



Independent Research in
Responsible Investment

Trends & drivers in sustainable investment

(IRRI Survey 2019)



INDEPENDENT RESEARCH
in
RESPONSIBLE INVESTMENT

954 verified respondents

... from 44 different countries

... & broadly spread across the value chain

... contributed 33,658 datapoints

... which we have distilled into 20 rankings

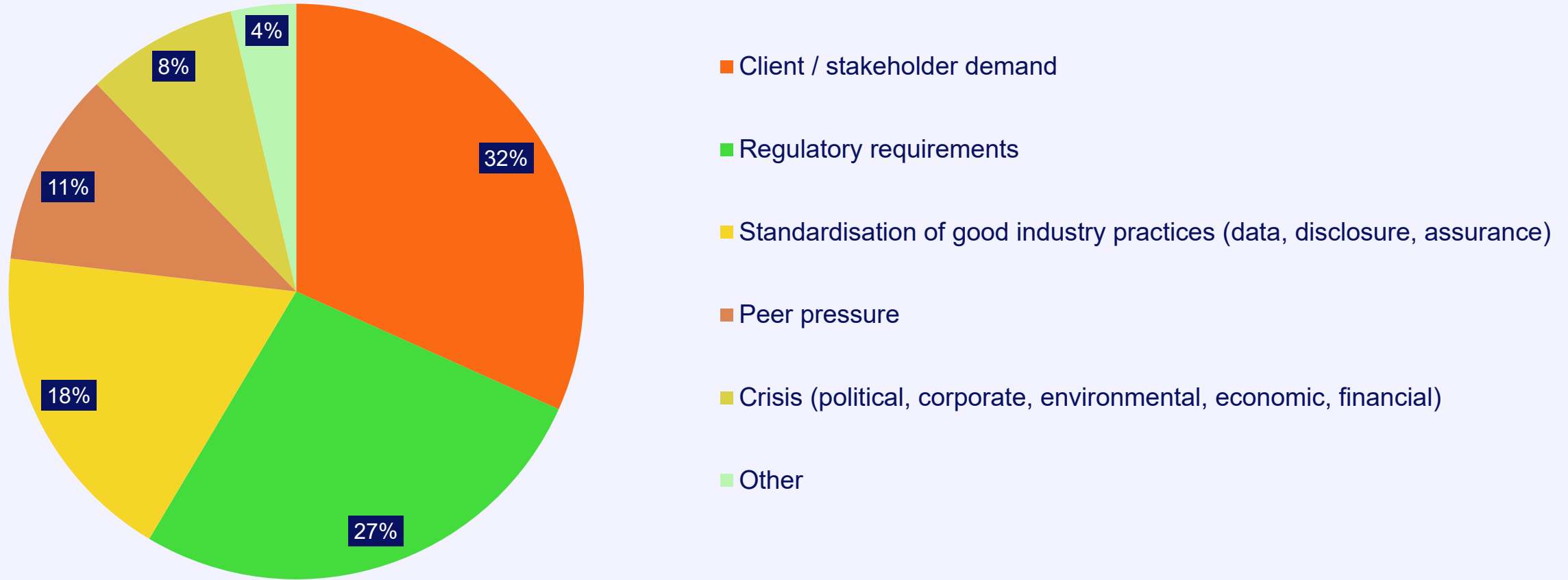
... and 61 insights ...

... on the economics and dynamics of SRI & corporate governance

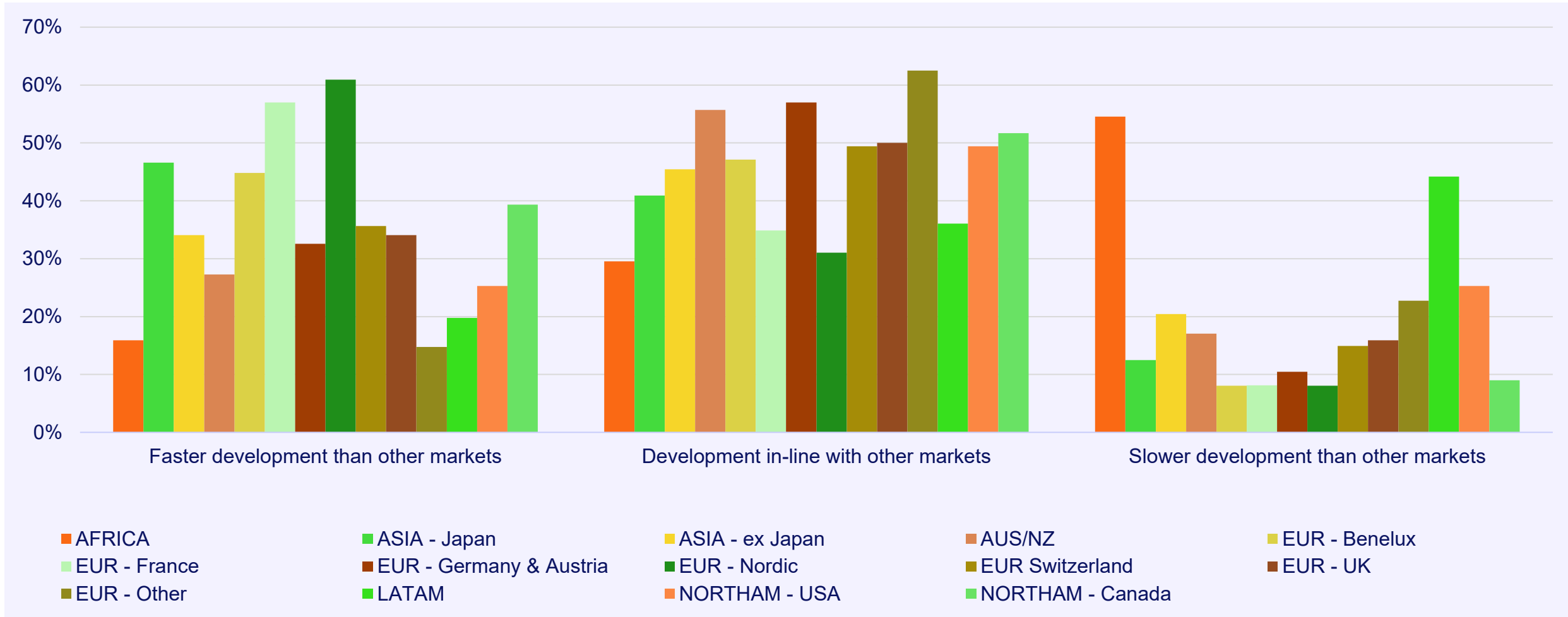
Which ideas, initiatives or projects made the most positive contribution to sustainable investment in 2018?



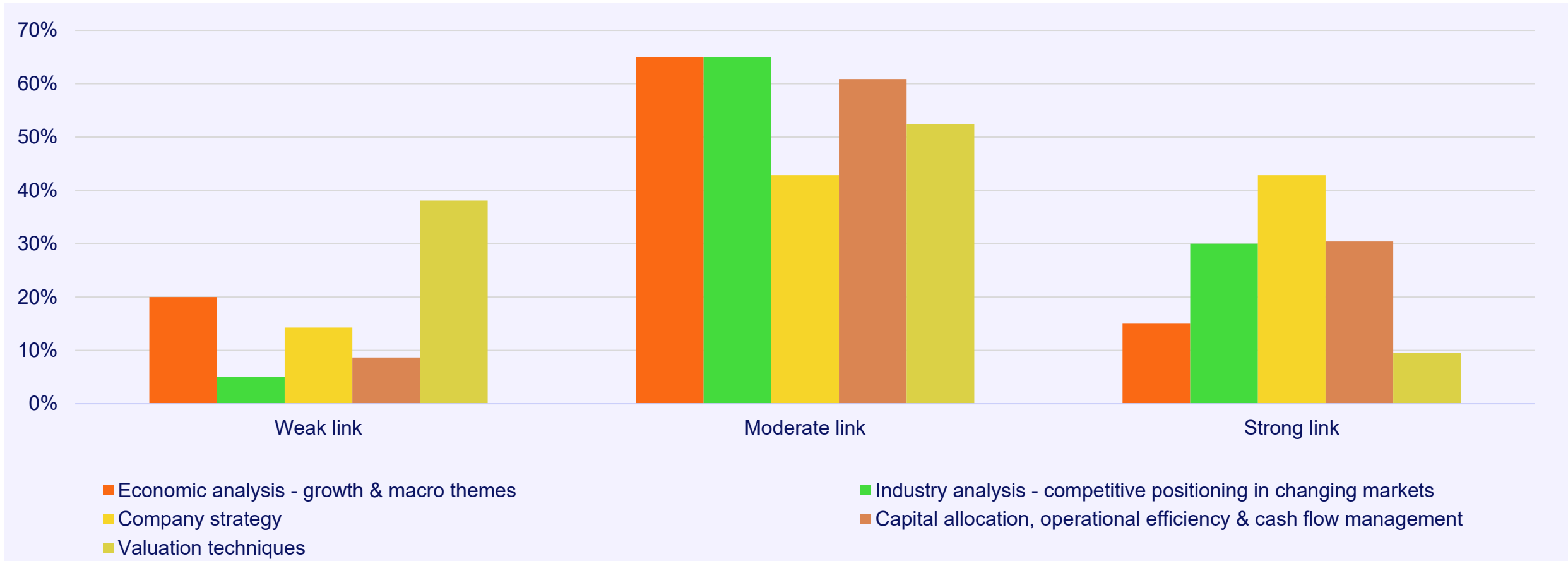
What will drive most change in SRI & CG in future?



Where will SRI & CG develop fastest in 2019?



Where are the strongest links between sustainability and corporate governance factors and company valuation?





Focus on companies

In which sectors do sustainability factors most impact valuation?



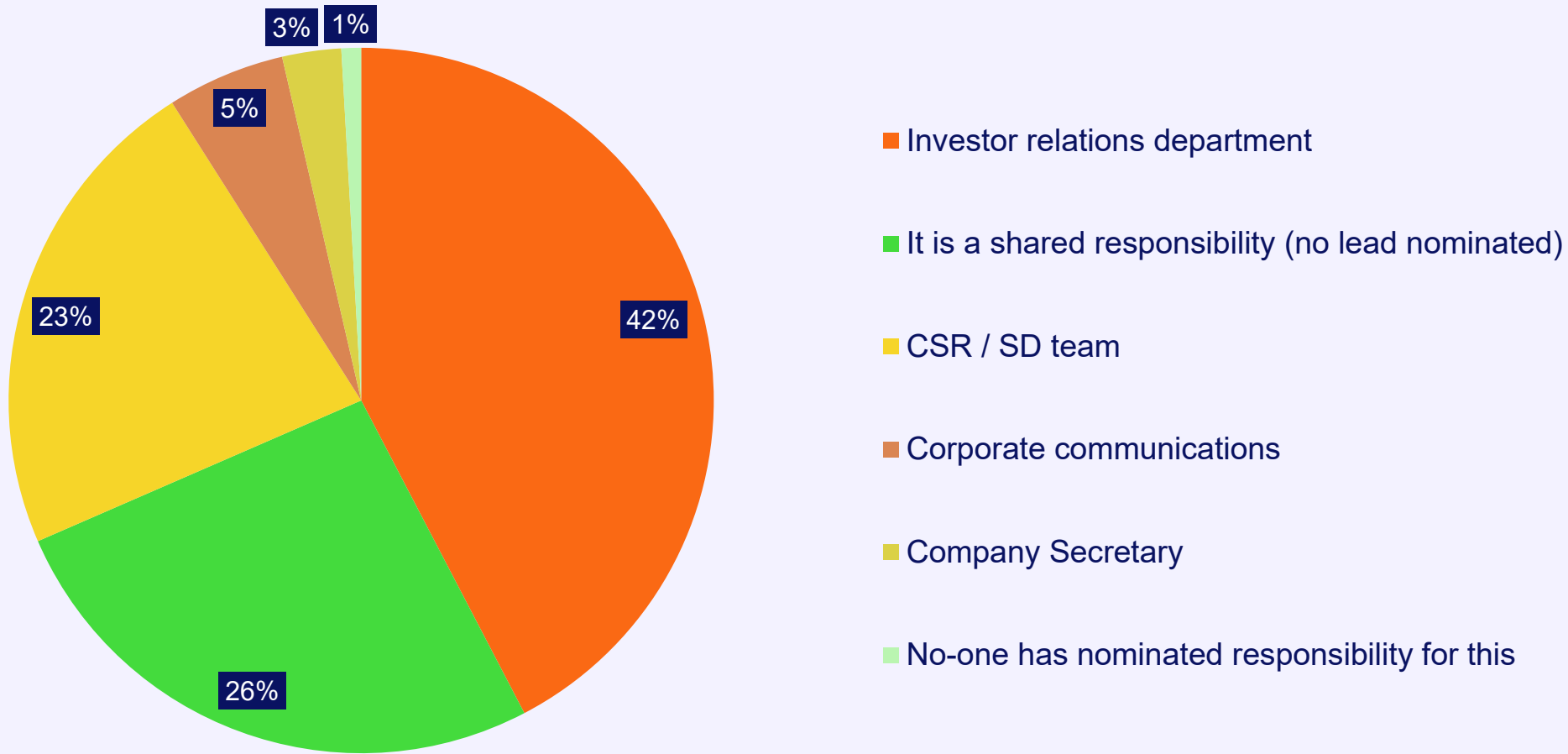
Top 10

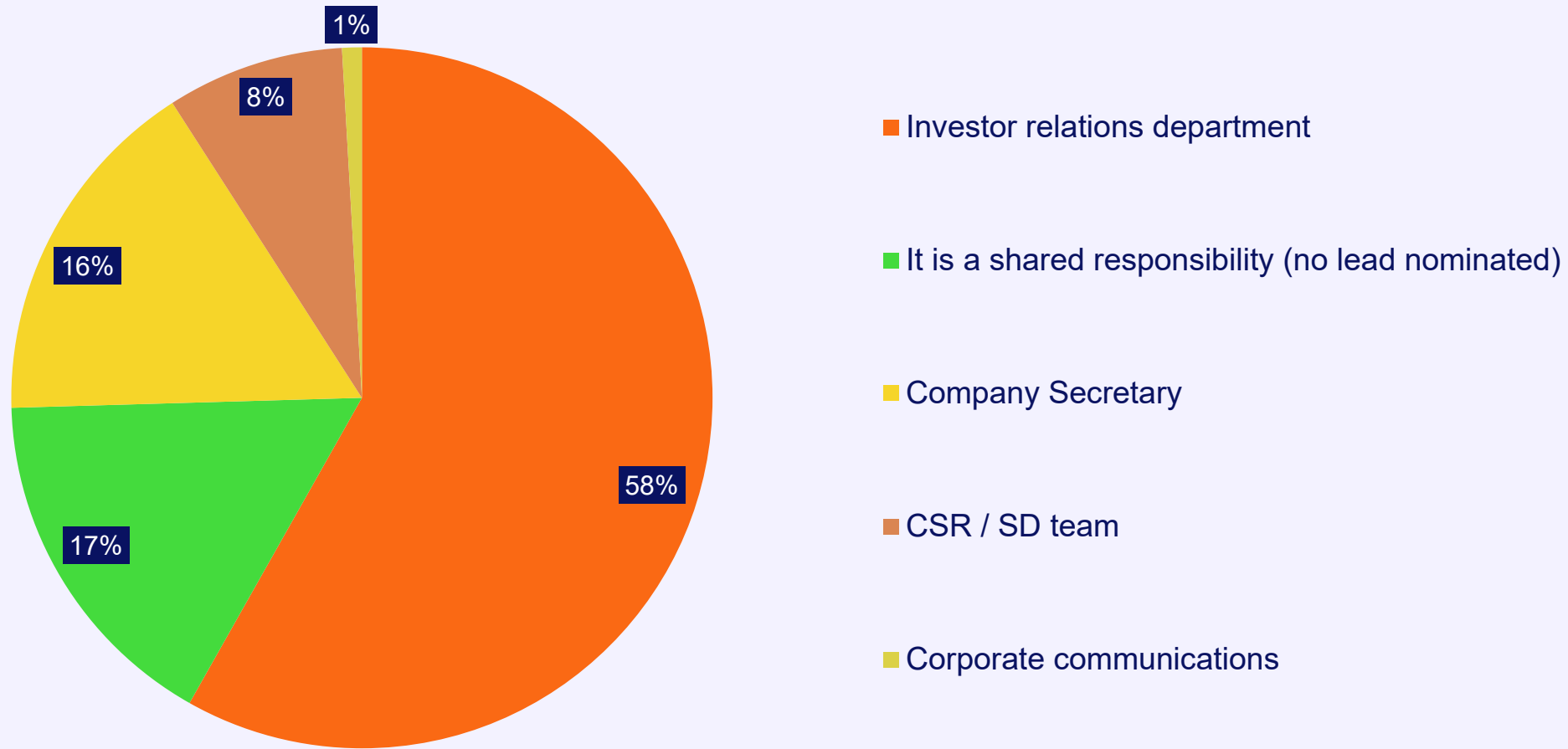
1. Amazon.com
2. Facebook
3. Royal Dutch Shell
- 4.= Exxon Mobil Corporation
- 4.= Vale
6. Google
7. Bayer
- 8.= BHP Billiton
- 8.= BlackRock (Company)
- 8.= Nestlé

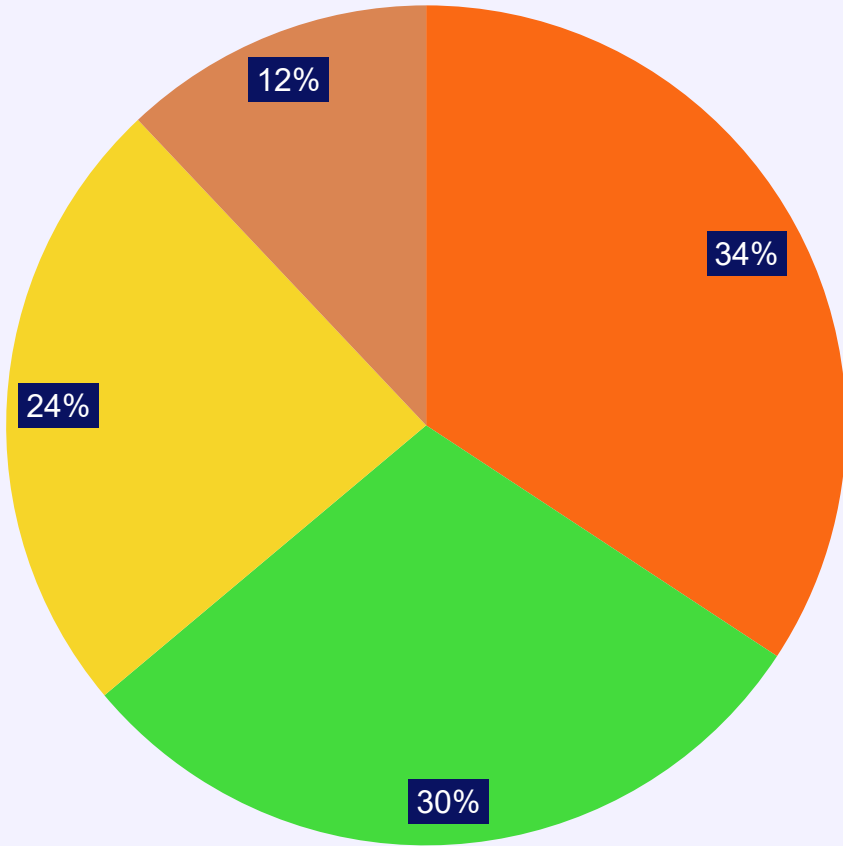


How companies are responding

Who leads your communications with SRI analysts & investors?

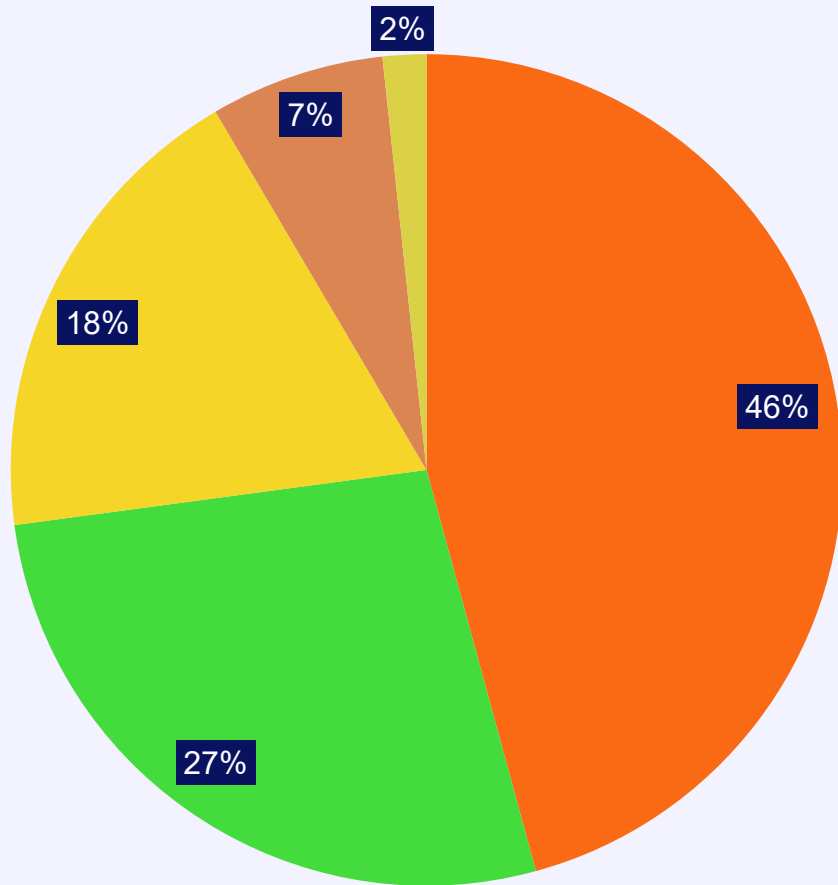




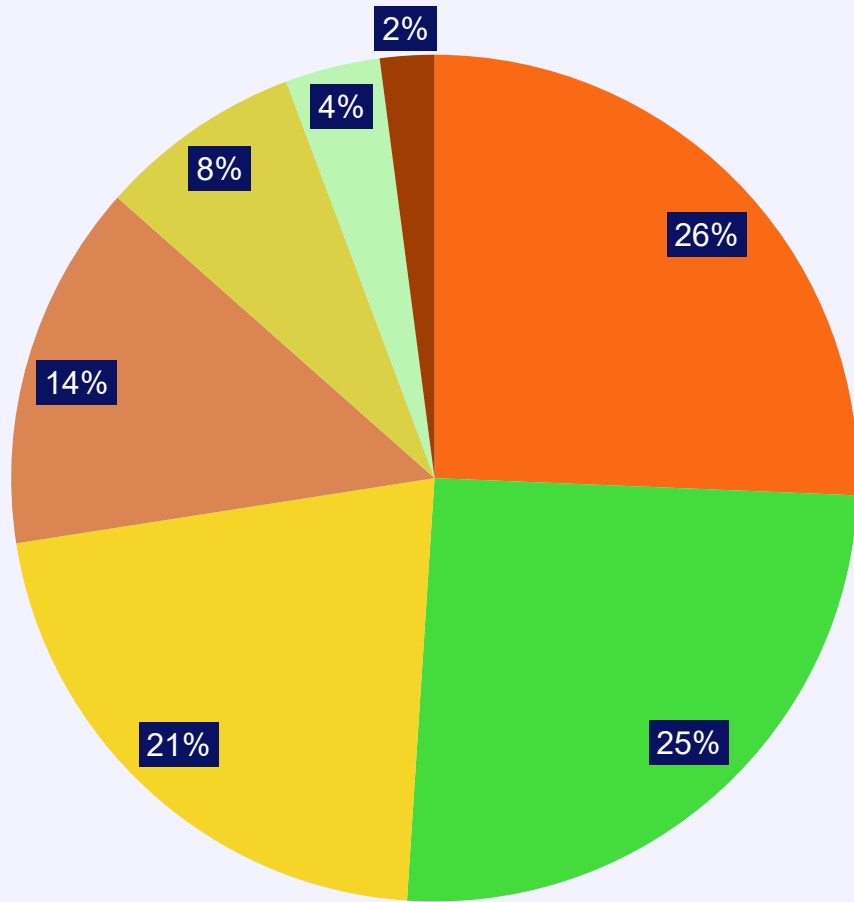


- We have a formal plan - that is shared with others in the company
- We have an informal plan - that is shared within my team
- We do not have a formal plan - we react to demand
- We have a formal plan - that is published externally for investors & analysts to see

Companies: How do you manage your SRI / CG contacts?

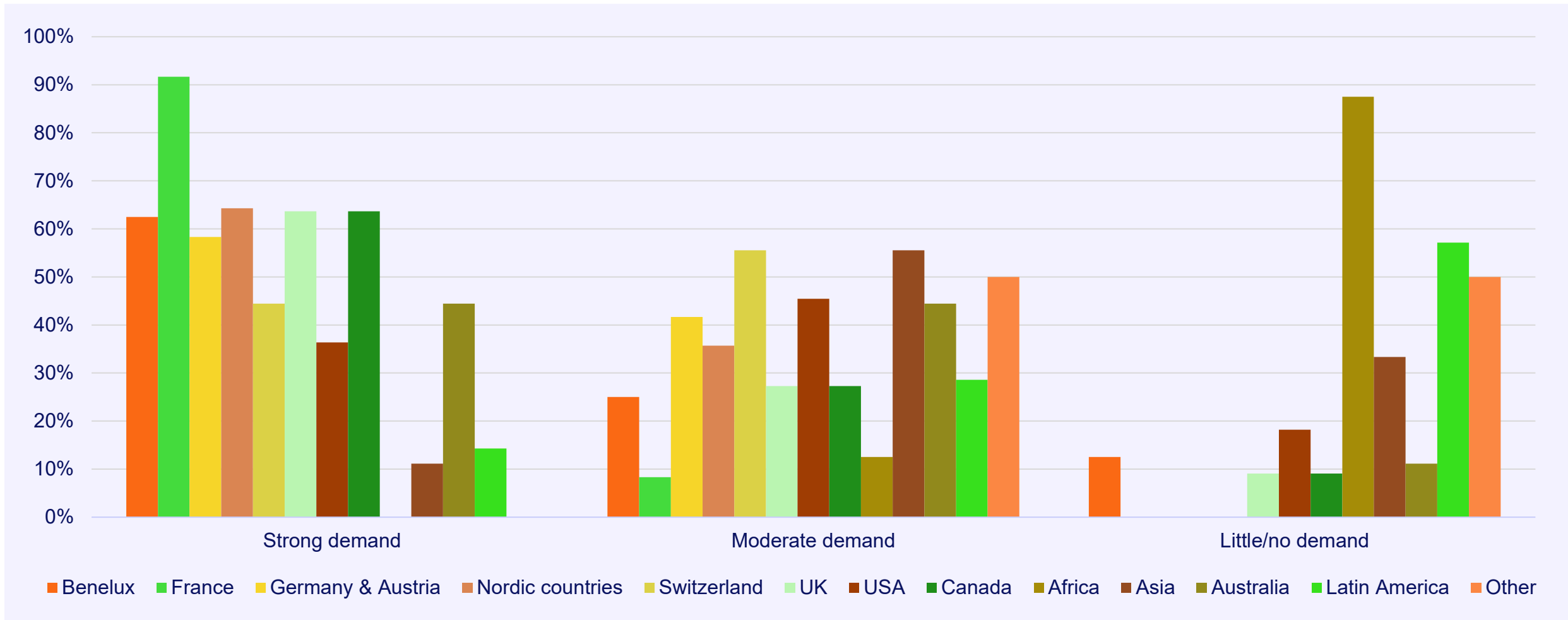


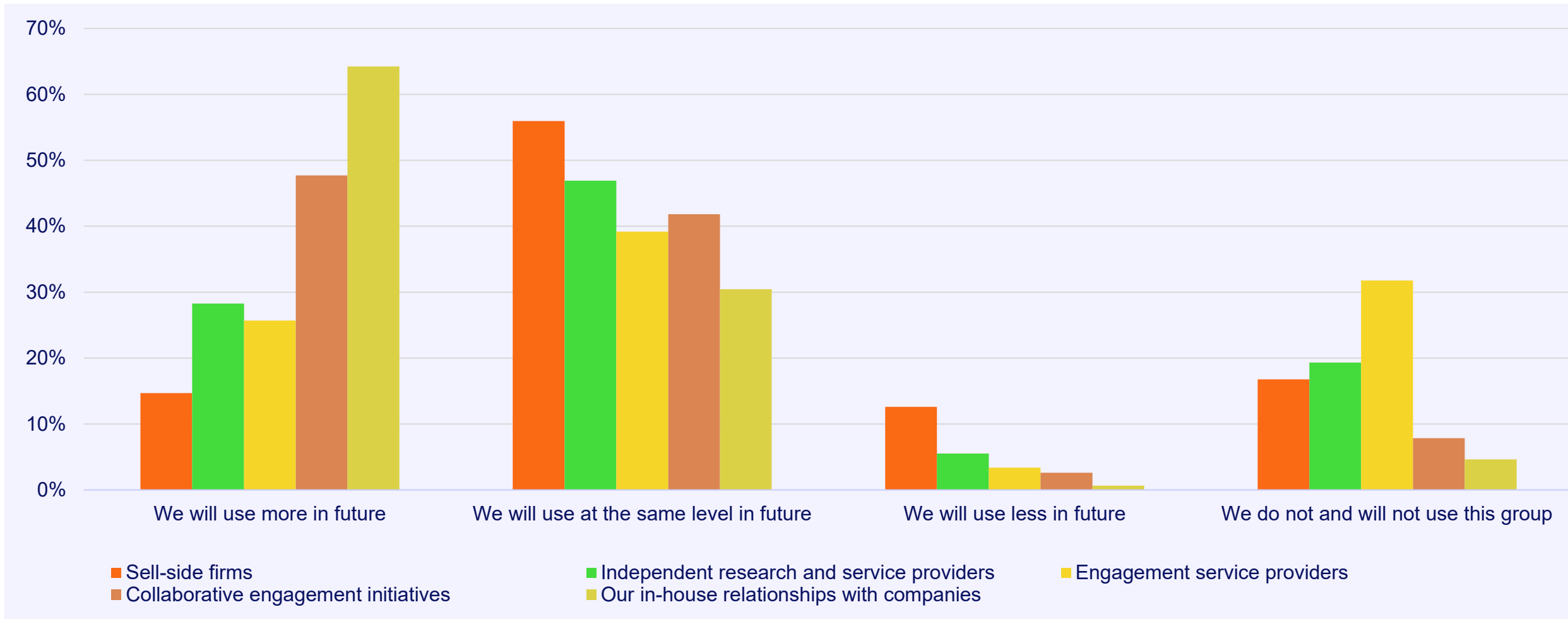
- We do not have a formal mechanism for recording the SRI / CG interest of our investors
- We maintain a record of all investor and analyst contact that we have on sustainability and corporate governance issues
- We identify which of our current and target investors have an interest in SRI and prioritise them for contact
- We rely on brokers or other third parties for information on the SRI interest of our investors
- We keep a mailing list of SRI / CG analysts that we use for report distribution

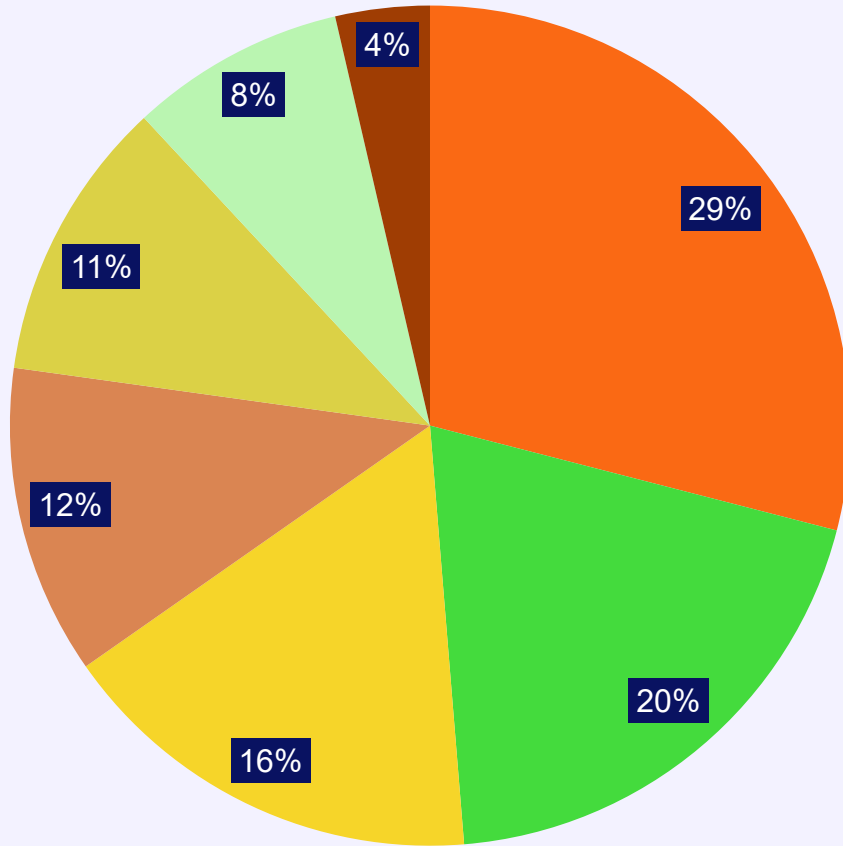


- Set material sustainability issues within strategic context for their particular business
- Focus on metrics that are defined by comparable industry standards
- Supply more granular quantitative data across all sustainability performance areas
- Focus on direct communications with asset managers (via webcasts, roadshows and meetings)
- Focus on written reports and data
- Focus on direct communications with analysts from research providers (via webcasts, roadshows and meetings)
- Other

Interest in companies – by investor geography





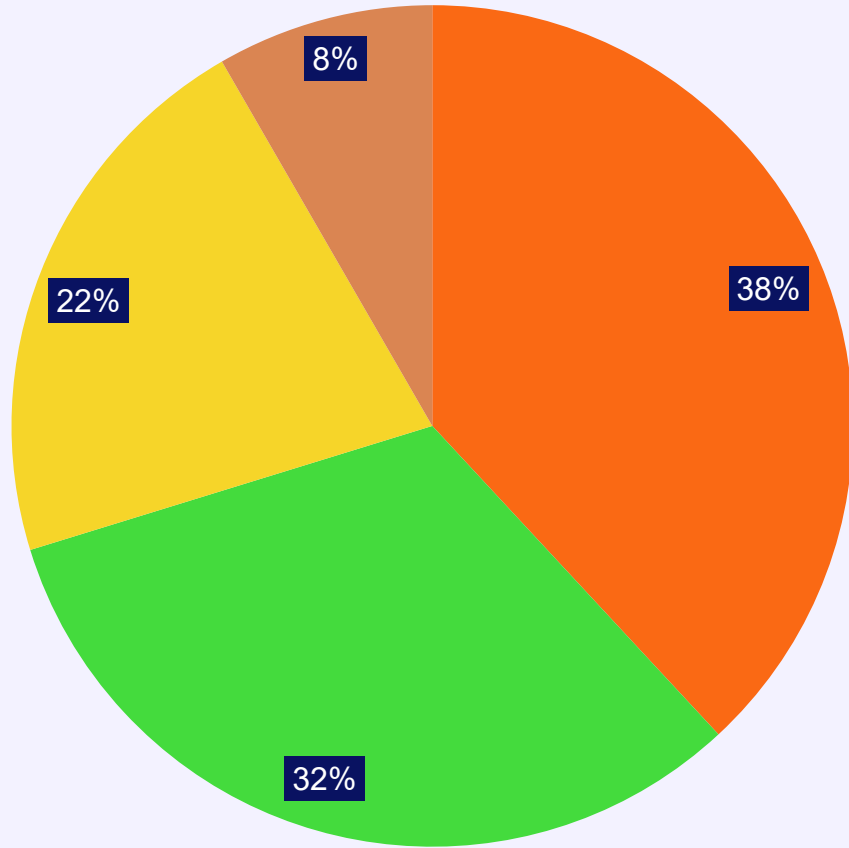


- We monitor changes in our SRI rankings and index inclusions
- We track the number of SRI / CG discussions we have had with our leading and target investors
- We do not formally measure the impact of our engagement
- We analyse the number of SRI/CG-interested investors on our shareholder register
- We collect feedback after SRI roadshows
- We undertake SRI/CG perception studies
- We measure the volatility of our shareholder basis over time (average duration of shareholding)



Direct communications... Not getting through

How important is direct communications with companies to your SRI & CG research?



■ It is an important part of our research process

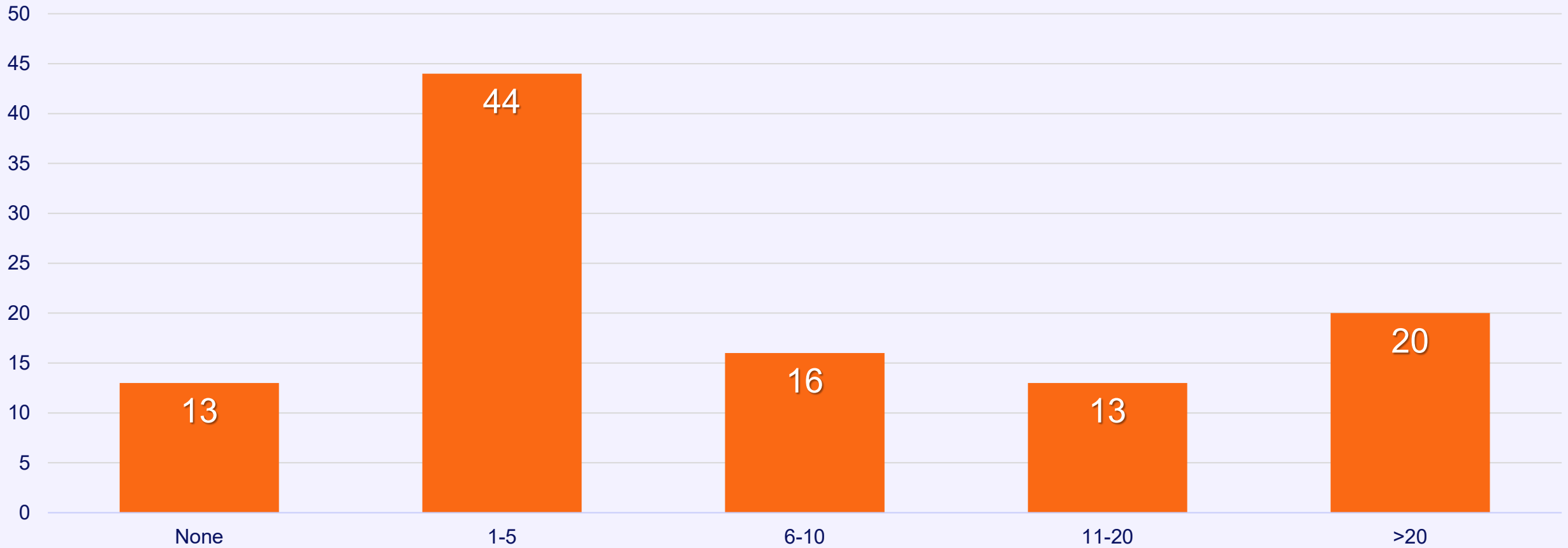
■ It is a top priority for us

■ It is of some interest

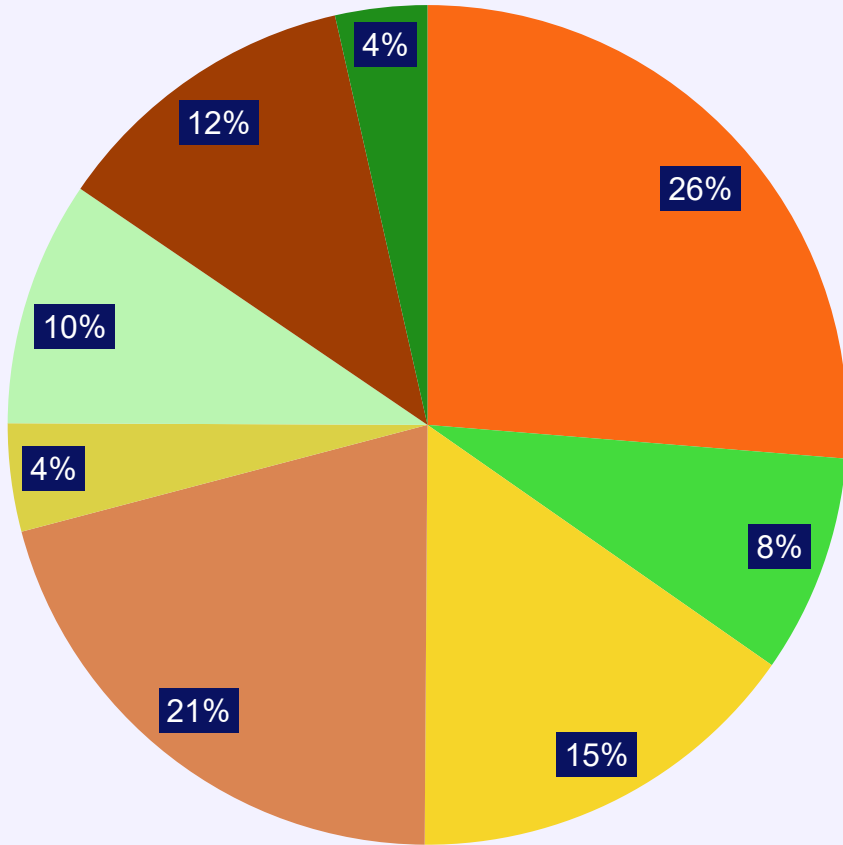
■ It is of little interest / no importance

... by companies

No. of respondents specifying each range of analysts met



What percentage of your time do you spend...?

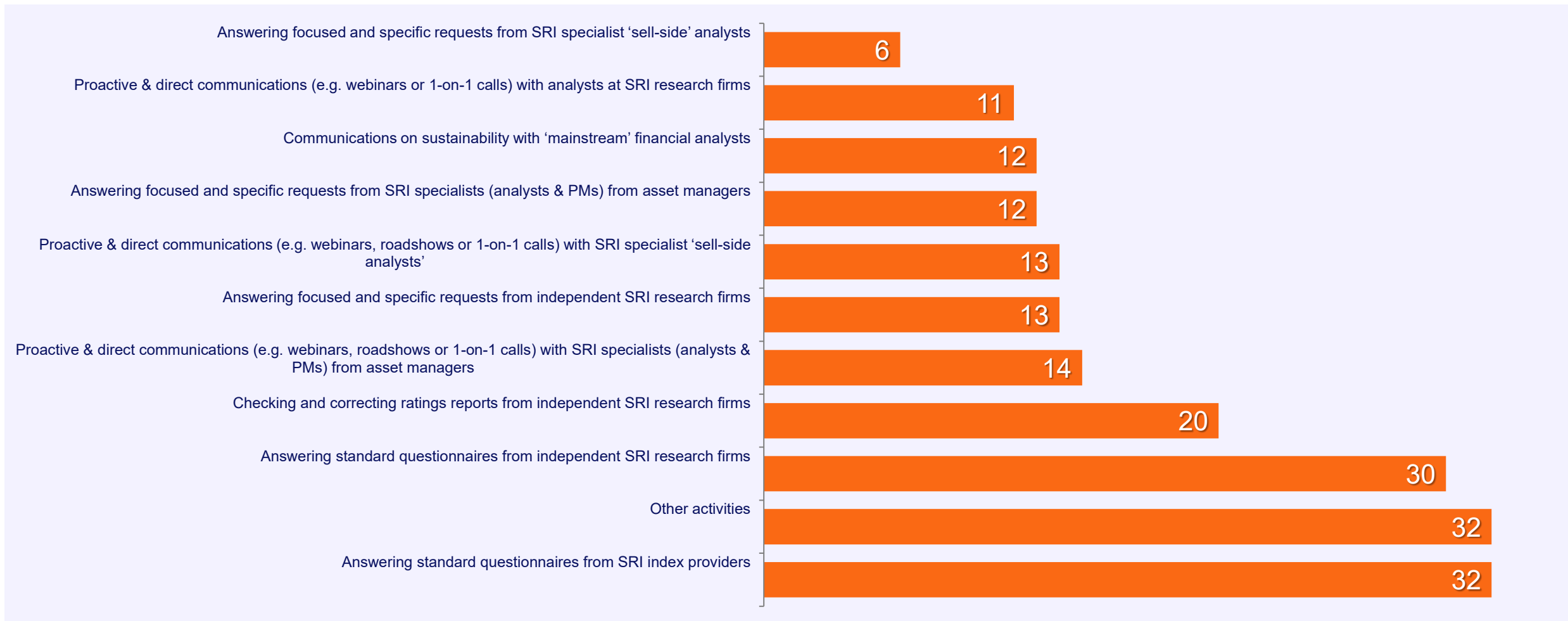


- Processing written information
- In direct contact with companies
- Undertaking contextual research
- Analytical thinking
- On communications and marketing
- In direct contact with clients
- Internal management and admin
- Other
- Please specify

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

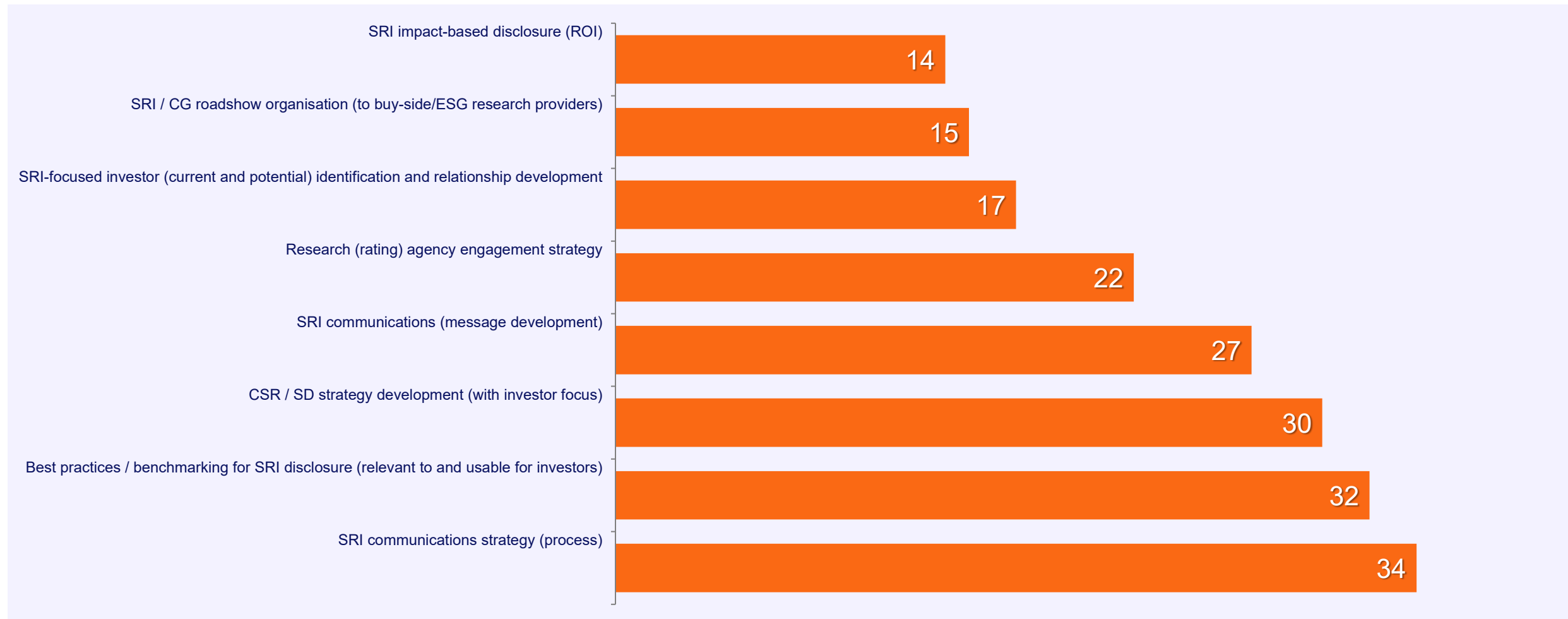
Average number of days spent



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

No. of respondents specifying each service





Independent Research in
Responsible Investment

IRRI Survey: Rankings

To agenda

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

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)

Top 5

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



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