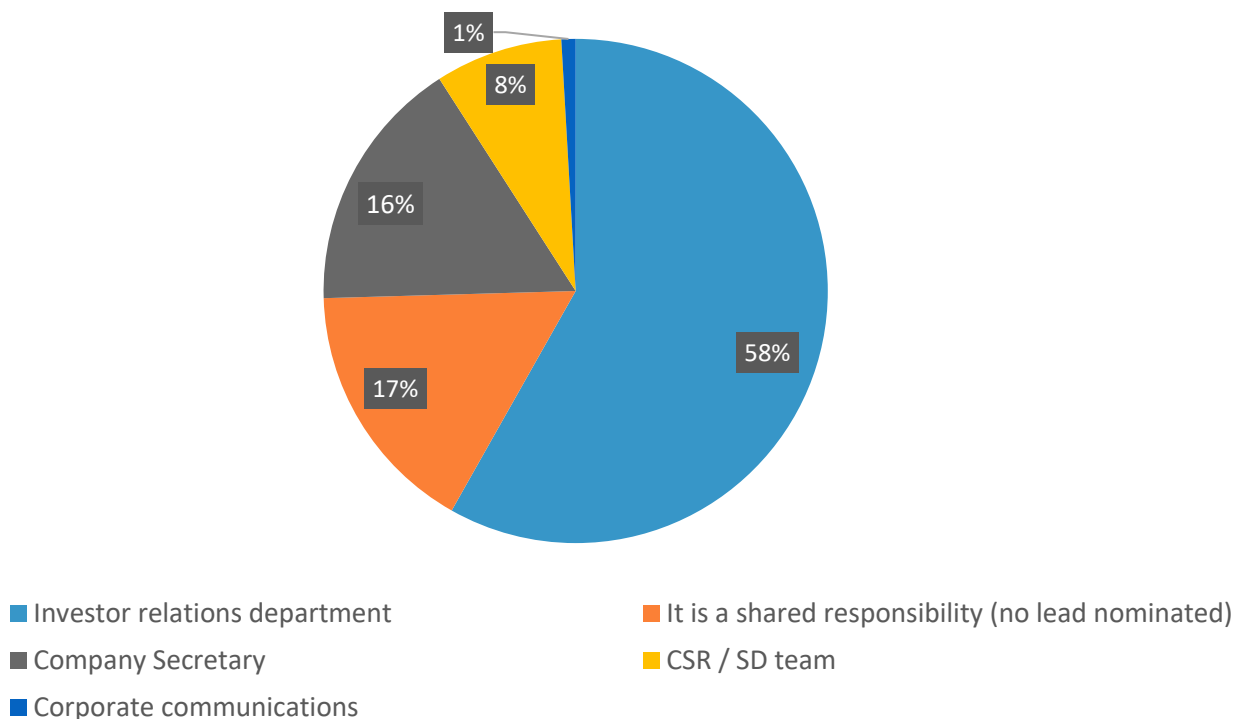
Who cares?

- Investors need clearly-defined contact points at companies and will be encouraged to see that these are being aligned with 'mainstream' communications inside the IR department.
- Company Secretaries & IR specialists at companies will be interested to see how their peers are allocating responsibility for Corporate Governance communications.

What's next?

- As with SRI communications, we expect continual convergence around the best practice of allocating responsibility to IR department – who have most experience within companies in investor communications.
- The nature of corporate governance (and its relation to the proxy voting at AGMs) mean that Company Secretaries will necessarily remain closely involved in the process.

IRRI data: Basis for our analysis; basis for your action



Insight: Managing contact

We asked **listed companies** : **What does your company do to manage its SRI / CG contacts?**

What's new?

- 27% of companies proactively target SRI investors and analysts
- 31% manage relationships reactively (by recording contact when it happens)
- A diminishing number of companies have no formal approach to managing their SRI / CG relationships or limit such management to keeping a mailing list

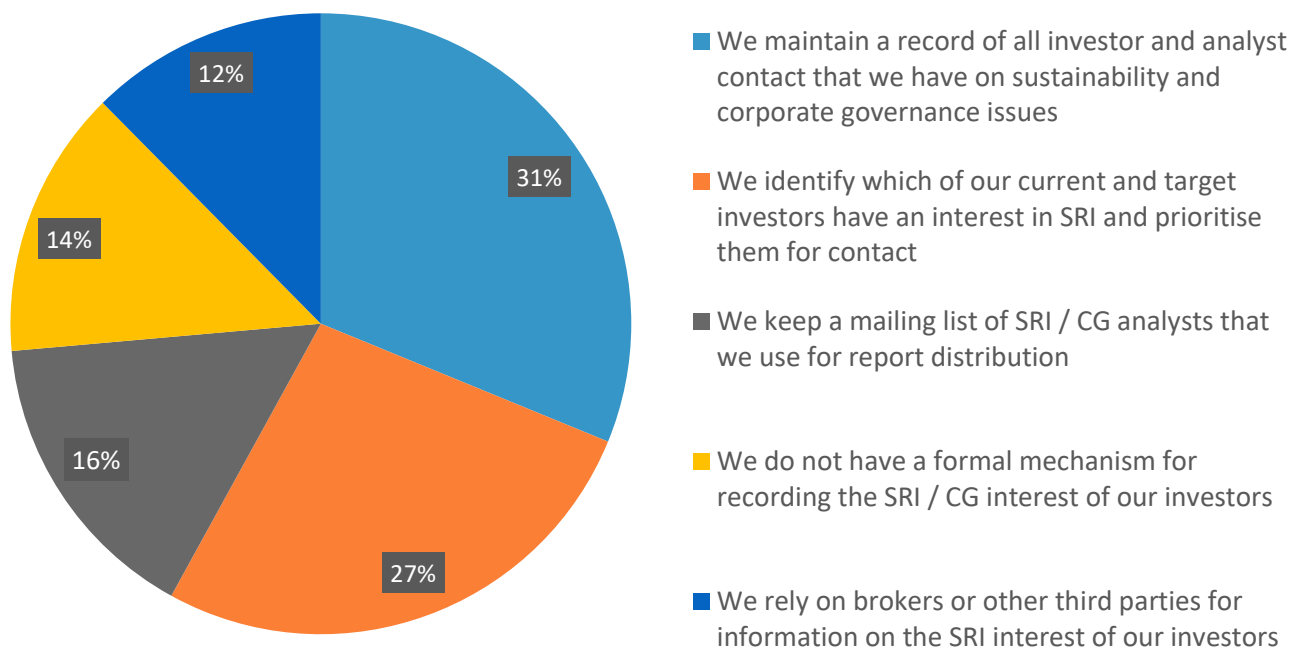
Who cares?

- Investors and research providers will be pleased to know companies are becoming increasingly active in their approach to SRI and CG contact and communications management – as this will improve efficiency throughout the industry.
- Companies who should be aware that their peers are becoming more proactive in managing SRI & CG contact

What's next?

- As they engage further in sustainable investor communications, it seems likely that all companies will step up the degree of targeting and tracking that they engage in – not least because it improves significantly the efficiency of the process.
- Investors and analysts may – for their part – respond by communicating more clearly to companies which sectors and issues interest them – such that they too contribute to improved efficiency within the industry

IRRI data: Basis for our analysis; basis for your action



Insight: SR-IR plans

We asked **listed companies** : **Which best describes your planning for SRI / CG communications?**

What's new?

- There has been little change in the percentage of companies that have a formal plan for SRI communications that is shared within the company over recent years (2016: 35% | 2017: 38% | 2019: 34%). Equally, a similar number of companies have an informal plan (2016: 28% | 2017: 31% | 2018: 30%).
- Still only a small proportion of companies (12%) have a formal plan that it is published externally.

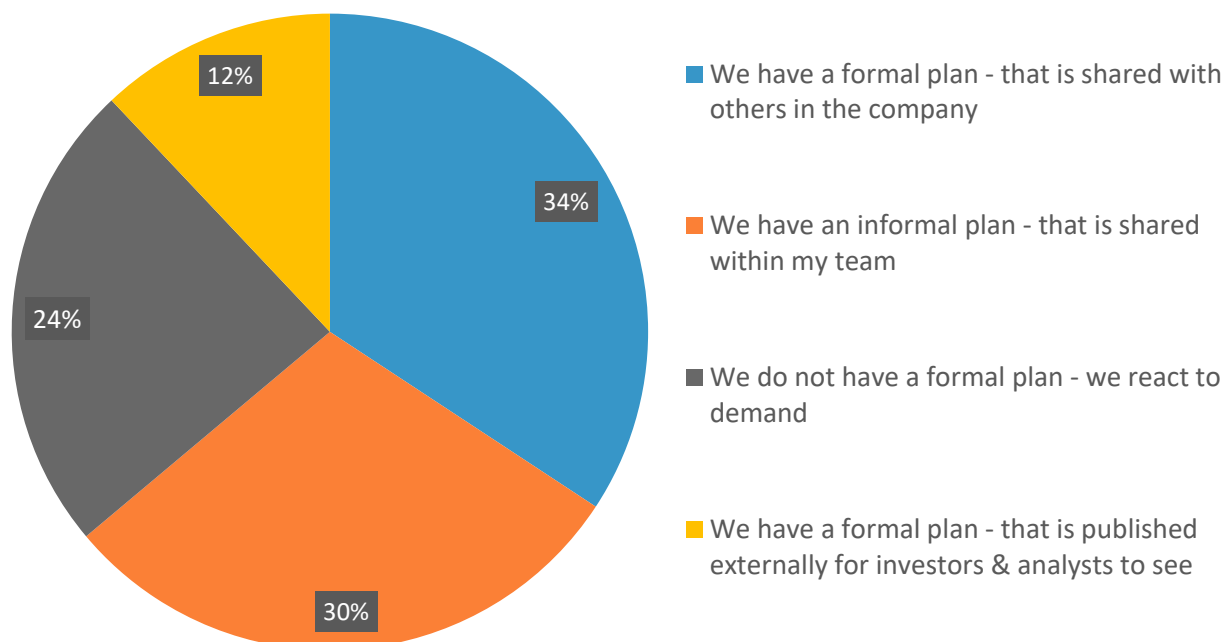
Who cares?

- Companies will be interested to see how pro-actively their peers are planning their SRI communications.
- Research providers and asset managers should be interested to see the current state of play at companies and are likely to encourage their contacts at companies to be more proactive – as this will lead to better efficiency throughout the market

What's next?

- The more widely a company publishes its SRI communications plan, the more the company is able to set the agenda and timetable for colleagues, investors and analysts. If no plan to communicate is visible, analysts will have no choice but to establish their own programme of communications with companies.
- We expect to see this logic permeate gradually through the industry ... but it is happening slowly!

IRRI data: Basis for our analysis; basis for your action



Insight: Message development

We asked **listed companies** : **What process does your company go through to tailor its sustainability messages to SRI investor audiences?**

What's new?

- Companies undergo a range of processes in order to develop their sustainability messages - the most common of these being an internal collaboration between the IR department and CSR department.

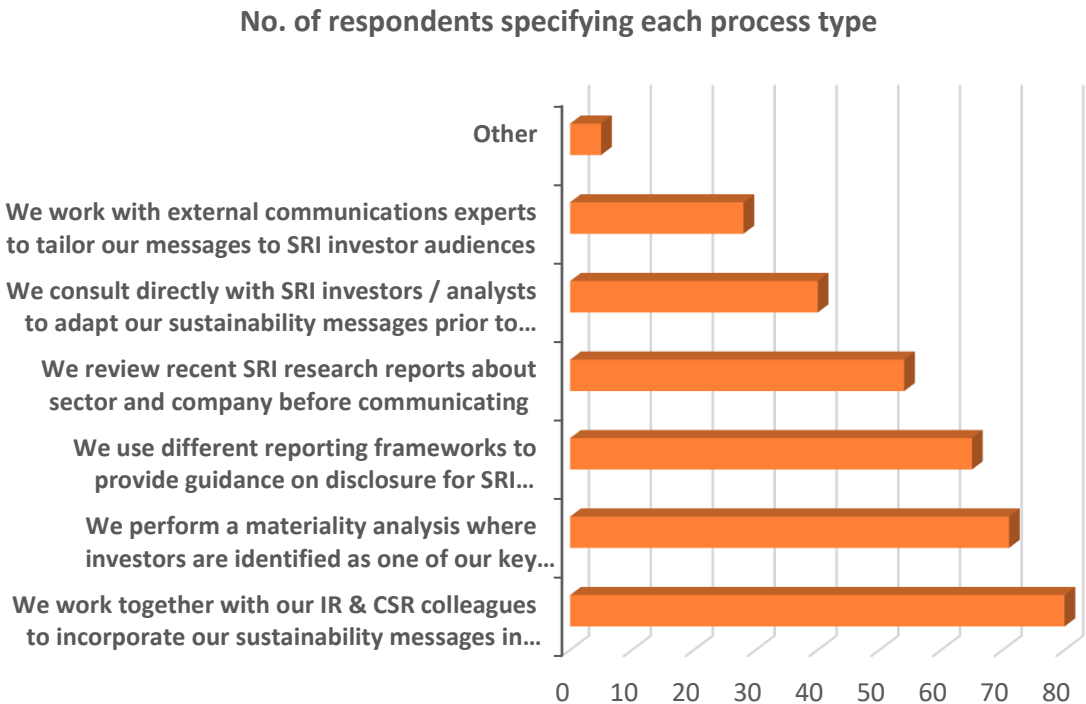
Who cares?

- Company IR and CSR/sustainability teams will find it useful to see the processes undertaken by their peers.

What's next?

- It is encouraging to see so many companies shaping their sustainability messages specifically for investor audiences (rather than assuming that CSR information that is provided for employees, customers etc is all relevant to investors)
- Over time, we expect all companies to recognise that investors’ focus on investment materiality means that messages presented to them should be a focused subset of (but not all of) the information presented to other stakeholders.
- As this recognition spreads, so more of the techniques highlighted below are likely to be used and the information / messages provided by companies will get closer to the needs and interests of investors

IRRI data: Basis for our analysis; basis for your action



Insight: Number of analysts met

We asked **listed companies** : **How many SRI / CG analysts did you meet in person or hold teleconferences with over the past year?**

What's new?

- There is a wide difference between the number of analysts that companies meet with some meeting over 20 a year and others meeting none.
- In our opinion, meeting 20 analysts a year would be a reasonable number for a company that wishes to consider itself as having communicated sustainability to the market. It is therefore disappointing that the large majority of companies fall short of this number.

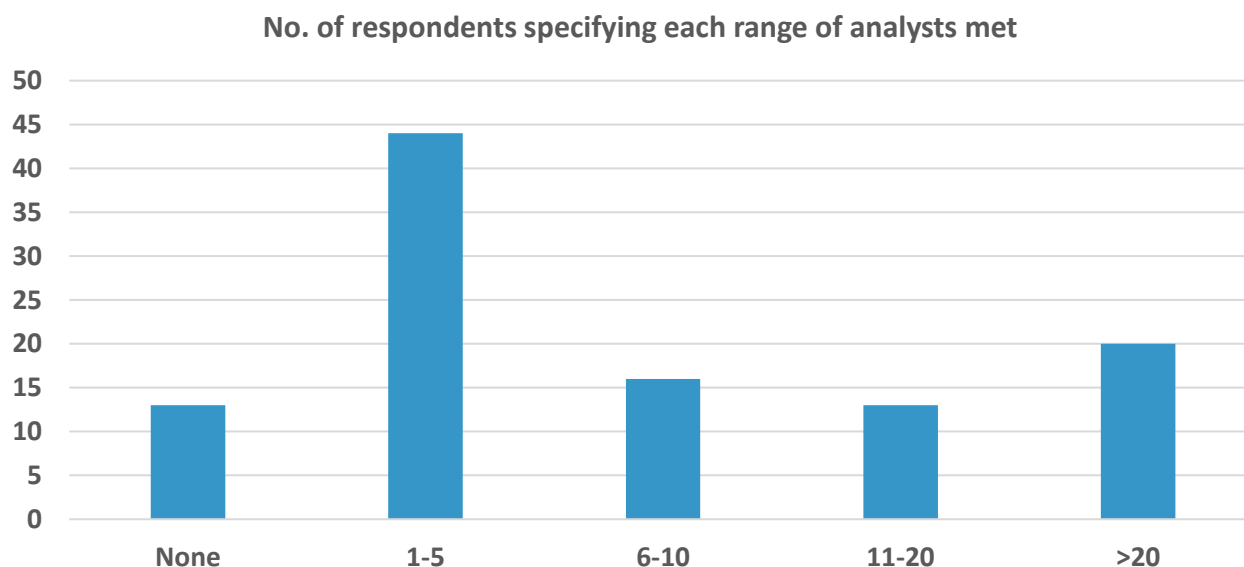
Who cares?

- Companies – who would do well to compare their own meeting numbers with those of their peers ... and more significantly to the number of ‘mainstream’ analysts that their IR colleagues meet in a year.
- All in the SRI / CG value chain – who should note how much less engagement there is between companies and investors than within ‘mainstream’ investment.

What's next?

- Many of the misunderstandings and inefficiencies in SRI communications would be resolved through a higher level of direct engagement between companies and investors.
- While responsibility for this lies on both sides, we suspect that (given the current economics of investment research) companies are the most incentivised and likely to deliver these changes.
- Knowing how many analysts have been met in previous years (the answer to this question) is a good start. The next step for companies is to review their share register and to identify from their top 20 holders, the relevant CG and SRI analysts to create a ‘target list’. This can be extended by including CG and SRI analysts at target investors. Once identified, the most significant investors and analysts can easily be invited to meet.

IRRI data: Basis for our analysis; basis for your action



Insight: Best practices by research providers - company view

We asked **listed companies** : What best practices by SRI / CG research providers deserve highlighting?

What's new?

- Companies appreciate:
 - Research providers that pre-complete their questionnaires with information that has already been put in the public domain
 - Analysts that take the time to understand the business context within which companies operate and focus on material issues. Also, those that make direct contact and those that give guidance on best industry practice are valued.

Who cares?

- Research providers – who should want to understand how to build constructive relationships with companies – as companies are their primary suppliers (of information)
- Companies – who may see their own opinions echoed by peers
- Asset managers – who can encourage their contracted research providers to adopt the practices that are most welcomed by the companies that they hold

What's next?

- There is a considerable gulf between companies' desire to engage directly with analysts at ratings agencies and the high proportion of analysts who spend a low proportion of their time in contact with companies. This will need to be addressed, as a priority, if the relationship between companies and research providers is to improve.
- As the SRI demands on companies time grow, companies may prioritise access for research providers based on the factors highlighted below (together with the levels of market influence each provider has (indicated by ratings elsewhere in this document))

IRRI data: Basis for our analysis; basis for your action



Insight: Company engagement by research providers

We asked **listed companies** : How could SRI / CG research providers improve the way they interact with your company?

What's new?

- Companies could not be clearer. The priority improvement that they want to see from research providers is more direct communications.
- Below this headline are requests for (a) improved transparency in methodology (b) more transparency around the research process (c) a more disciplined approach to checking published material and (d) a greater effort to understand the business context within which they operate

Who cares?

- Research providers should be interested in the improvements requested not least because companies are business-critical suppliers (of information) to their businesses.
- Companies will be interested in the ideas put forward by their peers on how research providers could improve

What's next?

- Improvements in the quality of research should be seen as a high priority through the value chain:
 - Improved communications between companies and investors will be a key part of this
 - companies will need to communicate better and ensure that research providers engage;
 - research providers will need to start research with a thorough understanding of each individual business's operations (stockmarket sector context is nowhere near granular enough);
 - asset managers will need to ensure that research providers deliver contextualized research to them – compensating those that do and penalizing those that do not.

IRRI data: Basis for our analysis; basis for your action



Insight: Measuring the impact of communications

We asked **listed companies** : **How does your company measure the impact of its engagement with SRI / CG investors?**

What's new?

- As other 'insights' have shown, companies spend a considerable amount of time and resources communicating with SRI investors
- An increasingly broad range of simple techniques are being used by companies to track the effect that their engagement has – most of these simply apply an SRI/CG lens to a well-established investor relations practice
- While a broad range of different techniques are used, we observe that few companies apply them all

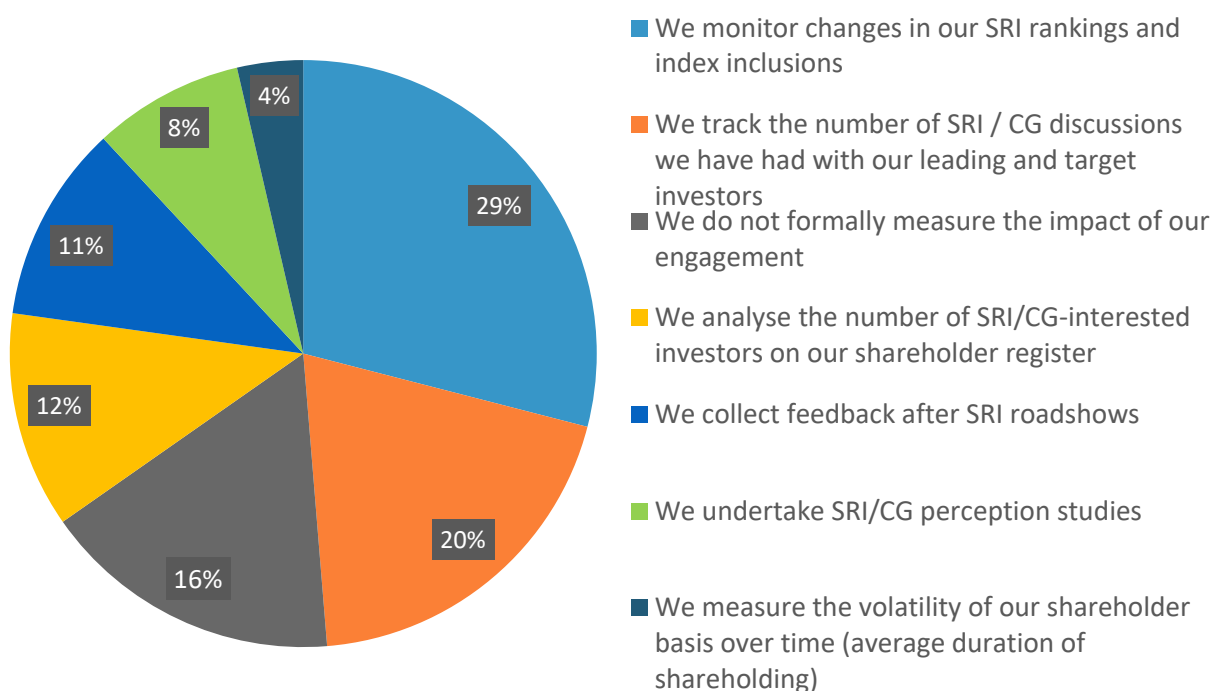
Who cares?

- Companies will be interested to learn about the practices undertaken by their peers

What's next?

- As the profile of sustainable investment rises and the time that companies spend communicating to investors on these issues grows, it seems likely that companies will put greater effort into measuring the impact that this engagement has
- Some companies will be able to take simple measures themselves; others will be likely to engage external consultants – providing an opportunity for service providers

IRRI data: Basis for our analysis; basis for your action



Insight: Best understanding of companies - asset managers

We asked **listed companies** : Which SRI / CG research analyst from an ASSET MANAGER best understands the challenges and opportunities facing your company?

What's new?

- A refreshed listing of the analysts that companies most respect features two mentions for analysts from RobecoSAM and single mentions for analysts from a variety of other firms.
- Congratulations to all analysts listed below and to the others [listed and commended on SRI-CONNECT here](#)

Who cares?

- Asset managers – Companies are often the best judges of who best understands their business (and have no incentive to lie when voting anonymously for asset managers). So, this is a useful indicator of which analysts are most insightful about different companies and sectors
- Companies – who are not already connected to these analysts may want to ensure that they are covered by the analysts that are most likely to understand their business and the context within which they operate

What's next?

- No significant changes are envisaged here although a virtuous circle may be created whereby the best regarded analysts will receive better access to companies which will improve their understanding and reputation etc.

IRRI data: Basis for our analysis; basis for your action

Top 10

1. [Aaron Re'em \(RobecoSAM\)](#)
- 2.= [Niamh Whooley \(PIMCO\)](#)
- 2.= [Sylvia van Waveren \(Robeco\)](#)
- 4.= [alexandre gazzotti \(Itau Asset Management\)](#)
- 4.= [Daniel Wild \(RobecoSAM\)](#)
- 4.= [Yuko Natsuka \(Sompo Japan Asset Management\)](#)
- 7.= Annareetta Lumme-Timonen (Solidium)
- 7.= [Eugenia Jackson \(Allianz Global Investors\)](#)
- 7.= [Raquel Costa \(Bradesco Asset Management\)](#)
- 7.= [Shane Chaplin \(Swedbank Robur\)](#)

Insight: Sell-side understanding

We asked **listed companies** : Which SRI / CG research analyst from a SELL-SIDE BROKER best understands the challenges and opportunities facing your company?

What's new?

- Within the leading analysts highlighted below, three work for Morgan Stanley and three for Goldman Sachs.
- Congratulations to all analysts listed below and to the [others listed and commended on SRI-CONNECT here](#)

Who cares?

- Listed companies will naturally want to be in contact with the analysts that best understand their businesses
- Asset managers will naturally want to be in contact with the analysts that are rated by the companies that they cover for a good understanding of their business.
- (We recognise that, in mainstream research, companies may be inclined to vote for analysts who write analysis that is most positive about them. We do not think this is a significant risk in SRI, where accuracy of understanding and ability to contextualise are more valued attributes than a favourable coverage slant. In other words, companies get more annoyed by SRI analysts' factual errors or failure to understand context than they do by difference of opinion)

What's next?

- Listed companies should identify whether these analysts cover their company and, if so, make contact to ensure that they are connected to the most highly-regarded analysts
- Similarly, investors and asset management analysts should establish whether these analysts cover the sectors that are relevant to them and, if so, make contact.
- One way to do this is by following the hyperlink below and 'connecting' on SRI-CONNECT.

IRRI data: Basis for our analysis; basis for your action

Top 10

1. [Carole Crozat \(Exane BNP Paribas \(Investment Research\)\)](#)
2. [Jessica Alsford \(Morgan Stanley \(Investment Research\)\)](#)
- 3.= [Derek Bingham \(Goldman Sachs \(Investment Research\)\)](#)
- 3.= [Mikael Jafs \(Kepler Cheuvreux \(Investment Research\)\)](#)
- 3.= [Richard Manley \(Goldman Sachs \(Investment Research\)\)](#)
- 3.= [Thomas Girard \(Natixis Securities \(Investment Research\)\)](#)
- 7.= [Hugo Dubourg \(Exane BNP Paribas \(Investment Research\)\)](#)
- 7.= [James Fitzsimmons \(Goldman Sachs \(Markets & Trading\)\)](#)
- 7.= [Jan Rabe \(Deutsche Bank \(Investment Research\)\)](#)
- 7.= [Mari Yoshitaka \(Mitsubishi UFJ Securities \(Investment Bank\)\)](#)
- 7.= [Mark Savino \(Morgan Stanley \(Investment Research\)\)](#)
- 7.= [Valentin Pernet \(Oddo Securities \(Investment Research\)\)](#)
- 7.= [Victoria Irving \(Morgan Stanley \(Investment Research\)\)](#)
- 7.= [Yannick Ouaknine \(Societe Generale Securities \(Investment Research\)\)](#)

Insight: Best understanding of companies - independent research firm

We asked **listed companies** : Which SRI / CG research analyst from an SRI / CG RESEARCH PROVIDER best understands the challenges and opportunities facing your company?

What's new?

- A refreshed listing of the analysts that companies most respect features, in the Top 12, eight mentions for analysts from Sustainalytics, five mentions for analysts from MSCI ESG Research and three mentions each for analysts from ISS and Vigeo Eiris.
- Congratulations to all analysts listed below and to the others [listed and commended on SRI-CONNECT here](#)

Who cares?

- Asset managers – Companies are often the best judges of who best understands their business. (While companies might favour analysts that write positively about them, we do not think that sort of bias is likely to be a concern here). So, this is a useful indicator of which analysts are most insightful about different companies and sectors
- Companies – who are not already connected to these analysts may want to ensure that they are covered by the analysts that are most likely to understand their business and the context within which they operate

What's next?

- No significant changes are envisaged here although a virtuous circle may be created whereby the best regarded analysts will receive better access to companies which will improve their understanding and reputation etc.

IRRI data: Basis for our analysis; basis for your action

Top 10

1. [Minako Takaba \(MSCI ESG Research\)](#)
- 2.= [Cristóvão Alves de Souza Gonçalves \(SITAWI - Finance for Good\)](#)
- 2.= [Jasmine Mehta \(MSCI ESG Research\)](#)
- 4.= [Frances Fairhead \(Sustainalytics\)](#)
- 4.= [Saori Odera \(FTSE Russell\)](#)
- 6.= [Aaron Bertinetti \(Glass, Lewis & Co\)](#)
- 6.= [Alan Brett \(MSCI ESG Research\)](#)
- 6.= [Alberto Serna Martin \(Sustainalytics\)](#)
- 6.= [Birte Stoffer \(ISS-oekom\)](#)
- 6.= [Bruce Jackson \(Sustainalytics\)](#)
- 6.= [Chris Knowland \(MSCI ESG Research\)](#)
- 6.= [Dana Sasarean \(MSCI ESG Research\)](#)
- 6.= [Enrico Colombo \(Sustainalytics\)](#)
- 6.= [Laura Engshuber \(ISS-oekom\)](#)
- 6.= [Lucas Schoeppner \(Sustainalytics\)](#)
- 6.= [Luke Fletcher \(CDP\)](#)
- 6.= [Maria Ghannam \(Vigeo Eiris\)](#)
- 6.= [Maximilian Horster \(ISS-ESG\)](#)
- 6.= [Michelle McCulloch \(Sustainalytics\)](#)
- 6.= [Mouna Loutiti \(In transit\)](#)
- 6.= [Nadine Flack \(CDP\)](#)
- 6.= [Nwanna Ifeanyi Onyedikachi \(Vigeo Eiris\)](#)
- 6.= [Paul Hewitt \(Vigeo Eiris\)](#)
- 6.= [Pierre-Yves Le Stradic \(EthiFinance & Gaia Rating\)](#)
- 6.= [Rita Ferreira \(Sustainalytics\)](#)
- 6.= [Stina Nilsson \(Sustainalytics\)](#)

About listed companies

Insight: Importance of company communications

We asked **asset managers** : **How important is direct communication with companies in your sustainable investment and corporate governance research?**

What's new?

- 70% of asset managers regard direct communications with companies as an important or top priority for their research
- Only 8% regard it as being of little / no interest

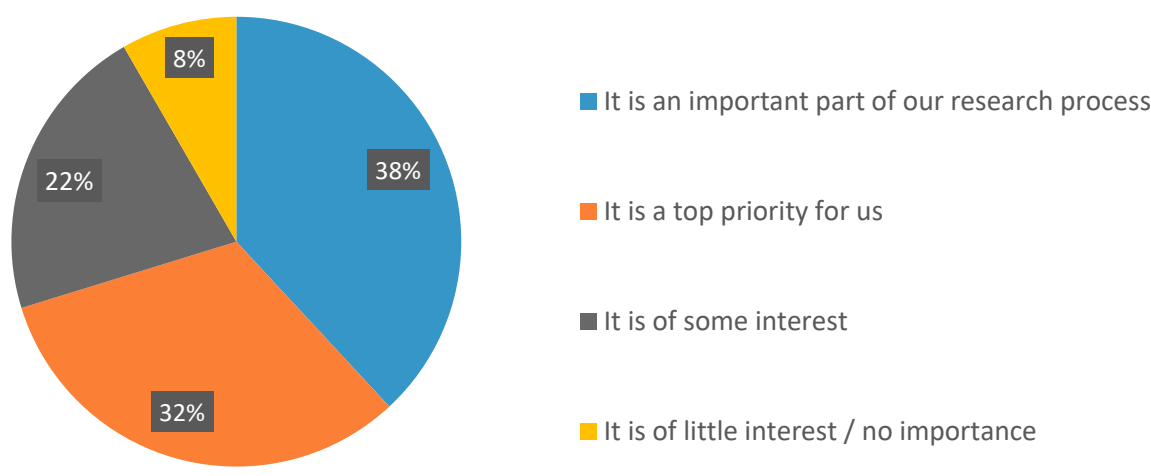
Who cares?

- Companies who – given the significance that asset managers place on this type of communications - will need to increase structurally the amount of direct outreach they do for investors
- Asset managers who will note how significant this aspect of the investment process is to their peers and competitors and will want to ensure that their own activity in this area is effectively planned and efficiently executed.
- Service providers who can facilitate communications between companies and investors on sustainability issues will see an opportunity to provide services to both sides.

What's next?

- This is not actually new. Investors have long claimed that they want more direct contact with companies. Also, companies have long sought greater levels of engagement from investors on sustainability issues.
- The barriers to substantially greater contact between the two sides appear to lie (a) within companies where IR teams may not share CSR teams' enthusiasm to engage; (b) within investors where contact with companies on SRI/CG issues has become subsumed into complex engagement structures and processes rather than kept as simple as it is by 'mainstream' investors; (c) the reluctance of service providers (probably consultants) to provide solutions.
- These barriers are gradually being broken down and smooth, efficient direct communications should quickly follow once a critical mass of company communicators have led the way.

IRRI data: Basis for our analysis; basis for your action



Insight: Improving company - investor communications

We asked **asset managers** : How could companies improve their communications to you on sustainability and corporate governance matters?

What's new?

- Primarily, asset managers want companies to focus on setting materiality issues within a strategic context and reporting to industry-standard-aligned metrics
- In respect of communications, asset managers want companies to focus on direct communications with them above written reports or communications with research providers – although the difference is marginal.

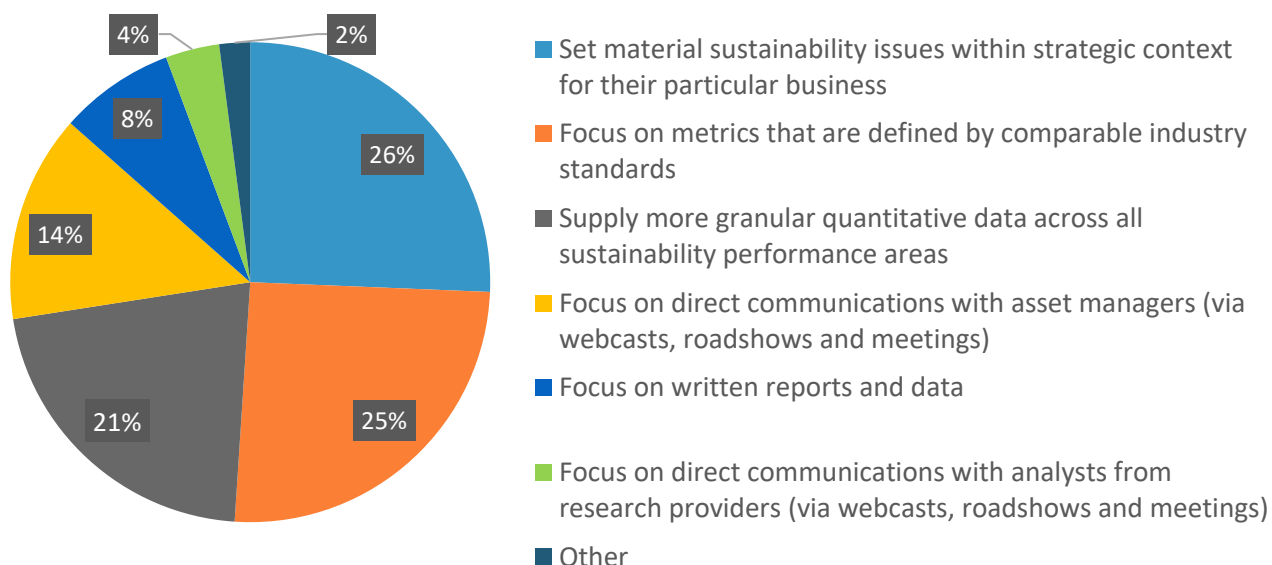
Who cares?

- Companies – who will be encouraged to see the emphasis on materiality and direct communications but perhaps somewhat discouraged by the continued interest in granular data

What's next?

- The conflict between 'materiality' and 'data granularity' will, we suspect, become increasingly evident. There are already signs of discontent within companies about the time and resources required to supply granular data for unspecified investment reasons. We suspect that increased confidence by companies and a drive for efficiency will override asset managers' calls for breadth and granularity.
- The call for direct communications is well aligned with a focus on 'materiality' and strategic context. So, we hope to see it progress significantly in the years ahead.
- Research providers also have a role to play in resolving the tension between 'data granularity' and 'materiality' and we suspect that the providers to do this most effectively will earn improved access to both companies and investors.

IRRI data: Basis for our analysis; basis for your action



Insight: Interest in companies - sector interest of investors

We asked **sell-side brokers** : **From which sectors are the companies that SRI / CG analysts most want to meet?**

What's new?

- Brokers believe that energy and carbon-exposed sectors dominate the list of sectors that investors want to meet. This is consistent with other findings within the Survey.
- Similarly, to last year, the food producers sector appears relatively highly – perhaps reinforcing the recognition that FAIRR has received for various reports on protein and antibiotics in farming.

Who cares?

- Companies in the sectors prioritized by investors will need to develop pro-active investor communications strategies for the year ahead
- Sell-side brokers may want to explore why they have not picked up investors' interest in software companies (this may be due to a geographical coverage bias)
- All research providers will want to make sure they are providing appropriate levels of coverage for the sectors that investors are most interested in

What's next?

- As discussed in other parts of the Survey, we expect a structural uplift in the volume and quality of sustainable investor communications by companies in energy and carbon-exposed sectors in future years.
- Companies in the auto sector have not yet faced the same level of investor pressure that energy companies have but will want to understand the issues for SRI/CG analysts and prepare their strategy for engagement

IRRI data: Basis for our analysis; basis for your action

Top 10

1. Energy (25%)
- 2.= Banks (10%)
- 2.= Transport (10%)
- 4.= Food products (8%)
- 4.= Metals & Mining (8%)
6. Alternative & Renewable Energy (7%)
- 7.= Automobiles & Components (5%)
- 7.= Chemicals (5%)
- 7.= Food & staples retailing (5%)
- 7.= Internet (5%)

Insight: Supporting access to companies

We asked **asset managers** : Which group best supports your access to companies?

What's new?

- Most asset managers plan to do more of their company engagement directly or through collaborative engagement initiatives.
- A minority (c. 30%) plan to use independent research or specialist engagement providers more.

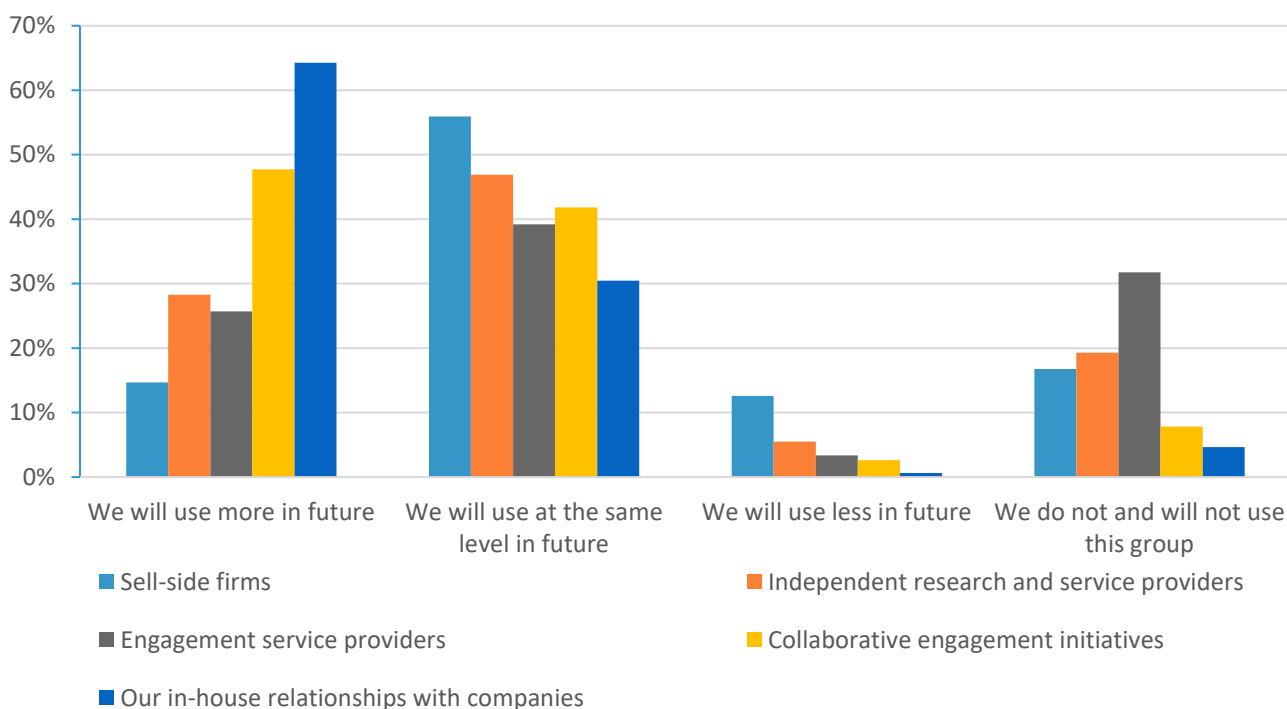
Who cares?

- Companies: - as this will help them decide who to target to maintain efficient contact with asset managers
- Asset managers: - who will be interested to compare their own expectations against those of their peers

What's next?

- At current levels of engagement (see other insights), it may be reasonable for asset managers to expect to use their own in-house relationships with companies to support access. At the higher levels of engagement that are to be expected, however, this becomes impractical and mutualized solutions are to be expected.
- Collaborative engagement initiatives are widely but erroneously assumed to be efficient ways of supporting contact between companies and investors. However, they are widely supported in the industry. As the industry matures and access to companies is increasingly used for information rather than 'engagement', we see the inefficiency of these becoming evident – such that asset managers and companies are likely to disintermediate them.

IRRI data: Basis for our analysis; basis for your action



Insight: Improving communications (with research providers)

We asked **independent research providers** : **How could companies improve their reporting and communications to you on sustainability and corporate governance issues?**

What's new?

- Research providers highlighted a move to integrated reporting – although we are unsure whether this expresses a genuine need that they have or because it is a default ‘best practice’.
- Next ranked are the publication of easily identifiable contact points and the publication of reporting schedules. These are simple administrative steps that companies can take to improve the efficiency of communications

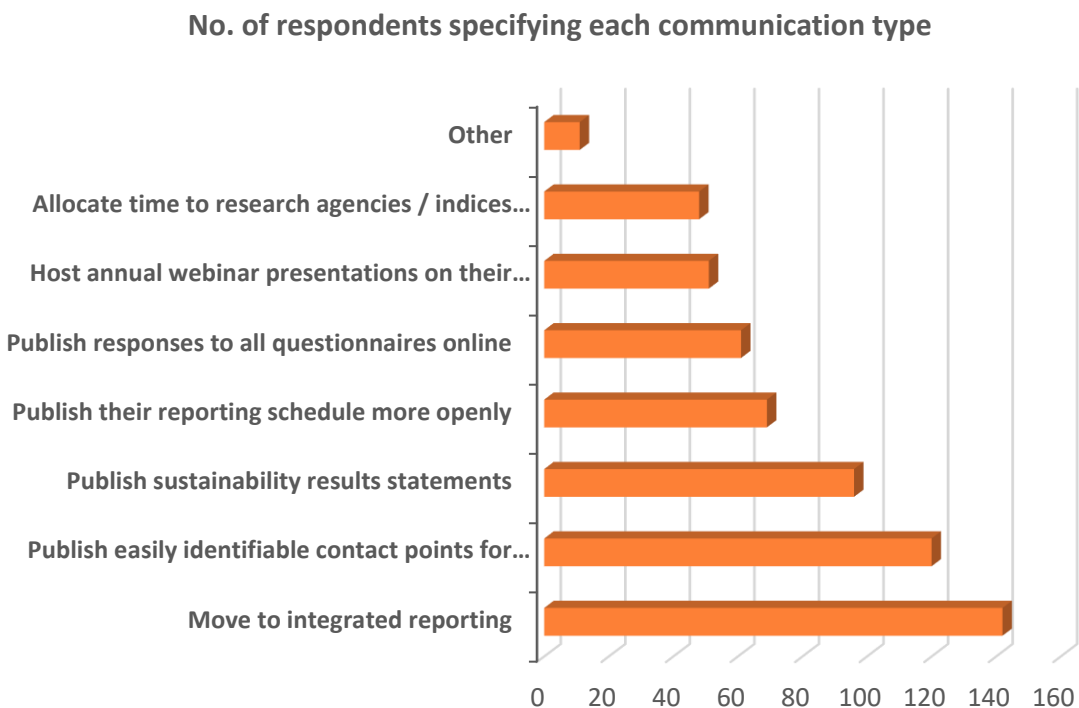
Who cares?

- Companies – who are seeking more effective and efficient ways to communicate with SRI / CG research providers

What's next?

- Companies will increasingly seek to professionalise their sustainability communications to investors – along the lines of their mainstream investor communications. All of the steps highlighted here will help achieve this.

IRRI data: Basis for our analysis; basis for your action



Insight: Company communicators

We asked **asset managers, independent research providers** : Which (quoted) companies are best at managing and communicating the material sustainability and corporate governance issues facing their business?

What's new?

- Congratulations to those listed below on being recognised by asset managers and research providers as being proactive communicators to investors on sustainability issues.
- Also, congratulations to all [100 companies that are ranked and the many commended here on SRI-CONNECT](#).
- We note, however, that many of the companies ranked highly were also ranked highly last year – suggesting that the leaders have confirmed their best practices but are not being challenged by newcomers to the practice of effective communicators

Who cares?

- Companies who are ranked ... will be pleased – because it's nice to be recognized for hard work.
- Companies who are not ranked – but expend considerable energy and resources communicating sustainability performance to investors may want to reconsider their approach to investor communications. As the rest of this research shows, there are effective ways to communicate sustainability to investors and ineffective ways.

What's next?

- As companies' awareness of the differences between effective and ineffective practice in sustainable investor communications grows, we expect to see a significant number of companies realigning their current activities with the practices that work best.
- In particular, we expect ambitious companies to compare themselves with their sector peers (and competitors for investor capital) in a bid to emulate and outperform them.

IRRI data: Basis for our analysis; basis for your action

Top 10

1. [Unilever](#)
2. [Danone](#)
3. [Nestlé](#)
4. [Marks and Spencer Group](#)
5. [Aguas Andinas](#)
6. [BHP Billiton](#)
- 7.= [Axa Group](#)
- 7.= [Intel](#)
- 7.= [Orsted](#)
- 7.= [Schneider Electric](#)
- 7.= [Swiss Re](#)

Insight: Company contact desired

We asked **asset managers & independent research providers** : Which companies would you most like to have direct contact with next year?

What's new?

- The Top 20 companies on investors' 'would like to meet' list are evenly divided between tech firms, resources firms and others – with financials and consumer firms featuring in the other categories.
- Below this Top 20 a broad spread of companies and sectors appear on the list (over 250 companies mentioned) reflecting the breadth of investor interest in contact with companies.
- Also note that a [longer listing of companies that investors want to meet can be viewed here on SRI-CONNECT](#)

Who cares?

- The companies listed – obviously!
- Consultants that can facilitate communications between these companies and investors
- Other investors interested in the same companies. Once a critical mass of investors shows interest in meeting, companies will typically oblige – if an efficient way can be found for them to do so.

What's next?

- Over time, all companies should take the initiative and reach out proactively to investors to discuss sustainability and corporate governance issues.
- This process can be accelerated by drawing the list below to the attention of any companies that are on it and introducing them to intermediaries who can arrange efficient contact with a broad range of analysts and investors globally.

IRRI data: Basis for our analysis; basis for your action

Top 10

1. [Amazon.com](#)
2. [Facebook](#)
3. [Royal Dutch Shell](#)
- 4.= [Exxon Mobil Corporation](#)
- 4.= [Vale](#)
6. [Google](#)
7. [Bayer](#)
- 8.= [BHP Billiton](#)
- 8.= [BlackRock \(Company\)](#)
- 8.= [Nestlé](#)

Insight: Practical steps for listed companies

We asked **industry experts & specialist consultants** : **What practical steps can LISTED COMPANIES take to capture most advantage from sustainable investment and corporate governance activity?**

What's new?

- Key messages are: to keep disclosing, to integrate the TCFD recommendations; to articulate why sustainability factors are material drivers of long-term performance; to communicate better internally (especially with the board) and to communicate better with investors and ratings providers

Who cares?

- Companies, who will want to absorb the tips below to maximize the efficiency and effectiveness of their SRI and CG communications to investors
- Consultants should be able to absorb these expert insights and incorporate them into their advisory work to companies in order to help them report and communicate better to investors

What's next?

- SRI/ESG is now practiced at a size and scale that make it worth companies developing proactive strategies for communications on sustainability and corporate governance issues. In the first instance, this is likely to involve steps to improve the efficiency and impact of what they are already doing.

IRRI data: Basis for our analysis; basis for your action

- "Address the opportunities as well as the risks of the low-carbon transition. Deliver greater and more forward-looking disclosure about climate risk."
- "Companies need to actually deliver on their promises. The time for verbiage is past."
- "Leverage verifiable linkages to consumer concerns on SRI/CG."
- "Assess their top ESG risks / opportunities and publish this information."
- "Companies should: [1] Focus on developing environmental and social management systems that holistically address materials risks (and less on working backwards from what they think investors want to hear) [2] Ensure that subject matter experts (internal and external) are involved in ESG reporting. Too often, reporting is led by investor relations/communications teams that are good at making visually appealing reports without linking the disclosed information to what really matters to investors."
- "Provide forward-looking data on carbon."
- "Adopt a risk management framework incorporating ESG, and begin the process of identifying and managing risks."
- "Show leadership. Demonstrate transparency and actively engage. Treat your investors as partners."
- "In addition to complaining about ESG framework confusion and endless questionnaires, companies should leverage their extensive industry lobbying power (normally used to reduce regulations and taxes), as well as their professional associations, to formalize ESG reporting frameworks and reduce the paperwork but increase the quality of reporting. Companies should identify opportunities (eg. sustainability reports) to highlight any issues that they believe that the ESG research community got wrong or may be misunderstanding."
- "Be open to engagement, use SASB reporting"

- "Small & mid-cap companies should stop just comparing their company only to their own market cap peer set. They are going to have to look at larger cap companies who have already gotten involved with ESG/Sustainability reporting and disclosure in order to find best practices examples that they can learn from in its own ESG program development."
- "Through enhanced ESG management, listed companies can identify operational risks, reduce operational costs, reduce negative ESG impact and increase positive ESG impact. These tangible results can increase stakeholder approval and reduce cost of capital."
- "[1] Use materiality analysis to focus their messages and reporting. [2] Find out which investors care about ESG. [3] Reach out to them [4] If they don't have it already, create the role of ESG Communications Specialist."
- "Understand the issues; Understand your stakeholders; Communicate effectively"
- "Focus on your material ESG issues then reporting openly and transparently, where possible reporting in alignment with initiatives that seek consistency."
- "Make ESG a standard agenda item for the Board."
- "Radical transparency"
- "[a] Examine and engage with the leading ESG investor data providers, rankers and raters to understand your ESG profile, gaps, opportunities and to inform your strategy; [b] Update an ESG Materiality assessment to help focus on your most material ESG issues incorporating investor data and guidance; [c] Conduct a Gap Analysis and Strategic assessment of your current ESG disclosure; [d] Work towards filling your gaps and enhancing your strategy and disclosure in a standardized way that's both decision-useful and easy for ESG investor analysts to identify and incorporate into their models. [e] Examine peers that are leaders in ESG rankings from your sector on the specific issues that you have gaps on to understand how these issues are being approached by similar companies rated highly by ESG investors. [f] Enhance the governance structure and oversight of the ESG program internally, including formal oversight responsibility of the board, and a cross-functional committee overseeing the program and disclosure processes. [g] Set material, specific, timely ESG goals, and report on progress.
- Incentivize and tie compensation to meeting material ESG goals. [h] Rinse and repeat (and tweak) next year."
- "Provide transparent data evidencing impacts"
- "Listed companies should use resources provided by investors or consultant that engage with them. They should listen to feedback and requests and foster an open culture within the company. "
- "Take strategic steps and plan into annual cycle - in line with calendar and targeting strategy development and engagement. Ensure IR has best understanding of market dynamics, players, impact and opportunities for that particular issuer (Sustainable investor communications is not one-size-fits-all-companies)."
- "Clearly, there's an opportunity for listed companies to respond to interest in the UN SDGs by parsing what their own contributions are to the relevant SDGs. This takes a different approach to the traditional one of measuring and controlling externalities like emissions. In general, companies should avoid counting activities that would be happening anyway and demonstrate how company strategy is tilting, in as far as it can, to made additional contributions to meeting SDGs."
- "Integrate your messages. Don't wait to talk to a specialist investor on ESG issues. If the issues are important to your business ensure they are covered through all investor meetings. You know what is material to your business, take control."

- "Incorporate sustainable opportunities into strategies and grow them organically into practices or practical applications"
- "Asset owners need to embrace the critical role they play in advancing towards a sustainable development. And there is a myriad of opportunities to make substantial contributions. For instance, they can make internal organisational transformations to embed gender equality, diversity and inclusion into their management systems (for example removing sex-based discrimination in their wage policies, or ensuring equal opportunity in recruitment processes or using an inclusive and non-sexist communication in their marketing strategies). They can also mainstream this perspective along their value chains, purchasing from Women's owned or BoP entrepreneurs owned businesses; or they can utilise gender lenses in the design of products and services delivering a value promise according to specific needs, interests and expectations of both men and women and other demographic groups. They can also invest in and include the most vulnerable and excluded as the human capital of tomorrow. And they can also invest their capital in gender sensitive UN SDG-enabling opportunities such as infrastructure projects, value chain development, technology advancements and others."
- "Engage in dialogue with investors to better understand their motivations, what information they are looking for and why - investors want to see a broader understanding of and acceptance of ESG and long-term sustainability issues as a part of company strategy and culture, not a box-ticking approach to sustainability reporting and disclosure."
- "Listed companies should, wherever possible, seek to orientate their operations and objectives to create value from sustainable commercial activity with positive socio-economic and environmental impacts and outcomes. Being public, they should embrace initiatives that encourage clear and consistent reporting / communications of performance beyond basic financial / economic measures. Raising the standard of corporate governance, transparency and accountability will create better businesses and more compelling investment opportunities."
- "Start disclosing in accordance with SASB"
- "Make a policy out of down-weighting the views of short-termists on their shareholder register, favouring large long-term owners instead"
- "Take TCFD disclosure seriously"

Fundamental trends

We asked **independent research providers, industry experts, investment consultants, specialist consultants** :
Which ideas, initiatives or projects made the most positive contribution to sustainable investment / corporate governance during 2018?

- Five initiatives dominate: the EU Sustainable Finance Action Plan, the UN Sustainable Development Goals, the TCFD, Climate Action 100+ and, to a lesser extent, SASB.

- All market participants will need to have robust and comprehensive positions on and products relevant to the dominant initiatives.
- For asset owners, this may be impact evaluation and reporting; for asset managers, it may relate to investment strategies or research priorities; research providers will need focused products / product elements on these subjects

[illegible]

Insight: Most innovative research

We asked **asset managers & asset owners** : **What was the most innovative research report published in 2018?**

What's new?

- The most frequently cited research from 2019 was FAIRR's work on antibiotics and protein producers
- This was followed by:
 - CDP's sector reports
 - Exane's report on Carbon Stress Testing
 - GIIN's Impact Investment Roadmap
 - Sitawi's work on the Coolest Bonds
 - ... and the Transition Pathway Initiative for their sector reports

Who cares? What's next?

- All market participants will be interested in the most highly-rated reports (and where their commercial relationships allow) will want to access and read these. (Many of these can be found via SRI-CONNECT)
- However, as investment is a forward-looking business, it is also likely that analysts and investors will want to 'connect' to the authors of these reports to receive their future work.
- From a competitive perspective, research providers will want to access these reports to identify what is most valued by the wider market

IRRI data: Basis for our analysis; basis for your action

The following reports were cited as being the most innovative:

- 2 Degree Investing Initiative: Shooting for the moon in a hot air balloon
- 2 Degree investing: Transition Monitor portfolio tool
- Access To Medicine Foundation: Guiding pharmaceutical industry engagement in AMR Antimicrobial Resistance Benchmark 2020
- Access to medicine: Index 2018
- ACGA & CLSA: CG Watch 2018
- ACGA: Corporate Governance in China
- Alliance Bernstein: ESG research piece
- Morgan Stanley: Research on SDGs
- Bloomberg NEF: New Energy Outlook 2018
- BSR: Doing Business in 2030 (Jacob Park, with additional insights and guidance from Aron Cramer, Eric Olson, and Ksenia Benifand)
- CDP: Autos sector report 2018
- CDP: Beyond the cycle - Oil & gas sector report
- CDP: Carbon Capture and Sequestration (Christie Clarke)
- CFA: Papers on ESG integration
- Chain Reaction Research: ESG Lessons from Palm Oil for Soy Supply Chain Investors
- China Water Risk: Reports
- Citi: UN SDGs - Pathways to Success - A Systematic Framework for Aligning Investment (Zoe Whitton)

- Climate Action Tracker: Evaluating the adequacy of national emission reduction plans. Transition Pathway Initiative
- Credit Suisse: Start, Stop, Continue (An SDG Treasure Map)
- Deutsche Bank Research: Energy Transition: DeCAF (Analyst: Caroline Cook)
- End Coal: Tsunami Warning
- ESG and credit ratings
- Exane BNP Paribas: The Carbon Stress Test: Who's afraid of the ETS?
- Exane: Report on Gender Equality
- FAIRR: All work
- CHRB: All work
- Morgan Stanley: Plastics report
- FAIRR: Antibiotics report
- FAIRR: The Protein Producer Index
- Foundations of ESG Investing
- GIIN: Annual Impact Investor Survey 2018
- GIIN: Roadmap for the Future of Impact Investing: Reshaping Financial Markets
- GMO: The Race of Our Lives (Jeremy Grantham)
- How markets price ESG - Have Changes in ESG Scores Affected Stock Prices? (Guido Giese, Zoltan Nagy)
- HPC & CIPD: RemCo reform: governing successful organisations that benefit everyone
- HSBC: Fragile Planet: Scoring climate risks around the world (Ashim Paun, Climate Change Strategist and Wai-Shin Chan, Head of Climate Change Centre for Excellence and Lucy Acton, Environmental, Social and Governance Analyst)
- HSBC: Governing Telecoms (Laurie Fitzjohn-Sykes)
- IIGCC: Navigating Climate Scenario Analysis
- Investing in the Transition to a Low Carbon Economy: Exploring the Link Between a Company's 'Transition Readiness' and Financial Performance. Authors: Brian Deese, Michael Kent, Eric van Nostrand, Lan-Chun Jennifer Wu, Andre Bertolotti
- IPCC: 1.5 for policy makers
- IRENA: A New World: the geopolitics of the energy transformation
- Kalypso: 2018 Retail Digital Innovation Research
- Kepler Cheuvreux: Advancing ESG ratings. Climate Change & Natural Capital (Luke Sussams)
- LSE & Grantham: TPI Sector analysis
- Mercer: Investing in a Time of Climate Change
- MSCI: Women in Finance: Do Financial Firms Maximise their Talent Supplies?
- Oddo BHF: Blockchains: responsible investments?
- Real Vision from Grant Williams and Raoul Pal
- Shaun Cochran: Cyber security - A greyhat guide to everything InfoSec
- SITAWI Finance for Good: The Coolest Bonds
- Sitawi: Controvérsias ASG 2018
- Spotlight on responsible investment in private debt

- Sustainalytics: 10 for 2019 - Systemic Risks loom large
- Sustainalytics: Cannabis report
- The Modern Slavery Index
- TobaccoFree Portfolios: Tobacco - Reviewing the Growing Financial Risk (Nathan Williams)
- Transition Pathway Initiative: Carbon Performance Assessment sector reports
- Transition Pathway Initiative: Oil and Gas Paper on Future Carbon Performance
- UN PRI: A Practical Guide to ESG integration in Equity
- UNDEPFI: Banks working group reports - Physical and Transition risks
- Vivideconomics: The Inevitable Policy Response: When, What and How

Insight: Valuation impact - sectors

We asked **independent research providers** : In which sectors do sustainability or corporate governance factors have most impact on valuation, in your opinion?

What's new?

- Key sectors identified were Energy and Mining
- Followed by Banks, Automobiles, Food Products and Electric Utilities.
- It is interesting, however, that so many sectors feature – indeed almost were cited on multiple times in the responses

Who cares? What's next?

- Asset managers will want to focus on those sectors where SRI/CG factors are most material and will want to ensure that their SRI/CG coverage is sufficiently resourced in these sectors.
- Given the nature of the identified interest (biggest impact on valuation), companies in these sectors will need to develop active SRI communications strategies and may want to base these on a more detailed understanding of how analysts rate the risks and opportunities that they face and how they are exploring the link to valuation
- However, as no sector was ignored, no company should assume that sustainability or corporate governance factors do not apply to them.

IRRI data: Basis for our analysis; basis for your action



Insight: Valuation links

We asked **sell-side brokers** : **Where are the strongest links between sustainability and corporate governance factors and company valuation?**

What's new?

- Sell-side analysts consider analysis of company strategy to be the best way to find a links between sustainability factors and valuation – followed by analysis of competitive positioning within an industry and then capital allocation and operational efficiency.
- Adjusting valuation techniques is seen as the least likely way to identify links – suggesting that the considerable time and resources that are deployed in this area by the SRI industry may not be well spent.

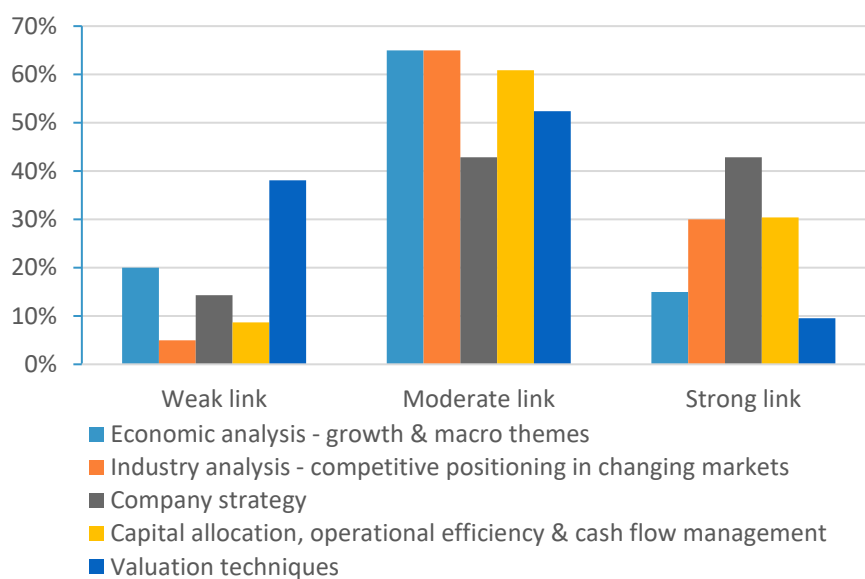
Who cares?

- Anyone interested in using sustainability factors to improve valuation would do well to take this perspective into account in their research and, specifically, in the integration approaches that they choose to pursue.

What's next?

- While ‘integration with valuation’ is much discussed in the industry, this is often not done with sufficient focus on how exactly ‘sustainable alpha’ might be found.
- This insight provides a baseline perspective from one side of the industry against which that debate can progress.
- In the long-term, a better understanding of the areas that yield valuation advantages is likely to lead to better definition of and, thereby, better execution of integration.

IRRI data: Basis for our analysis; basis for your action



Insight: Change drivers

We asked **industry experts & specialist consultants** : **What will drive the greatest change in sustainable investment and corporate governance in the coming years?**

What's new?

- Client/stakeholder demand is seen as the primary driver of in SRI/CG over the coming years
- We are encouraged by this as the SRI/CG industry has arguably been hitherto too hopeful that regulatory change will deliver the changes required
- That said, we note that regulatory change is closely placed in second (with 27% believing that this will be the key factor)

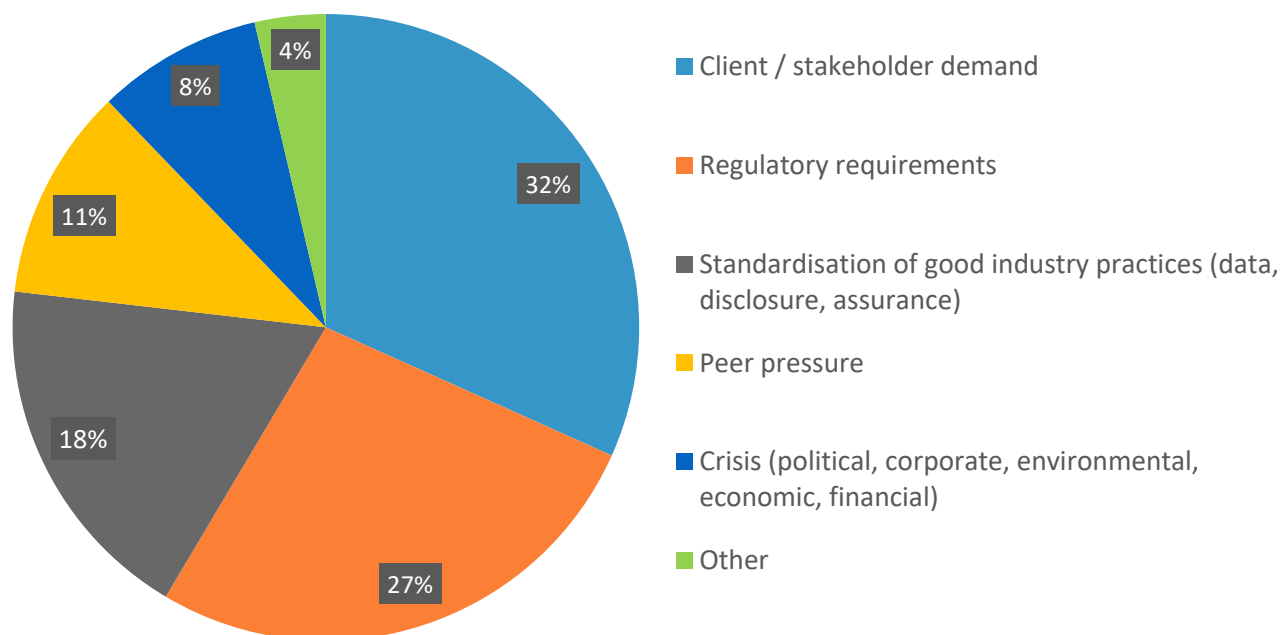
Who cares?

- All market participants will be interested in seeing where others think industry change will come from
- Asset managers and research providers will need to be aware that client demand is seen as a key driver of change in SRI / CG

What's next?

- Regulatory change is closely and easily followed and there is strong interest in them – as other ‘insights’ in this report show.
- Less attention is paid to demand and given its primacy as a driver, we suspect that more research will be needed into the evolving nature of demand across different markets – also into crystallising demand that often remains ‘latent’ for long periods.

IRRI data: Basis for our analysis; basis for your action



Insight: Investment strategy developments

We asked **industry experts, investment consultants, specialist consultants** : In which investment strategies will sustainable investment and corporate governance develop most in 2019?

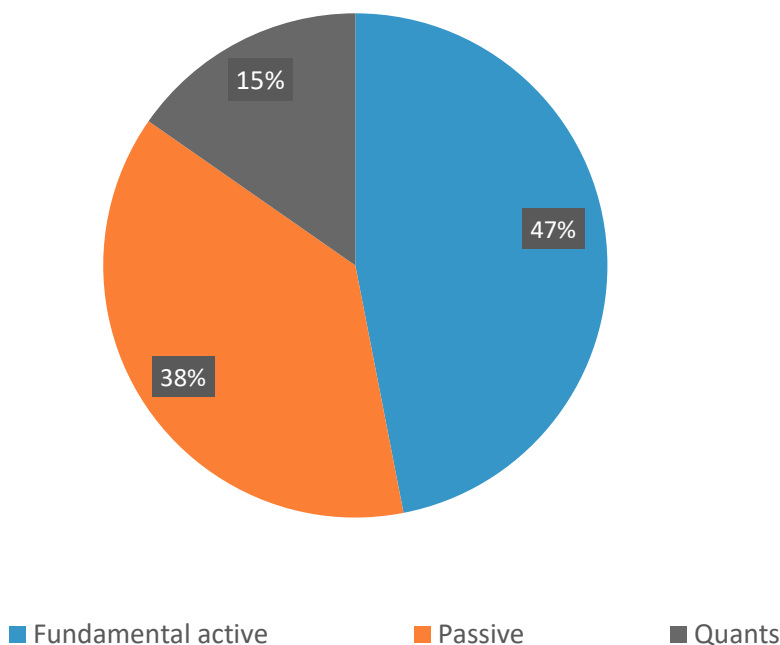
What's new?

- 47% of respondents believe that fundamental active strategies will undergo the most SRI/CG development in 2018.
- 53% believe that it will be passive or quants.

Who cares? What's next?

- What strikes us as critical, for the healthy development of the industry, is that the distinction between the different strategies is recognized – because of the different research required for each
- Many asset managers are committed to one strategy or another. However, research providers will see this as a useful signal about where to deploy resources
- This analysis suggests that research providers should spend about half of their time on the datasets required for passive and quant investment and half of their time on the contextual analysis required for fundamental active investment.
- Notably, however, the discrete datasets required for quant investment are probably less in demand than often assumed.

IRRI data: Basis for our analysis; basis for your action



Insight: SRI / CG strategy developments

We asked **industry experts, investment consultants, specialist consultants** : Which sustainable investment and corporate governance strategies will develop most in 2019?

What's new?

- Low-carbon investment, sustainability theme investing and constructive engagement are (again) seen as top candidates for faster development, while exclusionary screening and integrated analysis may lag behind
- We are unsurprised by the expected growth of thematic and are more surprised by the low ranking for integrated analysis – given that this is what most asset managers profess (to their clients and the wider public) to be focused on.

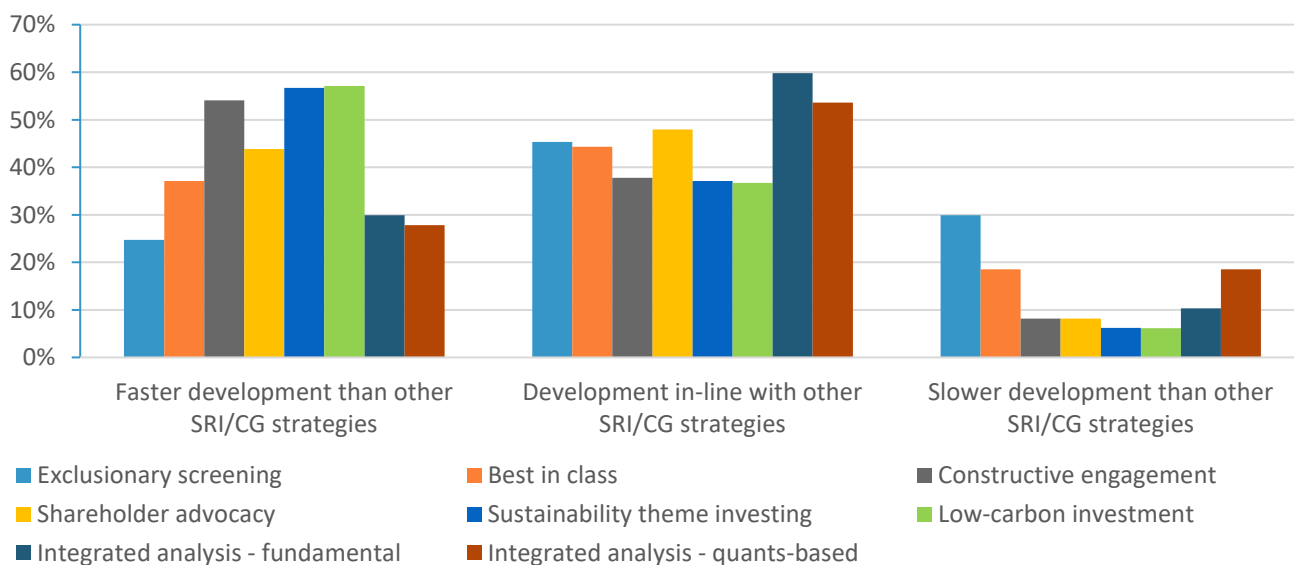
Who cares?

- Asset owners – who could cross-check their appetite for particular SRI strategies against wider market expectations
- Asset managers – who could use it to compare their own strategy and product development
- Research and data service providers – who will want to ensure they can be ahead of the demand curve and provide research to support the fastest growing or least-well-served strategies

What's next?

- Different strategies require different research bases. This may cause asset managers and research providers to adjust their resourcing for the different strategies. For example, more attention may be paid to the value-chain analysis required for thematic investment (a strategy on the rise) than to the ratings (which are already well-supplied) required for best-in-class (a strategy that fewer people expect to grow as quickly).

IRRI data: Basis for our analysis; basis for your action



Insight: Market developments

We asked **industry experts, investment consultants & specialist consultants** : **In which markets will sustainable investment and corporate governance develop fastest in 2019?**

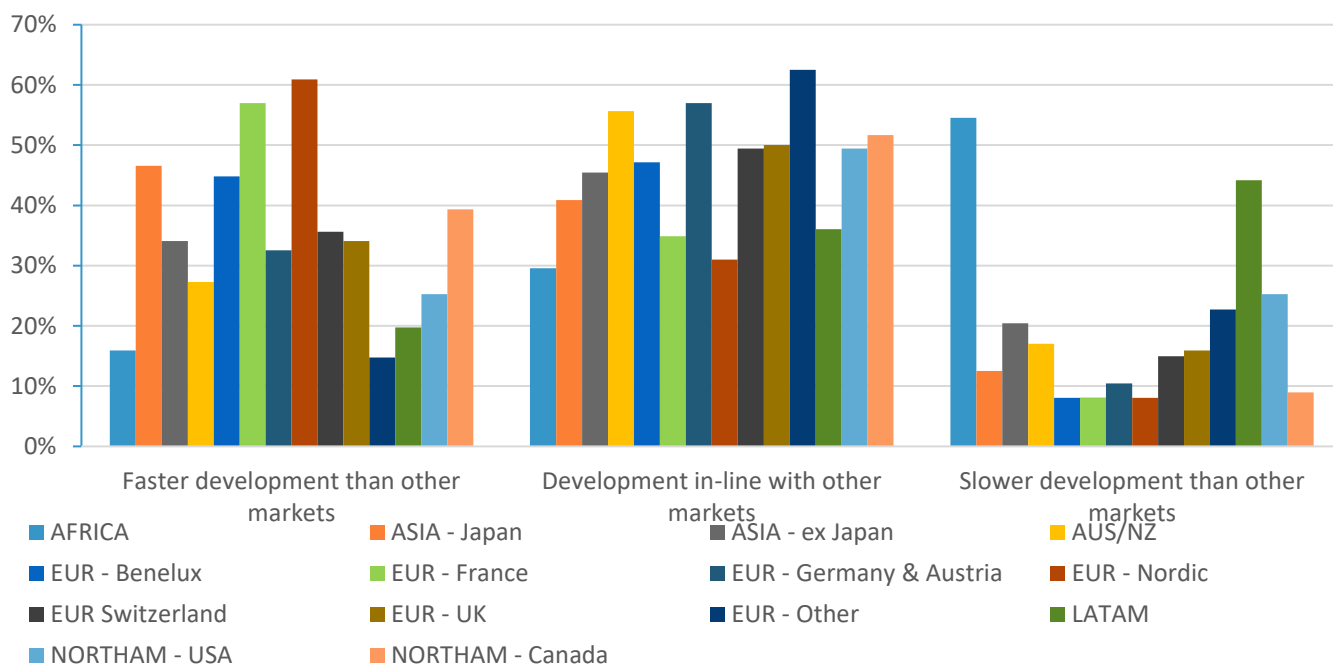
What's new?

- The UK, France and Japan are seen as developing faster than other markets (likely due to regulation and the knock-on effect of the Japanese GPIF)
- Africa, Latin America and the USA are seen as slower (likely due to political factors and less developed markets)
- The USA is now seen as developing in-line with other markets (last year was predicted to be slower)

Who cares? What's next?

- All research providers will want to know which markets to focus resources on
- Investor groups, NGOs and brokers will want to prepare for research, events and initiatives in key regions
- If this growth is driven by client demand (from institutional asset owners – see other insights), asset managers will want to ensure that their marketing teams in these regions are aware of and actively marketing their SRI/CG capabilities

IRRI data: Basis for our analysis; basis for your action



Insight: Investor group developments

We asked **industry experts, investment consultants, specialist consultants** : Amongst which investor groups will interest in sustainable investment and corporate governance grow most during 2019?

What's new?

- Institutional pension funds are (again) expected to see fastest uptake in 2019 (as they were for 2017)
- Insurance funds are also perceived to have growing interest in SRI and CG.
- Family offices are seen to be least interested

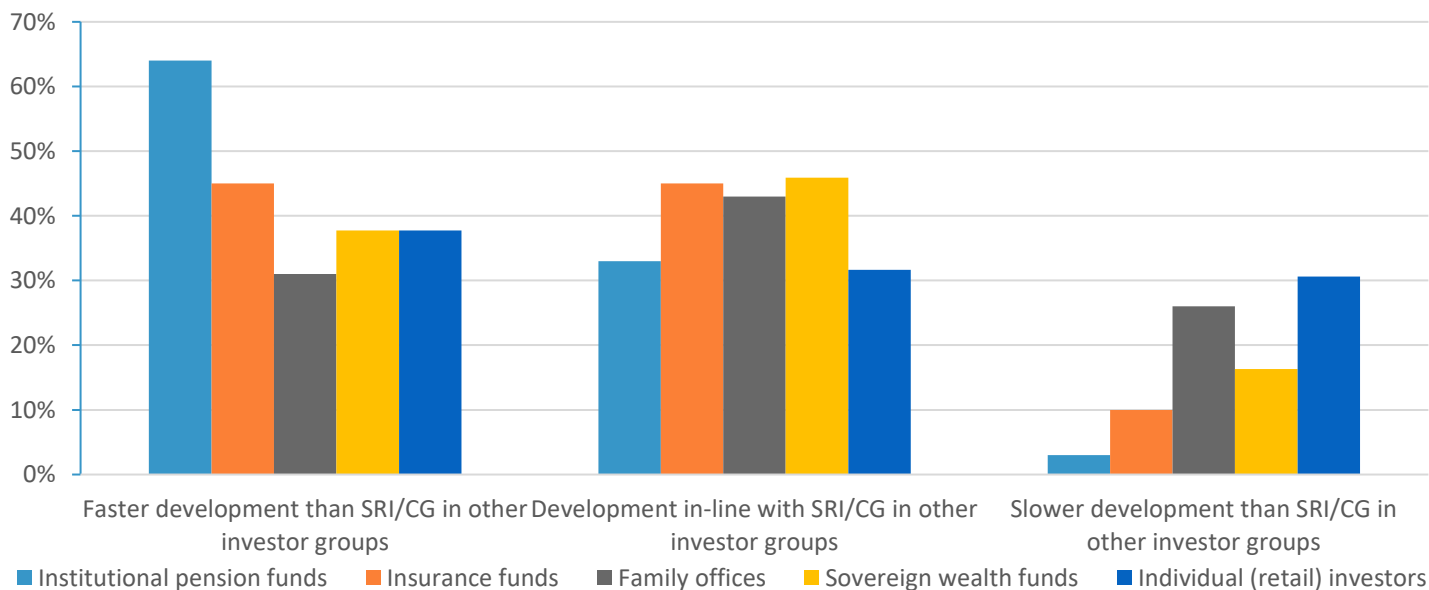
Who cares?

- Asset owners will see from this data whether their particular peer groups are expected to move proactively or to lag the wider market
- Investment consultants will be interested to see where best to target their marketing and outreach activities
- Asset managers will be interested to learn which potential client segment will grow fastest around SRI/CG

What's next?

- Asset managers are likely to continue to developing SRI strategies & products that best suit the fastest growing client groups (institutional pension funds)
- SIFs and advocacy firms may target their attentions to investor groups that are expected to be less active in their development of SRI/CG (Family Offices, Sovereign Wealth Funds, Retail Investors)

IRRI data: Basis for our analysis; basis for your action



Insight: Asset class developments

We asked **industry experts, investment consultants & specialist consultants** : In which asset classes will sustainable investment and corporate governance develop most during 2019?

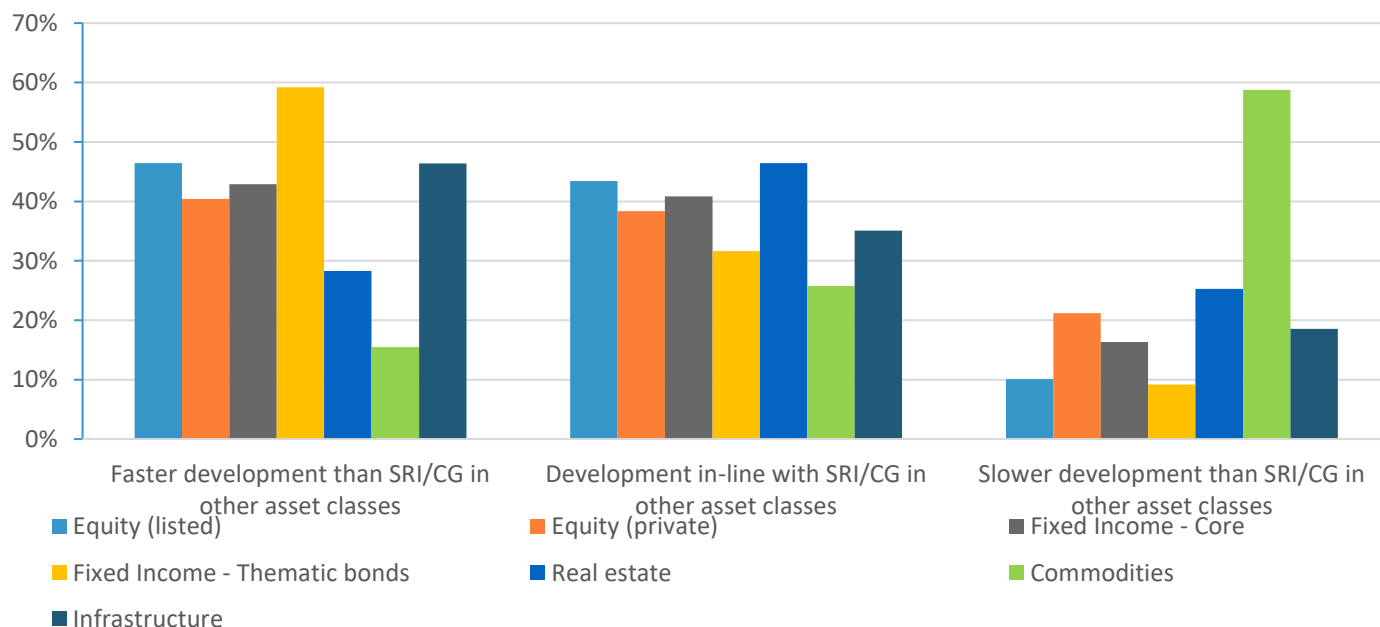
What's new?

- Thematic bonds are seen as most likely to develop fastest in 2019, followed closely by infrastructure and listed equities.
- Commodities are expected to develop more slowly than other asset classes; this runs somewhat counter to sustainable investors' strong interests – in equities - in the mining sector and in agriculture, forests and soft commodities. This suggests that there may be a gap in awareness around how the same sustainability issues affect different asset classes

Who cares? What's next?

- All research providers will need to be aware of these trends to enable them to target their research resources appropriately. Some may target the faster growing areas of interest; others may choose to specialize in niche areas
- Asset owners with limited resources may wish to align their own priorities with the asset classes that are likely to develop most in the wider market

IRRI data: Basis for our analysis; basis for your action



Insight: Communications developments

We asked **industry experts, investment consultants & specialist consultants** : **How will expectations around communications and reporting change over the next three years?**

What's new?

- About 90% of respondents expect a significant increase in communications across the industry. 60% expect this to be 'structural' while 30% expect it to be 'steady'
- Asset managers, asset owners and listed companies are all affected

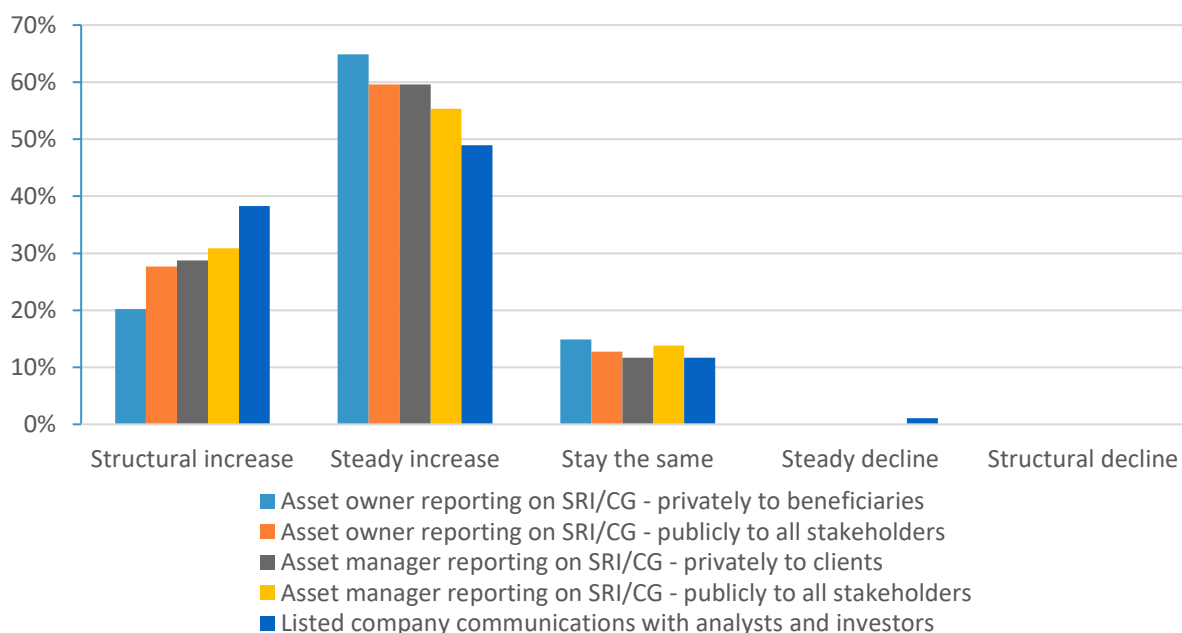
Who cares?

- All industry participants will need to be aware of expectations of increased reporting
- Consultants will want to be aware of trends and prepare for demand from the market for assistance

What's next?

- With 30% predicting 'structural' increases in the level of reporting required, asset owners and asset managers may need to consider whether investment analysts are the best people to deliver the higher levels of communication required or whether it would be better to engage communications specialists. We may see a focusing of skills

IRRI data: Basis for our analysis; basis for your action



We asked **asset managers, asset owners, independent research providers, sell-side brokers** : What development would you most like to see in sustainable investment or corporate governance research in 2019?

- Respondents gave a broad range of suggestions, with more frequent mentions for the impact measurement and reporting, the UN Sustainable Development Goals and Climate Change scenario analysis.

- For market newcomers, this result should be a useful map of the direction of travel in SRI & corporate governance
- It is likely that existing market participants will already have identified the most common suggestions below. They are more likely to be interested in the second-line and more niche considerations – to identify what will grow into major concerns over the coming months

- All market participants will need to ensure that they have responses to the major issues identified
- Research providers will either need to differentiate their offering around headline issues or dominate the provision of services around subsidiary issues

[illegible]

Consultancy

Insight: Client group focus of consultants

We asked **specialist consultants** : Which client groups do you actively target with services and support?

What's new?

- The majority of services provided by specialist consultants are directed at listed companies. are available to listed companies and to asset owners – followed by asset owners.

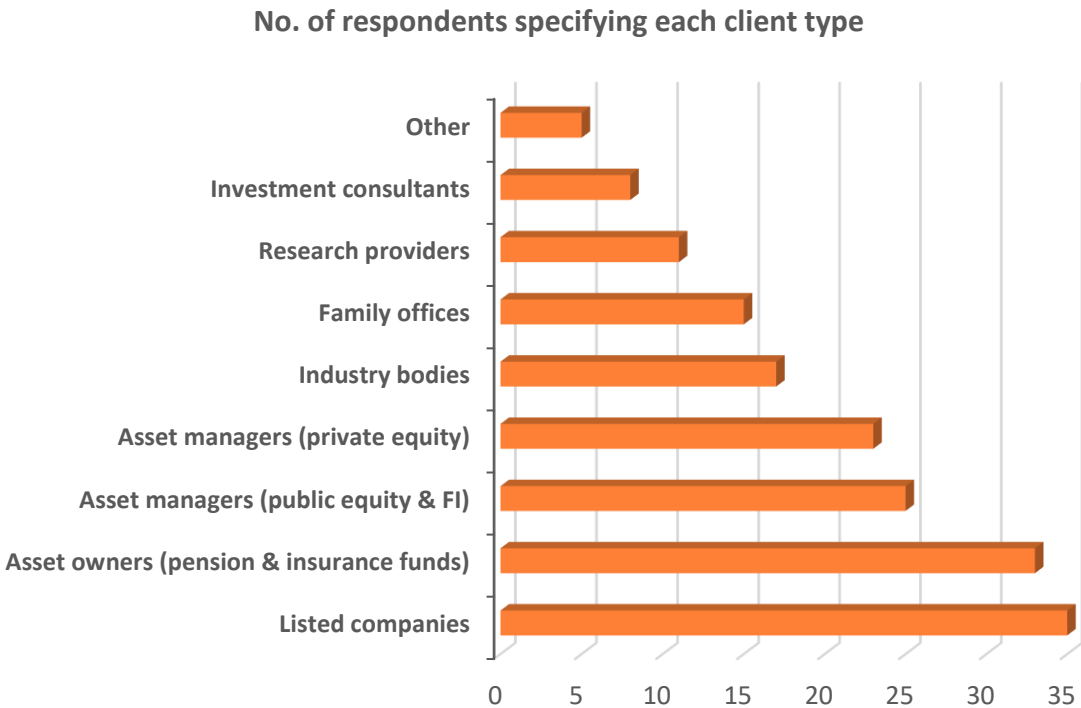
Who cares?

- Any industry participant that aims to maximise the efficiency of their operations would do well to keep an eye on what support is available from external providers – such that they can strike the optimal balance between core functions (which are best resourced internally) and support functions (which may be more efficiently delivered from outside the firm)

What's next?

- It is encouraging to see the number of consultants willing and able to support listed companies growing as this is a key area of demand

IRRI data: Basis for our analysis; basis for your action



Insight: Services provided to asset managers

We asked **specialist consultants** : **What SRI or corporate governance services does your firm provide to asset managers?**

What's new?

- Training, SRI policy & strategy development, communication and implementation support are the services most commonly offered to asset owners by specialist consultants
- Services in research provider selection or active ownership strategy development are less commonly available ... but can still be found

Who cares?

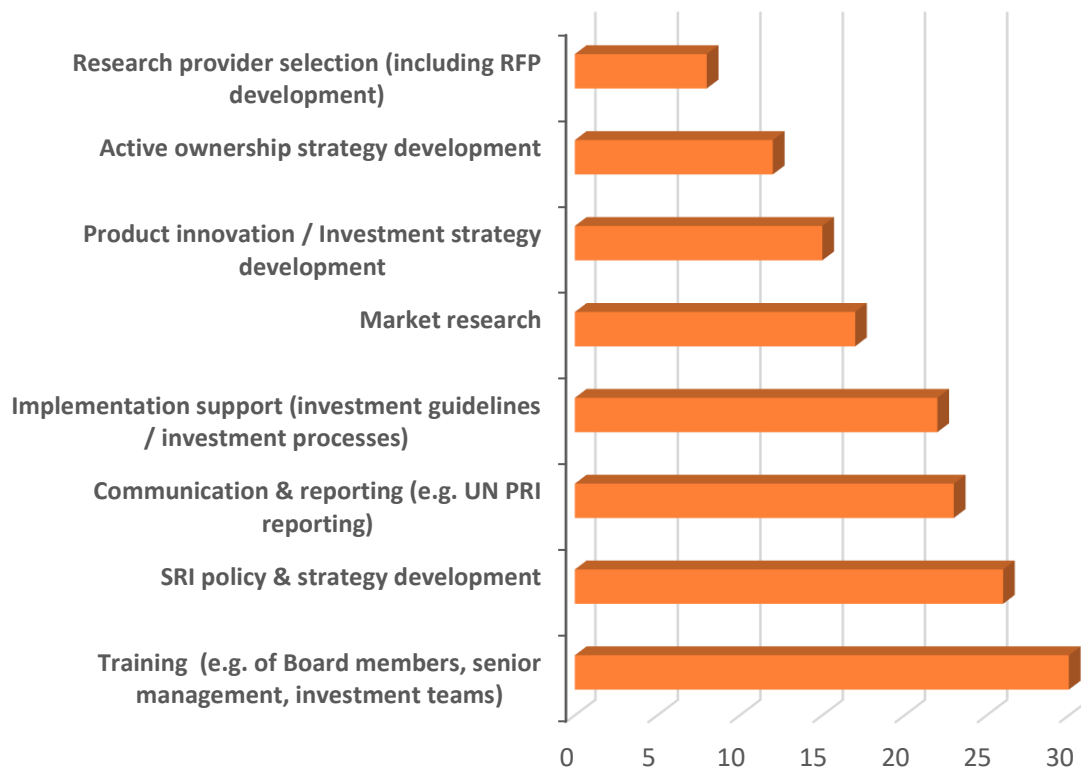
- Asset managers – as potential users of such services, they will be interested to see what is available.

What's next?

- Although sustainable investment and corporate governance are both growing, they are still resource constrained. We therefore expect all industry participants to seek an optimal balance between in-house delivery and use of external expertise / service provision.

IRRI data: Basis for our analysis; basis for your action

No. of respondents specifying each service



Insight: Services provided to asset owners

We asked **specialist consultants** : **What SRI or corporate governance services does your firm provide to asset owners?**

What's new?

- Training and communications are the services most commonly offered to asset owners by specialist consultants
- Services in beneficiary engagement, manager monitoring and manager / fund selection are less commonly available ... but can still be found

Who cares?

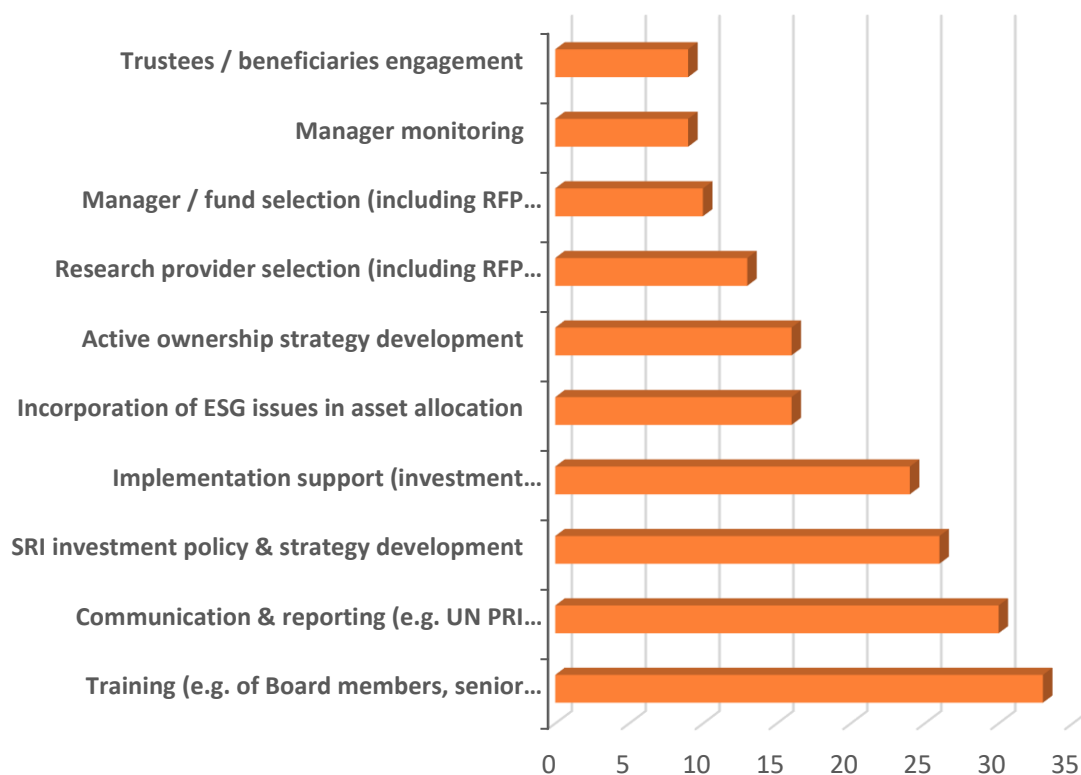
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IRRI data: Basis for our analysis; basis for your action

No. of respondents specifying each service



Insight: Services provided to companies

We asked **specialist consultants** : **What SRI or corporate governance services does your firm provide to companies?**

What's new?

- Consultants are widely available to support companies in the development of communications strategies and the identification of best practices
- SRI impact-based disclosure, roadshow organization and investor targeting are less common – but still widely available.

Who cares?

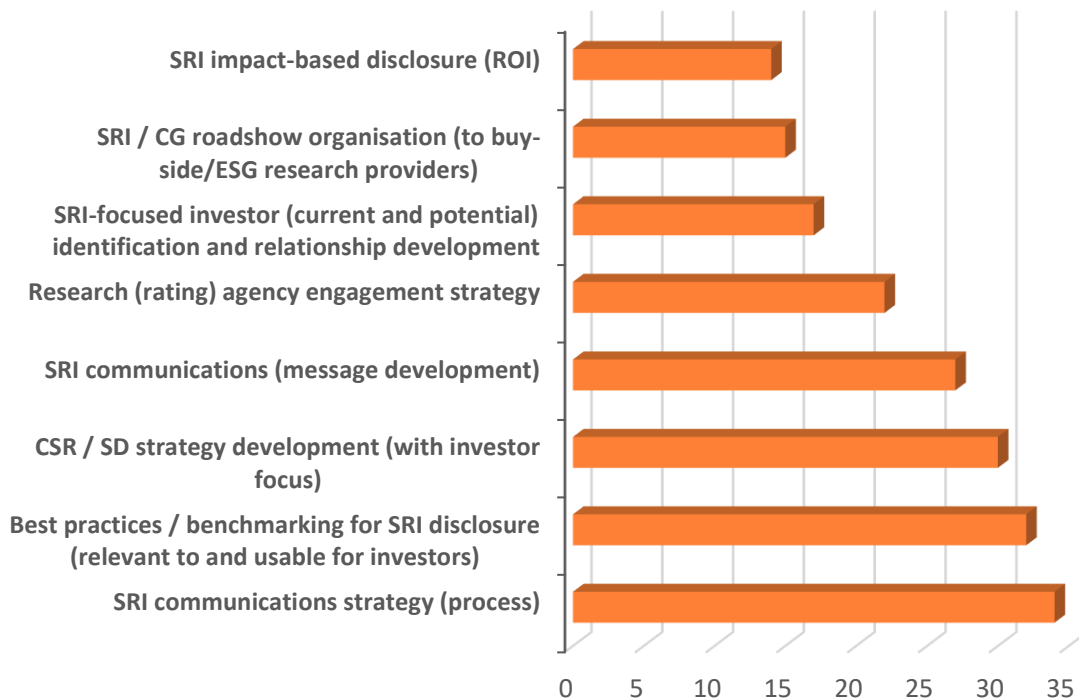
- Companies – as potential users of such services, they will be interested to see what is available.

What's next?

- Many companies want to improve the efficiency and effectiveness of their communications with SRI investors and analysts
- The lack of experienced external support appears to have been a hindrance to companies in the past. This need, no longer, be the case.
- The growing availability of services to support company-investor communication on sustainability and corporate governance should significantly improve the quantity, efficiency and quality of these.

IRRI data: Basis for our analysis; basis for your action

No. of respondents specifying each service



Insight: Services provided to research providers

We asked **specialist consultants** : **What SRI or corporate governance services does your firm provide to research providers?**

What's new?

- Market research and competitor analysis are the services most commonly offered to research providers by specialist consultants
- Sales agency services are less commonly available ... but can still be found

Who cares?

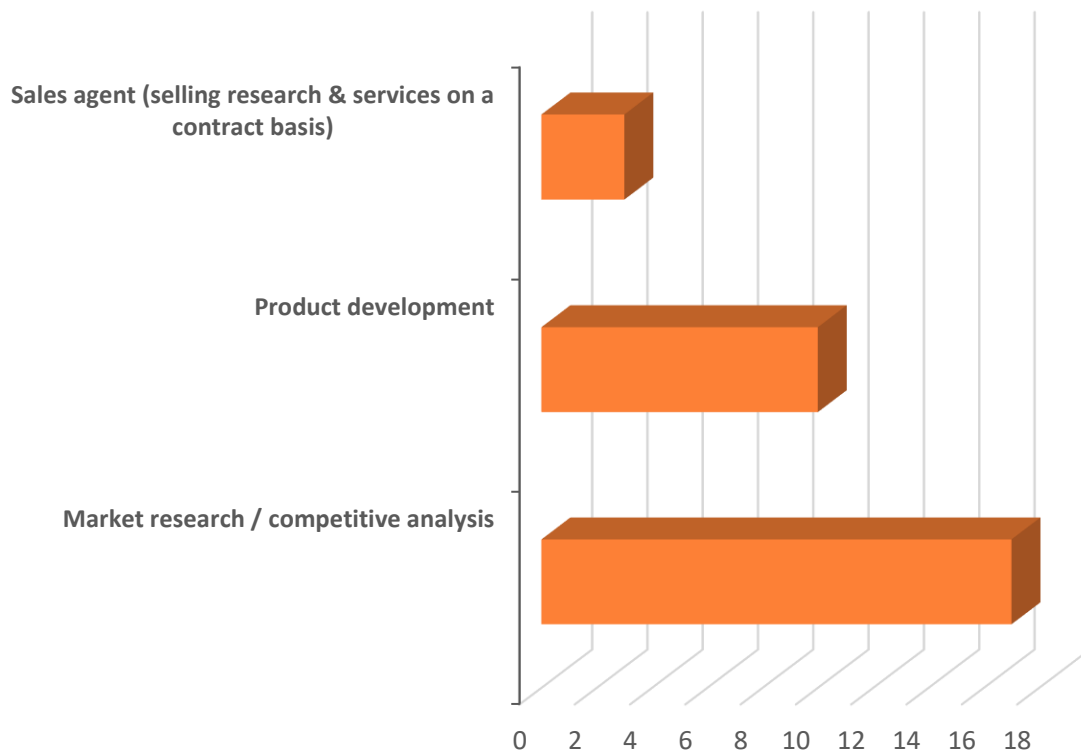
- Research providers – as potential users of such services, they will be interested to see what is available.

What's next?

- Although sustainable investment and corporate governance are both growing, they are still resource constrained. We therefore expect all industry participants to seek an optimal balance between in-house delivery and use of external expertise / service provision.

IRRI data: Basis for our analysis; basis for your action

No. of respondents specifying each service



Insight: Other services

We asked **specialist consultants** : **What other SRI or corporate governance services (not listed above) does your firm provide?**

What's new?

- The services listed below fell outside our initial expectations of what is available from specialist consultants in this field

IRRI data: Basis for our analysis; basis for your action

“Physical risk assessment (global, yet high resolution)”

“Risk impact and sensitivity assessments”

“Development of ESG management systems for companies (e.g. 'operationalization of ESG')”

“[a] ESG integration maturity assessment model for the assessment of ESG integration practices for asset managers and general partners [b] ESG risk assessment model for the assessment of ESG risks/opportunities across asset classes”

“Training on critical SRI issues”

“Education- Academic research”

“Strategic advice to NGOs on how to engage the finance sector”

“Training on corporate governance, SRI and sustainable finance”

“[a] Climate risk and opportunity assessment & disclosure; [b] Alignment to the TCFD recommendations; [c] Climate strategy development; [d] Implementation of energy and carbon reduction activities; [e] ESG performance reporting”

“Board/senior management training”

“We also work with other parts of the value chain, notably policymakers on sustainable and green finance.”

“[a] Design & production of communications [b] CDP [c] Carbon accounting [d] Materiality assessment”

“Our firm provides information about the industry's development both to asset owners and asset managers. We share research and insights produced by asset managers or available from research providers and other service providers. “

“Understanding the sustainable investment landscape and how it's changing - what this means for investor relations”

“Due Diligence, horizon scanning research, white papers.”

“Institutional investor engagement advisory; Benchmarking of Corporate Governance performance”

Market leaders

Insight: Most positive contribution

We asked **asset managers, asset owners, independent research providers, industry experts, investment consultants, sell-side brokers & specialist consultants** : Which individual made the most positive overall contribution to sustainable investment / corporate governance during 2018?

What's new?

- Congratulations to those listed below on being recognised by their clients, suppliers and peers globally as making the most positive contributions to the development of SRI & corporate governance practice.
- Also, congratulations to all [50 individuals that are ranked and the many commended here on SRI-CONNECT](#).

Who cares?

- Everyone. This category is open to all voters in the IRR Survey and should be independent of client or supplier allegiance. It's a free vote on who's doing the most to drive our industry forward positively.

What's next?

- As communications practice and technology continue to evolve, so does the way in which influence is achieved.
- Across the industry, the industry will want to 'follow' the activities of these thought-leaders.
 - Click through to the hyperlinked SRI-CONNECT profile below and 'connect' with the individual
- Anyone who wants to influence investment decision-makers on sustainability issues themselves would do well to compare their own approach to influence with that of the ranked individuals below.

IRRI data: Basis for our analysis; basis for your action

Top 10

1. [Linda-Eling Lee \(MSCI ESG Research\)](#)
2. [Adam Matthews \(Church of England \(Asset Owner\)\)](#)
3. [Gustavo Pimentel \(SITAWI - Finance for Good\)](#)
4. [Daniel Sailer \(MSCI ESG Research\)](#)
5. [Edward Mason \(Church of England \(Asset Owner\)\)](#)
6. [Rory Sullivan \(Chronos Sustainability\)](#)
7. [Abigail Herron \(Aviva Investors\)](#)
- 8.= [Fiona Reynolds \(Principles for Responsible Investment\)](#)
- 8.= [Raj Thamotheram \(Raj Thamotheram Associates\)](#)
10. [Zoe Whitton \(Citi Investment Research\)](#)

Insight: Asset manager contribution

We asked **asset owners, investment consultants and sell-side brokers** : Which ASSET MANAGERS (FIRMS) contribute most to sustainable and responsible investment?

What's new?

- Congratulations to the asset managers listed below for being recognised by their professional counterparties for their contribution to sustainable investment
- Also, congratulations to all [50 firms that are ranked and the many commended here on SRI-CONNECT](#).

Who cares?

- The ranked asset managers themselves, of course!
- Asset owners who may want to ensure that these managers are invited to pitch for upcoming sustainable investment mandates
- Research providers – because working for industry-leading managers is a good way of ensuring that your own product remains at the cutting edge of best practice.

What's next?

- The ranked asset managers who - given the breadth and depth of the IRR Survey - may use this recognition as an endorsement of their leadership within the industry
- Asset owners and research providers alike may choose to track the SRI / CG activities of these industry-leading managers. (One way is to 'follow' the firms on SRI-CONNECT (Click the profile's hyperlink below and select 'follow'))
- Asset managers that feel they should have been ranked higher will probably assess how the highly-ranked managers achieve profile in the global SRI/CG industry with a view to learning from them and competing for a high-rank in future years

IRRI data: Basis for our analysis; basis for your action

Top 10

1. [BlackRock \(Investment Management\)](#)
2. [BNP Paribas Asset Management](#)
3. [Hermes Investment Management](#)
- 4.= [Aviva Investors](#)
- 4.= [Impax Asset Management](#)
6. [Amundi](#)
7. [Robeco](#)
- 8.= [Generation Investment Management](#)
- 8.= [Norges Bank Investment Management](#)
10. [Legal and General Investment Management](#)

Insight: Asset owner contribution

We asked **asset managers, independent research providers & investment consultants** : **Which ASSET OWNERS (FIRMS) contribute most to sustainable and responsible investment?**

What's new?

- Congratulations to the asset owners listed below for being ranked by their professional counterparties for their contribution to sustainable investment
- Also, congratulations to all [50 firms that are ranked and the many commended here on SRI-CONNECT](#).

Who cares?

- Asset managers who are already engaged in SRI/CG will be interested in the listing – because having recognized industry leaders as clients is a good way of ensuring that your own product remains at the industry's cutting edge.
- Asset managers that have yet to engage significantly in SRI/CG – because following the policies and actions of these leading owners will show them the road that all other asset owners (clients and potential clients) are likely to follow in time
- Investment consultants will want to be aware of the policies and strategy of market leaders to enable them to offer the most up-to-date advice to their clients

What's next?

- All asset managers would do well to review any published responsible investment reporting from these owners to understand the direction in which they and their peers are travelling – with a view to providing products and services to meet their needs in the coming years

IRRI data: Basis for our analysis; basis for your action

Top 10

1. [CalPERS](#)
2. [Church of England \(Asset Owner\)](#)
3. [Government Pension Investment Fund Japan](#)
4. [CALSTRS](#)
5. [ERAFP](#)
6. [Government Pension Fund Global \(Norway\)](#)
7. [AP2](#)
8. [AP7](#)
9. [Allianz \(Insurance Funds\)](#)
10. [AP1](#)

Insight: Investment consultant engagement

We asked **asset managers & asset owners** : Which INVESTMENT CONSULTANTS (FIRMS) are most engaged with sustainable and responsible investment?

What's new?

- Congratulations to the investment consultants listed below for being ranked by their professional counterparties for their contribution to sustainable investment
- Also, congratulations to all [20 firms that are ranked and the many commended here on SRI-CONNECT](#).
- Last year we identified a competitive dynamic: (a) between 'mainstream investment consultants themselves and (b) between 'mainstream' consultants and SRI-specialists that have set up to deliver focused services on SRI/CG
- We argued that mainstream consultants will retain their business in "supporting 'core investment areas' but that independent specialists could easily eat away at the ancillary requirements of asset owners (policy development, training, communication etc) if the 'mainstream' consultants do not assert dominance in this market in a way that they have not hitherto attempted to do"
- This year the independent specialists do not appear in the Top Ten and we, therefore conclude, (from this Survey and anecdotal evidence) that the 'mainstream investment consultants' have raised their game.

Who cares?

- Consultants – to see how they compare to their peers
- Asset owners – to find out where the best advice can be sought
- Asset managers – to understand which consultants are likely to be influencing asset owner strategies

What's next?

- Asset owners continue to have growing needs and expectations in this area, with increasing numbers delivering these from in-house resources
- Competition is likely to continue between established investment consultants and independent specialists. However, market growth should leave space for both to operate.

IRRI data: Basis for our analysis; basis for your action

Top 10

1. [Mercer](#)
2. [Cambridge Associates](#)
3. [Towers Watson](#)
4. [Redington](#)
- 5.= [Bfinance](#)
- 5.= [Russell Investments](#)
7. [CSSP - Center for Social and Sustainable Products](#)
8. [Aon Consulting](#)
- 9.= [Albourne Partners](#)
- 9.= [SRI Investment Services Ltd](#)

Insight: Best sell-side research

We asked **asset managers** : Which 'SELL-SIDE' research firm produces the best sustainable investment / corporate governance research?

What's new?

- Congratulations to the 'sell-side' firms below for being recognised by their clients for excellence in SRI / sustainability research
- Also, congratulations to all [20 firms that are ranked and the many commended here on SRI-CONNECT](#).

Who cares?

- The ranked sell-side brokers themselves – who should see this as broad-based recognition of their contribution to the sustainable investment value chain – and as an important element of their marketing to asset managers
- Asset managers – who will check the listing below to ensure that they have the best brokers on their 'approved panel' of research providers
- Independent research houses – as they are – under MIFID – coming into increasingly direct competition with 'sell-side' research providers

What's next?

- As MIFID II (in Europe) encourages asset managers to be more selective about which sell-side brokers they use, excellence in sustainability research could be a key differentiating factor, especially if managers create separate budgets for SRI/CG research.
- It is worth noting that SRI research not only supports asset manager clients in their investment decision-making but also in their wider ownership and client reporting obligations. These additional aspects of SRI (together with the reputational advantages to major financial service firms) should be taken into account by brokers when considering the role that SRI/CG can play in the positioning of their products to clients

IRRI data: Basis for our analysis; basis for your action

Top 10

1. [HSBC \(Investment Research\)](#)
2. [Morgan Stanley \(Investment Research\)](#)
3. [Kepler Cheuvreux \(Investment Research\)](#)
- 4.= [Exane BNP Paribas \(Investment Research\)](#)
- 4.= [UBS \(Investment Research\)](#)
6. [Citi Investment Research](#)
7. [Credit Suisse \(Investment Research\)](#)
- 8.= [JP Morgan \(Investment Research\)](#)
- 8.= [Societe Generale Securities \(Investment Research\)](#)
10. [Deutsche Bank \(Investment Research\)](#)

Insight: Best specialist provider climate change research

We asked **asset managers & asset owners** : **Who is the best specialist provider of climate change research?**

What's new?

- MSCI ESG Research takes the top position this year
- Firms promoted to the Top 10 this year include: Transition Pathway Initiative, SITAWI, HSBC (Investment Research), Sustainalytics and Trucost (S&P Dow Jones Indices).

Who cares?

- Asset managers will want to ensure that they are familiar with the product output of all names on the Top Ten list and may look further down the list to identify newcomers and challengers.
- All research providers – including sell-side and providers of free research – will need to know where they rank on this subject of critical and growing importance

What's next?

- The Top 10 features more specialist providers than many of the other rankings in this Survey suggesting that – on this issue – there is more space for independent specialism than on other issues.
- The issue of climate change is engaging investors far beyond those that have broader sustainable investment and corporate governance interests and it is also, arguably, a more financially-material issue than many others.
- This should open up larger research budgets (beyond those available for broader SRI/CG) and make this one of the most hotly-contested areas of sustainable investment research in the months and years to come

IRRI data: Basis for our analysis; basis for your action

Top 10

1. [MSCI ESG Research](#)
2. [CDP](#)
3. [Carbon Tracker](#)
4. [Transition Pathway Initiative](#)
5. [SITAWI - Finance for Good](#)
6. [HSBC \(Investment Research\)](#)
- 7.= [Sustainalytics](#)
- 7.= [Trucost \(part of S&P Dow Jones Indices\)](#)
9. [CERES](#)
10. [Institutional Investors Group on Climate Change \(IIGCC\)](#)

Next 20 – Climate change research

11. [Carbon Delta](#)
12. [Bloomberg](#)
13. [ISS-ESG](#)
- 14.= [Carbon4Finance](#)
- 14.= [Investor Group on Climate Change \(Aus\)](#)
16. [Kepler Cheuvreux \(Investment Research\)](#)
17. [South Pole Group](#)
18. [2° Investing Initiative](#)
- 19.= [ISS-oekom](#)
- 19.= [Vigeo Eiris](#)
- 21.= [Berenberg \(Investment Research\)](#)
- 21.= [Deutsche Bank \(Investment Research\)](#)
- 23.= [Exane BNP Paribas \(Investment Research\)](#)
- 23.= [Morgan Stanley \(Investment Research\)](#)
25. [Citi Investment Research](#)
- 26.= [EthiFinance & Gaia Rating](#)
- 26.= [Investor Network on Climate Risk](#)
- 26.= [UBS \(Investment Research\)](#)
- 26.= [UNEP Finance Initiative - Investment Commission](#)
- 30.= [GRESB](#)
- 30.= [Societe Generale Securities \(Investment Research\)](#)

Commended – Climate change research

427 - Four Twenty Seven

[As You Sow](#)

[Asia Investor Group on Climate Change](#)

[Chain Reaction Research](#)

[CLSA Asia-Pacific Markets \(Investment Research\)](#)

Coal exit

[Credit Agricole CIB](#)

[DZ BANK Investment Research](#)

[Energy Transition Advisors](#)

[Engaged Tracking](#)

[ERM](#)

[INrate](#)

[Wood Mackenzie](#)

Insight: Best specialist provider other sustainability research

We asked **asset managers & asset owners** : **Who is the best specialist provider of single-subject-focused sustainability research (excl. climate change research)?**

What's new?

- This voting category is new for the 2019 IRRI Survey and is intended to identify subject matter experts on individual subjects.
- Largely, however, the rankings are dominated by waterfront providers – with the exception of FAIRR – a research provider specialising in sustainability issues in protein supply chains
- This runs contrary to the category on climate change research where a number of independent firms feature in the Top Ten

Who cares?

- Independent subject matter specialists – who will see from the below – how hard it is for an independent research firm to establish themselves as sustainable investment research provider

What's next?

- It seems likely – based on these rankings - that the superior distribution capabilities of waterfront providers will continue to make it hard for smaller specialist research providers to have a sustained impact in the market in the short-term
- In the long-term, however, in-depth subject matter specialism will be needed if sustainable investors are to be able to make impactful investment decisions. This could be delivered by ‘waterfront’ providers or from independent specialists ... or event from independent specialists working in partnership with ‘waterfront’ providers – with the former bringing subject matter expertise and the latter bringing distribution capabilities.

IRRI data: Basis for our analysis; basis for your action

Top 10 – specialist (non-climate change) research provider

1. [MSCI ESG Research](#)
2. [Sustainalytics](#)
3. [FAIRR Initiative](#)
4. [SITAWI - Finance for Good](#)
5. [Bloomberg](#)
6. [CERES](#)
7. [Kepler Cheuvreux \(Investment Research\)](#)
8. [As You Sow](#)
- 9.= [ISS-ESG](#)
- 9.= [RepRisk AG](#)
- 9.= [TruValue Labs](#)

Next 20 – specialist (non-climate change) research provider

- 12. [HSBC \(Investment Research\)](#)
- 13.= [Access to Medicine Foundation](#)
- 13.= [ISS-oekom](#)
- 15. [Vigeo Eiris](#)
- 16. [GRESB](#)
- 17.= [Citi Investment Research](#)
- 17.= [Corporate Human Rights Benchmark Ltd \(CHRB\)](#)
- 17.= [Morgan Stanley \(Investment Research\)](#)
- 20. [Access to Nutrition Index \(Org\)](#)
- 21. [CLSA Asia-Pacific Markets \(Investment Research\)](#)
- 22.= [Exane BNP Paribas \(Investment Research\)](#)
- 22.= [UBS \(Investment Research\)](#)
- 22.= [UNEP Finance Initiative - Investment Commission](#)
- 25.= [BofA Merrill Lynch \(Investment Research\)](#)
- 25.= [Deutsche Bank \(Investment Research\)](#)
- 25.= [SHARE: Shareholder Association for Research and Education](#)
- 25.= [Societe Generale Securities \(Investment Research\)](#)
- 29.= [Business and Human Rights Resource Centre](#)
- 29.= [CAER](#)
- 29.= [Chain Reaction Research](#)
- 29.= [EthiFinance & Gaia Rating](#)
- 29.= [SynTao](#)

Commended – specialist climate change research provider

- 427 - Four Twenty Seven
- [Asia Research and Engagement](#)
- [Berenberg \(Investment Research\)](#)
- [Business Benchmark on Farm Animal Welfare](#)
- [CDP](#)
- [Chronos Sustainability](#)
- Cicero
- [Covalence](#)
- [DZ BANK Investment Research](#)
- [Ethical Screening](#)
- [Extractive Industries Transparency Initiative](#)
- [Goldman Sachs \(Investment Research\)](#)
- [imug rating](#)
- [INrate](#)
- [Kigoda Consulting](#)
- [Oddo Securities \(Investment Research\)](#)
- [Planet Tracker](#)
- [Regnan](#)
- [ShareAction](#)
- [Transition Pathway Initiative](#)
- Transparency International (Global)
- [Verisk Maplecroft](#)
- Workforce Disclosure Initiative
- [Zoological Society of London](#)

Insight: Best firm for specialist research categories

We asked **asset managers & asset owners** : Who is the best provider of [a] engagement support [b] sustainability indices & benchmarks [c] impact measurement services?

What's new?

- Congratulations to the firms listed below for being recognised by their clients for excellence in the following areas of specialist service provision: Engagement support, Sustainability indices and benchmarks, Impact measurement services.
- Also, congratulations to the [many firms that are ranked and commended in these different categories here on SRI-CONNECT](#).

Who cares? What's next?

- Asset managers are taking more control of their budgets and becoming more discerning about the services that they buy.
- The barriers to entry into specialist service areas vary considerably: very high for index provision; relatively low for engagement support and impact measurement.
- Taking an active approach to managing service provision could generate significant paybacks for asset managers (in cost terms and in respect of quality received).
- So, we expect leading asset managers, owners and other research buyers to review the lists below to see which service providers are best rated by their peers as the first step in ensuring that they too are receiving the best available services for the areas that are important to them.
- Some research providers may be able to sustain strength across the waterfront but most are likely to be selective about the areas in which they want to excel, the areas that they see as support capabilities and the areas that they are not interested in competing for.

IRRI data: Basis for our analysis; basis for your action

Engagement support (outsourced services, collaboration co-ordination etc) - Top 10

1. [Principles for Responsible Investment](#)
2. [Sustainalytics](#)
3. [Hermes Equity Ownership Services](#)
4. [Institutional Shareholder Services \(ISS-Governance\)](#)
5. [Institutional Investors Group on Climate Change \(IIGCC\)](#)
6. [FAIRR Initiative](#)
7. [BMO reo Services](#)
8. [As You Sow](#)
- 9.= [Investor Group on Climate Change \(Aus\)](#)
- 9.= [Midwest Coalition for Responsible Investment](#)

Engagement support (outsourced services, collaboration co-ordination etc) - Commended

- [Ethical Screening](#)
- [Interfaith Center on Corporate Responsibility](#)
- [Investor Network on Climate Risk](#)
- [Aequo Shareholder Engagement Services](#)
- [Asia Research and Engagement](#)
- [BHP - Bruggen and Partners Ltd.](#)
- [CERES](#)
- [Engagement International](#)
- Know the Chain
- [Regnan](#)
- [Robeco](#)
- [ShareAction](#)
- [Shareholders for Change](#)
- [Trucost \(part of S&P Dow Jones Indices\)](#)

IRRI data: Basis for our analysis; basis for your action

Sustainability indices and benchmarks - Top 10

1. [MSCI Indices](#)
2. [FTSE Russell](#)
- 3.= [S&P Dow Jones Indices](#)
- 3.= [Solactive AG](#)
5. [Thomson Reuters Corporate Responsibility Indices](#)
6. [Fossil Free Indexes](#)
7. [BM&FBOVESPA \(Index provider\)](#)
- 8.= [China Securities Index Co](#)
- 8.= [Engaged Tracking](#)
- 8.= [FAIRR Initiative](#)
- 8.= [Finvex](#)
- 8.= [Index Initiative](#)
- 8.= [STOXX](#)
- 8.= [WilderShares](#)

IRRI data: Basis for our analysis; basis for your action

Impact measurement services - Top 10

1. [MSCI ESG Research](#)
2. [Sustainalytics](#)
3. [Cambridge Institute for Sustainability Leadership](#)
- 4.= [Trucost \(part of S&P Dow Jones Indices\)](#)
- 4.= [Vigeo Eiris](#)
6. [Impact-Cubed](#)
7. [Bloomberg](#)
8. [Morningstar](#)
- 9.= [As You Sow](#)
- 9.= [Real Impact Tracker](#)

Impact measurement services - Commended

- [Carbone 4](#)
- GRIIS
- [HIP Investor](#)
- Impact Management Programme
- [ISS-oekom](#)
- Screen17
- Upright Project

Insight: Best firm for CG research

We asked **asset managers & asset owners** : **Who is the best specialist provider of corporate governance research?**

What's new?

- Congratulations to the firms below for being recognised by their clients for excellence in corporate governance research.
- Also, congratulations to all [40 firms that are ranked and the many commended here on SRI-CONNECT](#).
- The ranking contains traditional providers of proxy advisory services (e.g. ISS-Governance and Glass Lewis), subject matter specialists (e.g. ACGA and Ownership Matters) and new entrants from the SRI space (e.g. MSCI, Sustainalytics)

Who cares?

- All research houses that offer Corporate Governance services – whether related to the proxy voting process or independently from it – will want to understand how asset managers are ascribing value to the different services that they purchase to help them with the Corporate Governance aspects of the investment process
- Asset managers - who may be surprised to see a broader range of rated firms than those that have traditionally dominated the corporate governance landscape.

What's next?

- This ranking shows the different competitors in corporate governance research. However, we find it hard to predict – on the basis of this Survey or other observations - what shape it is tending towards.
- We suspect that further evolution will depend on (a) more asset managers issuing explicit guidance that they see corporate governance research as contributing to pre-trade investment decision-making rather than post-monitoring and stewardship and (b) more research suppliers offering valuation-related (rather than vote-related) recommendations based on corporate governance factors.

IRRI data: Basis for our analysis; basis for your action

Top 10

1. [MSCI ESG Research](#)
2. [Institutional Shareholder Services \(ISS-Governance\)](#)
3. [Glass, Lewis & Co](#)
4. [Sustainalytics](#)
5. [ISS-ESG](#)
6. [Bloomberg](#)
7. [SITAWI - Finance for Good](#)
- 8.= [Asian Corporate Governance Association](#)
- 8.= [ISS-oekom](#)
10. [Ownership Matters](#)

Insight: Best firm for SRI research

We asked **asset managers, asset owners, investment consultants & sell-side brokers** : **Best independent provider of sustainable and responsible investment research (organisation)?**

What's new?

- Congratulations to the firms below for being recognised by their clients for excellence in SRI / sustainability research.
- It is interesting to see how the Top Ten contains both 'waterfront' ratings providers (who cover all sectors and all issues) and subject matter specialists (CDP, 2° Investing and Carbon Tracker) are both recognised. This supports the idea that asset managers are developing the capacity to absorb research from multiple sources and are therefore seeking two or three broad-based sources of information and then turn to subject matter specialists for added depth in significant areas.
- Also, congratulations to all [50 firms that are ranked and the many commended here on SRI-CONNECT](#).

Who cares?

- Asset managers will want to ensure that they are familiar the product output of all names on the Top Ten list and may look deeper into the Top 50 to identify specialist research providers or challenger providers that are using cost / technology or other ways to differentiate themselves in this crowded market
- Asset managers will also use this list to ensure that their current providers are either highly-regarded by the wider market (or be confident that low-ranked providers that they use are genuinely bringing proprietary edge that the market has not yet understood)
- All research providers – including sell-side and providers of free research – as diminishing investment research budgets (notably in Europe) cause asset managers to become more discerning about the research that they purchase – so competitiveness between all research providers grows and awareness of activity by peers and competitors increases.

What's next?

- Within this list, we see evidence of increased distinctions between 'waterfront' providers and subject / industry / geographical specialists. This is confirmed by the ranking of specialist providers.
- If borne out elsewhere, research providers will want to be confident about which side of the divide their strategy places them ... and ensure that there is adequate revenue available in that category.
- Given the ongoing consolidation within the industry, large financial service players looking for a foothold in the industry may regard this list as a shopping list.

IRRI data: Basis for our analysis; basis for your action

Top 10

1. [MSCI ESG Research](#)
2. [Sustainalytics](#)
3. [CDP](#)
4. [SITAWI - Finance for Good](#)
5. [2° Investing Initiative](#)
6. [RepRisk AG](#)
7. [ISS-oekom](#)
8. [ISS-ESG](#)
9. [FAIRR Initiative](#)
10. [Carbon Tracker](#)

Insight: Best analyst for SRI research

We asked **asset managers, asset owners, investment consultants, sell-side brokers** : **Best individual analyst for sustainable and responsible investment research?**

What's new?

- Congratulations to the individuals below for being recognised by their clients for excellence in SRI / sustainability research
- Also, congratulations to all [50 individuals that are ranked and the many commended here on SRI-CONNECT](#).

Who cares?

- Asset managers – will want to ensure that they have access to the research from these leading analysts
- Companies – will check the profiles of these leading analysts to find out which ones cover their sector and stock
- If our analysis of the barriers to entry across the research business is accurate and asset managers are indeed becoming more discriminating in their research purchasing, employers of these analysts will recognize and reward the fact that the reputation of these individual analysts gives them an point of client-attraction and client-retention in an increasingly competed industry

What's next?

- Competition in SRI research is likely to bifurcate between 'waterfront' and 'specialist'
- The profile of individual idea-generating analysts will be critical in the battle for dominance of the 'specialist' space. Those who repeatedly generate 'investable insight' for their clients will command a premium in the market.
- By contrast, the battle for 'waterfront' will continue to be dominated by investment in technology, cost efficiency and the breadth of salesforce.

IRRI data: Basis for our analysis; basis for your action

Top 10

1. [Arne Philipp Klug \(MSCI ESG Research\)](#)
2. [Cristóvão Alves de Souza Gonçalves \(SITAWI - Finance for Good\)](#)
3. [Jessica Alsford \(Morgan Stanley \(Investment Research\)\)](#)
- 4.= [Ashim Paun \(HSBC \(Investment Research\)\)](#)
- 4.= [Zoe Whitton \(Citi Investment Research\)](#)
6. [Carole Ferguson \(CDP\)](#)
- 7.= [Luke Fletcher \(CDP\)](#)
- 7.= [Yannick Ouaknine \(Societe Generale Securities \(Investment Research\)\)](#)
- 9.= [Antonios Panagiotopoulos \(MSCI ESG Research\)](#)
- 9.= [Carole Crozat \(Exane BNP Paribas \(Investment Research\)\)](#)
- 9.= [Linda-Eling Lee \(MSCI ESG Research\)](#)
- 9.= [Maria Lettini \(FAIRR Initiative\)](#)
- 9.= [Mark Campanale \(Carbon Tracker\)](#)
- 9.= [Pierre-Yves Le Stradic \(EthiFinance & Gaia Rating\)](#)
- 9.= [Tytti Kaasinen \(Sustainalytics\)](#)

Insight: Best client relations / salesperson for SRI / sustainability research

We asked **asset managers, asset owners, investment consultants, sell-side brokers** : **Best client relations, salesperson or product manager for sustainable and responsible investment research?**

What's new?

- Congratulations to the individuals below for being recognised by their clients for excellence in client relations for SRI / sustainability research
- Also, congratulations to all [50 individuals that are ranked and the many commended here on SRI-CONNECT](#).

Who cares?

- The individuals themselves, of course, but also the firms that they work and their colleague analysts. Salespeople who are credible with and respected by asset manager clients are critical door-openers in the increasingly competed SRI/CG research markets
- Asset managers – if you are not happy with the research services that you are receiving, then these are the people that your competitors rate most highly; they are probably also the people most sensitive to client expectations – as that's what got them rated!

What's next?

- As the SRI/CG industries mature and asset managers' needs diverge, the role of client relations / salespeople will become more varied and complex. Some clients require hard sell; others require support and training; some need salespeople only insofar as they can invisibly facilitate access to research and to analysts.
- At the same time, a good salesperson is a channel of access to clients in an increasingly-completed market where such channels are hard to find
- We expect asset manager clients to become increasingly discerning about the role they expect SRI/CG salespeople to play in their relationship and we expect the professionalization of the SRI/CG sales process to continue accordingly.

IRRI data: Basis for our analysis; basis for your action

Top 10

1. [Christopher Knapp \(MSCI ESG Research\)](#)
2. [Daniel Sailer \(MSCI ESG Research\)](#)
3. [Gustavo Pimentel \(SITAWI - Finance for Good\)](#)
4. [Cedric Lagrange \(MSCI ESG Research\)](#)
5. [Noora Viksten \(MSCI ESG Research\)](#)
6. [Maria Lilli \(MSCI ESG Research\)](#)
7. [Catalina Secreteanu \(Sustainalytics\)](#)
8. [Karin Björk \(Sustainalytics\)](#)
9. [Karin Malmberg \(Sustainalytics\)](#)
10. [Jaclyn Daitchman \(MSCI ESG Research\)](#)

Insight: Best credit rating agency

We asked **asset managers, asset owners** : Which credit rating agency is best at integrating sustainability and corporate governance factors into their research and ratings?

What's new?

- S&P tops the ranking for the best credit rating agency for integrating sustainability and corporate governance factors.

Who cares?

- Primarily fixed income asset managers and also issuers of bonds that might be exposed to sustainability or corporate governance issues

What's next?

- From the buzz generated in the industry from acquisitions by credit ratings agencies, from the launches of their products and on account of their widespread industry influence, we expect to see considerable competition between credit ratings agencies around sustainable investment and corporate governance issues.
- This was the first year in which IRRI featured this category and we look forward to seeing competition within it hot up and be tightly competed in future years.

IRRI data: Basis for our analysis; basis for your action

Top 5

1. [S&P Global Ratings](#)
2. [Moody's Investors Service, Inc.](#)
3. [Fitch Ratings](#)
4. [Beyond Ratings](#)
5. [SR Rating](#)

Commended

[CRISIL Ratings \(an S&P Global company\)](#)

Liberum Ratings Serviços Financeiros Ltda

[Scope Group](#)

Spread Research