



Independent Research in  
Responsible Investment



## All change in sustainable investor relations

Structural change by investors  
demands response by companies

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## IRRI – Independent Research in Responsible Investment

IRRI is a joint-venture market research initiative between Institutional Investor Research and SRI-Connect that seeks to advance understanding of the economics, dynamics and communications practices within the sustainable investment value chain.

The initiative comprises the annual IRRI Survey, ad hoc research and working papers such as this one.

This paper was written by SRI-Connect and does not necessarily represent the views of Institutional Investor Research.

## Authorship

SRI-Connect is the primary author of this research paper.

The analysis and perspectives in this report are those of SRI-Connect and do not necessarily represent the views of Institutional Investor Research, WBCSD or the Gordon and Betty Moore Foundation.

## Programme support

This publication forms part of the *Building Bridges* programme which has been commissioned and is directed by the World Business Council for Sustainable Development's (WBCSD's) [Redefining Value](#) programme.

This work was funded by the Gordon and Betty Moore Foundation's Conservation and Markets Initiative. For more information, please visit [www.moore.org](http://www.moore.org).



# All change!

This discussion paper was originally called 'Evolution in sustainable investor relations'.

It set out to chart a gradual process of change in sustainable investor relations.

However, our findings from 2021 forced us to tear up the title and rename it: "All change in sustainable investor relations".

Companies' experience of the sustainability interest of investors – both mainstream and sustainability specialists – has changed structurally over the past eighteen months as the overall growth of sustainable investment has combined with increased interest of 'mainstream' investors to place sustainability firmly on the radar screen of investor relations officers.

## Main findings

Over the first six months of 2021, we conducted interviews and participated in in-depth discussions with over 30 large, listed companies from across the world.

From these we have learned that:

- 'Mainstream investors' are rapidly developing an interest in sustainability issues
- So, CEOs and Finance Directors have mandated their investor relations teams to manage the sustainable investor relations process pro-actively (taking responsibility from CSR / sustainability teams)
- However, there is still widespread uncertainty from companies as to how best to adapt to these changed investor expectations and - as a result - most company communications on sustainability remain passive and much less strategic than their communications on 'mainstream' financial issues equivalents
- There is also continued frustration with ESG ratings agencies that use templated, data-centric approaches to ESG ratings with companies struggling to understand how this data relates to 'mainstream' investor interest\*
- An increase in the perceived value of company engagement by asset managers and a requirement on them to monitor their impact means that companies will face increasing requests from investors
- Companies who maintain a passive strategy for sustainability communications run the risk of becoming overburdened by irrelevant and uncoordinated requests from investors and research providers acting on their behalf
- Companies with coherent, proactive strategies for communicating how relevant and material sustainability issues fit within the context of their business and operating environment can shift the narrative and position themselves to attract the emerging pools of long-term sustainable capital

\* The answer to this particular question is complicated and relates to the interface of active and passive investment strategies, of 'engagement' and of an understanding of what is driving investor activity in this space. We will be addressing these questions in a subsequent working paper.

## Actions for IROs

If investor relations officers want to be prepared for the increasing interest in sustainability issues from investors, we recommend that they take the following steps.

### Consult [www.sustainable-ir.com](http://www.sustainable-ir.com)

This website supplies all that a company needs to communicate on sustainability with investors. It provides overviews, case studies, FAQs, research & resources, perspectives and support & services covering all important areas of investor relations practice including:

- Strategy and planning
- Investor and analyst targeting
- What to communicate
- Written communications
- Interactive communications
- Other activity

### Join an SR-IR Breakfast Club

SR-IR Breakfast Clubs are informal groups of investor relations officers that meet by Zoom at breakfast time every half year to discuss their experiences in SRI/ESG communications. They are co-ordinated and chaired in a light-touch way by SRI-Connect but are emphatically led by the investor relations manager participants at each session.

After two successful trials in the UK, 'breakfast clubs' will be launched in Q4 2021 for:

- Food sector companies
- Continental European companies
- Nordic companies
- North American companies
- ... and possibly others if there is demand

They are free to join, please contact [mike.tyrrell@sri-connect.com](mailto:mike.tyrrell@sri-connect.com) for an invitation.

### Request a 'Register of SRI Interest'

A Register of SRI interest is a structured listing of the firms and individual analysts at all relevant investment institutions that are likely to be interested in the sustainability performance of an individual company.

Registers of SRI Interest cost GBP 1,500 + VAT but a limited number (6 at the point of writing) are available to companies with exposure to the Food & Fibre value chains for free. (Sponsored by the Gordon and Betty Moore Foundation).

### Contribute to our ongoing research

Over the coming months, we will continue to explore relevant questions through semi-structured interviews with investor relations officers around the world.

The questions to which we seek answers can be found in Appendix A at the end of this paper.

Please contact [mike.tyrrell@sri-connect.com](mailto:mike.tyrrell@sri-connect.com) if you would like to contribute your thoughts and experiences to this process.

In return, we will be delighted to:

- Point you in the direction of best and current practice in sustainable investor relations within your sector or country
- Answer any questions you have about sustainable investors and/or the most effective way of communicating to them
- Guide you to free resources (or to consultancy services if that is what you feel you need)

### Participate in the Sustainable Investor Access programmes

Sustainable Investor Access is a programme of practical support for companies' sustainable investor communications. Funded by the Gordon and Betty Moore Foundation, it is available to 12 companies with exposure to food or fibre value chains and comprises an introduction to sustainable investor needs, an investor and analyst targeting exercise and messaging support. It culminates in the organisation of a sustainable investment 'roadshow' that includes both research providers and asset manager targets.

### Request an ESG Communications Audit

An ESG Communications Audit is a light touch process being developed by SRI-Connect that reviews a company's past and planned sustainable investment communications activity and compares this to peer activity and global best practice with a view to giving a short and actionable set of recommendations for improved efficiency and effectiveness by each participant company.

## 2021: All change

After a decade of steady evolution, 2021 has seen a revolution in sustainability communication between companies and investors.

The combination of:

- widespread awareness of climate change and biodiversity decline
- regulatory focus (At present, asset managers are racing to classify funds that they market in the EU under the Sustainable Finance Disclosure Regulation)
- significant growth in investor demand for sustainable investment
- increased importance of active ownership and engagement and
- COVID-19

... has catalyzed the sustainability interest of 'mainstream' investors' interest in companies' sustainability exposures and management practices.

This has had two notable knock-on effects:

- Because 'mainstream' investors and analysts are now asking questions about sustainability, investor relations officers have taken control of the process (shifting responsibility from CSR / sustainability managers)
- 'Mainstream' investor interest is shifting the conversation towards the impact that sustainability factors have on KEY VALUE DRIVERS for companies

### ... but one thing stays the same

Although one might expect the strengthening interest of 'mainstream' investors to have reduced the focus on the data minutiae that have dominated the ESG ratings process thus far, this has not yet been the case for five reasons:

- The continued growth of passive investment and continued confusion over what passive investors actually need
  - It is widely but erroneously assumed that passive investors need very granular comparable ESG datasets when - in reality - they typically need simple but broad datasets:
- Regulatory interest - Regulators naturally incline towards universal, top-down approaches to assessing investment activity - even if such approaches do not reflect the underlying reality of capital flows. (This way, regulatory intervention seems likely to exacerbate rather than corrected biases in the market)
- Continued confusion over the different research and data needs of different investor types:
  - Passive investors (who typically need simple but broad datasets)
  - Fundamental active investors (who typically need deep contextual information but little comparable data)
  - Quantitative investors (who need comparable time-series data sets)
  - (So, only quants investors really need the sort of granular data that is typically demanded of companies and there are very few sustainable quants investment funds)
- A 'perceived influence through data demand' engagement strategy practiced by investors
  - Investors have had considerable influence on company practice on sustainability in recent decades by asking companies for reports and data - even when the investors do not intend to use such reports. Rather, the purpose of asking for the report is to force management attention on the area being scrutinized. While effective, the strategy has limitations - when it comes to areas in which the generation of data or production of a report is disproportionate to the management focus desired. There are, unfortunately, a large number of such engagement initiatives still underway that deploy this tactic

- Artificial intelligence - specifically web-scraping and natural language processing - makes it easier and cheaper for investors to gather such data. Ultimately data becomes cheap and commoditized; critical thought is time-consuming and expensive

These drivers provide positive momentum towards SRI/ESG practice in general but also have the undesirable side effect of exacerbating an already excessive focus on systematic data (and against idiosyncratic information) – which unfortunately places a considerable burden on companies and is – for all practical purposes – useless for asset managers.

### **Pro-active IR communications can keep the narrative on a sustainable track**

Asset managers across the world are stretching to respond to the interest of regulators and non-expert clients. To do this in a comprehensive fashion, the vast majority are reaching for top-down data-based approaches that substantially over-simplify the challenges and opportunities that companies face in integrating sustainability factors into their business strategies and management practices.

In the face of this, companies have a choice:

- They can passively accept the (often ill-informed) data-driven approach of investors as inevitable and submit to answering questions and correcting data - even where such questions do not accurately represent their business and strategy
- Or they can pro-actively shape messages around their sustainability exposures and the management practices that they deploy to maximise opportunities and minimize risks to the key value drivers of their business.

Inevitably, there will be a balance of both.

### **Reassurance - active investors and pools of sustainable capital exist**

In spite of the somewhat pessimistic tone about data demand and passive strategies above, companies should note that there is also a growing pool of fundamental active investors who are allocating pools of capital for long-term investment in companies that are integrating sustainability factors into their business.

Such investors are willing audiences for pro-active communications by companies on their financially material sustainability exposures (positive and negative) and their management of these.

## 2020: Acceleration

### Overview

In 2020, the European Commission published a 'Study on Sustainability-Related Ratings, Data and Research' which set out to:

- provide a state of play of the sustainability-related products and services market,
- explore the use and quality of sustainability-related products and services, and
- provide the European Commission with recommendations and best practices to stimulate demand and improve the quality of supply.

We have extracted the 'need to read' for companies from the research and recommendations and added comments – which are based on our own experience of and interactions with companies.

### Key action points for IROs

Notably, the Study recommended that:

- Companies should start delivering SRI/ESG communications in the same way as they deliver 'mainstream' investor communications.
- Sustainable investors should publish ESG assessments and engagement summaries of their top holdings.

It also found that:

- Companies' management of sustainability communications with investors is generally seen as passive and reactive. This contrasts with the proactive approach they take to communicating with mainstream investors.
- Companies and asset managers alike noted that ESG analysts often lack sufficient contextual understanding of the fundamental business drivers of the industry they are covering to enable them to identify and prioritize material issues. IROs can help them to understand their business and the context in which they operate.
- Companies are spending enormous amounts of time on sustainability reports and questionnaires and relatively little on direct communications with investors.



## Report summary

In the table below, we extract what we believe to be the most salient points from the EC study for investor relations officers and annotate these with short comments and identified actions for investor relations officers

Report recommendations	Implication for IROs
<p><b>On asset manager reporting</b></p> <p>"It is recommended that the Commission consider interventions that encourage companies to communicate their sustainability performance directly to analysts and investors through reports, briefings and meetings and to apply publicized reporting timetables and closed periods.</p> <p>Alongside this, companies should be encouraged, via training, best practice guides and case studies, to apply standard investor relations practice to sustainable investor communications."</p>	<p><b>Our comment:</b></p> <p>It is somewhat surprising that the EC should even need to intervene in this regard. It seems self-evident that companies should communicate to investors on sustainability exposures and management practices in the same way as they report on other issues affecting their business. However, at many companies, this does not appear to be happening.</p> <p><b>Action for IROs:</b></p> <p>If IROs are doing something in 'mainstream' investor communications that they are not doing on sustainability, they should ask themselves "Why not?"</p> <p>If they are doing something for sustainability that they do not do for 'mainstream' investment communications, they should ask themselves: "Why?"</p>
<p><b>On asset manager reporting: on integration</b></p> <p>"It is recommended that the European Commission require active asset managers publish an integration report – for asset managers stating they are integrating sustainability factors.</p> <p>If claiming to integrate sustainability factors into investment analysis, an asset manager should publish for all companies where they, as an institution, own &gt;1% of the company's issued share capital or where that company forms &gt;3% of any fund that they manage, a short qualitative assessment of the environmental, social and economic exposures (positive and negative) of that company."</p>	<p><b>Our comment:</b></p> <p>Many asset managers claim to 'integrate' sustainability factors into investment decision-making. However, many of these claims are 'greenwash'. Requiring asset managers to report on the nature of this 'integration' would force them to align their sustainability research with their fundamental investment research.</p> <p>If taken up, this recommendation might, in the short term, increase the demand for information placed on companies. It should, then – in the long-term – reduce the demand as asset managers improved their integration activities to focus on financially-material sustainability factors.</p> <p><b>Action for IROs:</b></p> <p>IROs can get ahead of the 'integration agenda' by ensuring that their sustainability messages to investors are 'integration-ready'. In other words, they should focus on the ways in which sustainability factors might affect key value drivers of their business.</p>

Report recommendations	Implication for IROs
<p><b>On asset manager reporting: on engagement</b></p> <p>It is recommended that the European Commission require active asset managers to publish an engagement report – for asset managers engaging with companies on such issues.</p> <p>If claiming to engage with companies on sustainability factors during investment analysis, an asset manager should publish their actions for all companies where they, as an institution, own &gt;1% of the company's issued share capital or where that company forms &gt;3% of any fund that they manage, a short qualitative assessment of engagement action that they have undertaken with that company to raise environmental, social, economic or corporate governance issues.</p>	<p><b>Our comment:</b></p> <p>There is a wide gap between the 'engagement' activity that asset managers report themselves as being involved in and the amount that companies perceive. This reporting obligation would close that gap.</p> <p>The suggestion that the report be published and qualitative would be likely to improve the quality of the engagement undertaken as asset managers would be inclined to focus on the issues that are most (financially- and sustainability-) material to companies</p> <p><b>Action for IROs:</b></p> <p>IROs can get ahead of the 'engagement agenda' by ensuring that they are proactively reaching out to propose meetings with all investors in their Top 20 and also to all investors for whom they may constitute a sizeable holding</p>
<p><b>On ESG ratings</b></p> <p>"When applied to fundamental active management, scope divergence and measurement divergence [of ESG ratings] – provided that these are clear and explicable – are interesting and valuable to investors, but measurement divergence where it relates to quality of data processing is of concern."</p>	<p><b>Our comment:</b></p> <p>ESG ratings are bound to differ – just as 'sell-side' investment recommendations differ – but, more so, because ESG ratings do not (when looked at closely) even purport to be measuring the same thing.</p> <p>What is interesting is that fundamental active asset managers see this divergence as interesting – and informative to their investment decision-making.</p> <p><b>Action for IROs:</b></p> <p>IROs should not worry about the divergence in ESG ratings; they should treat them in the same way as they treat sell-side recommendations (as analytical opinion rather than as objective truth) ... and seek (where they don't like the rating) to inform the analyst – in a way that encourages them to change their view.</p>
<p><b>On ESG analysis</b></p> <p>"Companies and asset managers alike noted that ESG analysts often lack sufficient contextual understanding of the fundamental business drivers of the industry they are covering to enable them to identify and prioritise material issues."</p>	<p><b>Our comment:</b></p> <p>On balance, companies appear:</p> <ul style="list-style-type: none"> <li>• Less frustrated by the data that research providers gather and the answers that they find but...</li> </ul>

Report recommendations	Implication for IROs
	<ul style="list-style-type: none"> <li>• More frustrated by the fact that research analysts ask fundamentally the wrong questions and do not appear to understand the company's position in the industry / value chain.</li> </ul> <p><b>Action for IROs:</b> IROs should aim to help SRI/ESG analysts understand their business, markets and operating context. They should treat SRI/ESG analysts like they would treat a financial analyst who is starting coverage of their sector or stock.</p>
On requests for information	
<p>"Companies do not distinguish effectively between questions that are presented by investor-facing organisations and requests for sustainability-related information from customers (supply chain related) or clients, academics or other organisations such as NGOs."</p>	<p><b>Our comment:</b> Companies perceive that they receive 'hundreds of questionnaires from investors or firms representing investors'. In reality, only around twenty such firms exist and only about ten of them use questionnaires.</p> <p><b>Action for IROs:</b> Companies, in general, should understand which organisations actually represent investors and which only claim to (or do not). Once this has been established, IROs should manage the relationships with investor-facing research firms and 'engagement organisers'. Other relationships (e.g., with NGOs without influence over investors) should be handled by other departments (e.g., corporate affairs)</p>
On most valuable interactions	
<p>"The types of interactions [...] that companies [...] valued the most are with those analysts, from either investment firms directly or ESG research providers, that:</p> <ul style="list-style-type: none"> <li>• understand the business context within which they operate;</li> <li>• involve a dialogue on priorities for investors;</li> <li>• focus on the material sustainability-related issues of relevance to their company; and</li> <li>• provide guidance on industry good practice."</li> </ul>	<p><b>Our comment:</b> ESG analysts usually understand sustainability issues in detail but often have much less understanding of business context.</p> <p><b>Action for IROs:</b> IROs should focus on building ESG analysts' understanding of their business context and on giving line-of-sight between material sustainability issues and the key value drivers of their business. There is little point communicating on how your business manages sustainability if the person to whom you are communicating does not understand what your business does.</p>

Report recommendations	Implication for IROs
<p><b>On how best to measure company sustainability performance</b></p> <p>Companies indicated two main alternative ways for investors and stakeholders to evaluate company sustainability performance:</p> <ol style="list-style-type: none"> <li>1. through direct engagement and dialogue with companies and</li> <li>2. through utilizing the information and data that companies disclose through publicly available reports.</li> </ol> <p>Direct engagement with companies may be in the form of interviews with the company in question (such as through Investor Relations, Sustainability teams or senior executives); through industry or sector associations; and attendance on company webinars or at ESG roadshows.</p>	<p><b>Our comment:</b></p> <p>Companies believe that direct engagement with investors is best way for those investors to evaluate their sustainability performance. So, why isn't this a priority for them? Why do they prioritize written reports, questionnaires and data correction over direct contact?</p> <p><b>Action for IROs:</b></p> <p>Companies need to spend more time engaging directly with investors and less time filling in questionnaires, many of which investors aren't interested in anyway</p>
<p><b>On the time spent on reporting</b></p> <p>The overall time demand on companies for navigating the sustainability-related rating, data and research ecosystem is significant with an average of 316 days per year (the equivalent of 1.25 full time staff) to complete sustainability reports and disclosures and an average of 155 days per year (the equivalent of 0.6 full time staff) to respond to sustainability-related ratings and rankings providers.</p>	<p><b>Our comment:</b></p> <p>Companies are allocating significant resources to produce reports and disclosures and interact with ratings providers. This is a huge amount of time that could be better spent directly communicating with investors</p> <p><b>Action for IROs:</b></p> <p>Assess current priorities and re-allocate time away from disclosure towards direct engagement with investors and research providers.</p>
<p><b>On companies' sustainability communications</b></p> <p>Companies' management of sustainability communications with investors is generally seen as passive and reactive. This contrasts with the proactive approach they take to communicating with mainstream investors.</p> <p>The results from the survey conducted for this study showed that while:</p> <ul style="list-style-type: none"> <li>• 16% of companies incorporate key sustainability messages in quarterly results webinars and</li> <li>• 30% of companies simply publish a sustainability report for investors</li> </ul> <p>... only:</p> <ul style="list-style-type: none"> <li>• 13% of companies arranged for targeted distribution of such a report to ESG oriented investors,</li> </ul>	<p><b>Our comment:</b></p> <p>By not being proactive in reaching out to investors, companies may spend more time answering individual queries rather than setting out clear messages to all stakeholders at once</p> <p><b>Action for IROs:</b></p> <p>IROs need to move beyond just publishing a sustainability report and create a holistic strategy to engage with their investor base on sustainability issues</p>

Report recommendations	Implication for IROs
<ul style="list-style-type: none"> <li>only 5% organized a dedicated sustainability results webinar and</li> <li>a further 22% organized or participated in ESG roadshows or conferences</li> </ul>	
On what asset managers want from companies	
<p>"Asset managers were clear that the most useful information for ESG integration within their investment process comes from company meetings and conversations with companies, as opposed to ratings providers. Because many companies do not manage sustainable investor communications proactively, they may spend too much time answering questions and supplying data to firms that do not have influence over their share price and spend too little time on the firms that should be a higher priority for them. In doing so, companies may succeed in meeting the needs of data providers but fail to meet the needs of the active fund managers that buy and sell their shares."</p>	<p><b>Our comment:</b> Significantly, the asset managers that most need idiosyncratic information through direct contact are likely to be the active managers who are the marginal buyers or sellers that affect the share price of a company and hence influence its strategy. (By definition, a passive investor cannot be the marginal buyer or seller as they are obliged to track towards current market weighting.) It appears that companies' prioritization is data providers rather than direct contact with investors or with sell-side analysts who write research for investors.</p> <p><b>Action for IROs:</b> IROs should spend more time proactively reaching out to investors directly rather than providing non-material data to ratings agencies.</p>
On companies' frustrations	
<p>"The majority of reporting companies believe sustainability exposures and practices are only moderately reflected by sustainability-related rating, data and research providers, and overall are frustrated by a lack of transparency and comparability across providers. In addition, they state that most asset managers do not ask sustainability-oriented questions during their regular meetings with company management."</p>	<p><b>Our comment:</b> Companies' frustrations with ESG ratings agencies are well documented elsewhere. Our only addition to the debate is to suggest that as the current approach is not working (and has not been working for 10 years), it is time for something fundamentally different: proactivity and initiative-grabbing by companies. While noting that the frustration at asset managers not asking questions was true in 2020, we believe that a growth in interest is now well underway.</p> <p><b>Action for IROs:</b> The solution to both of these frustrations lies within the hands of companies. They should reach out to both analysts and investors and demand to tell their own sustainability story in their own words. Companies do not have to be passive recipients of a process defined by others.</p>

### Contextual disclosure

For full disclosure, considerable attention is paid in the full report to the quality and usage of ESG ratings. We have only touched lightly on this here as we believe that improving the quality or accuracy of ESG ratings is a relatively small part of the problem and is significantly over-commented upon elsewhere. (Paraphrased: ESG ratings matter much less than is widely assumed to the investors that are actually allocating capital based on sustainability.)

## 2019: Continued evolution

### The IRRI Survey

IRRI is the annual, globally authoritative, practitioner-led survey of best practice and trends in SRI & corporate governance research. The 2019 report was the seventh iteration of the survey, which began in 2012.

Investors, analysts, investee companies and their respective advisors all contribute their views on who and what is influencing the development of responsible investment.

2019 showed a picture of steady evolution in investor relations practice on sustainability – notably that:

- Three quarters of companies have some communications plan for their sustainability messages
- Almost half of companies measure the impact of their engagement with sustainable investors
- More than half of companies have a mechanism for recording the SRI interests of its investors
- 70% of asset managers view direct engagement with companies as important or very important

This builds on previous studies which have shown:

- Increasing asset manager interest in SRI: brokers report that more than 80% of their top 100 clients have shown a clear interest
- More stringent asset owner reporting requirements for asset managers: 88% of asset owners surveyed now require managers to report on how they apply sustainability and governance factors to their investment decision-making
- More direct asset manager engagement with companies: most asset managers plan to do more of their company engagement directly or through collaborative engagement initiatives. A minority plan to use independent research or specialist engagement providers more.
- A continued shift away from exclusionary investment strategies towards low-carbon, sustainability-themed and constructive engagement strategies.

### Relevance for IROs

While the landscape for sustainable investment has shifted since 2019, and the depth of investor interest on sustainability has grown significantly, we believe that the process of corporate sustainability communications has not changed ... such that we consider the following 2019 statistics to be just as relevant today:

In 2019, we found that:

- Companies spent an average of 80 days on questionnaires, but only 35 days on proactive communications with analysts and investors
- SRI communications are led by the IR team in just under half of companies, and by CSR teams in a quarter of companies
- More than half of companies met 5 or fewer SRI/CG analysts during the previous year
- 12% of companies have a public communications plan for sustainability, while a quarter of companies have no plan at all
- More than 80% of companies simply published a sustainability report with no further follow-up or proactive actions
- 70% of asset managers view direct engagement with companies as important or very important

In the following section, we present the salient detail on:

- The questions that we asked
- The responses that we received
- The actions arising from these for proactive IROs



## SRI communication activities

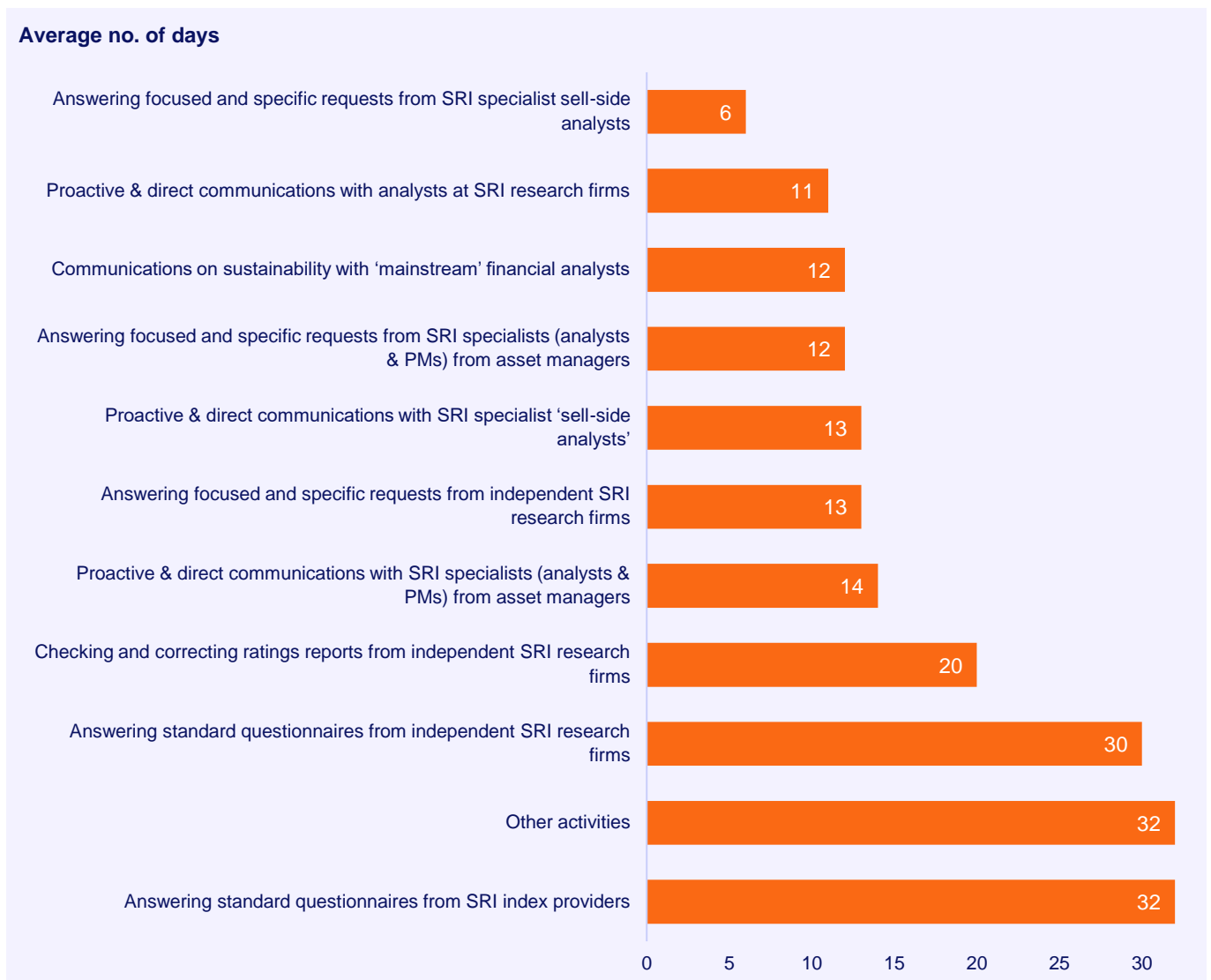
### Action for IROs

Companies should prioritize direct engagement with mainstream and specialist SRI investors. They should put more emphasis on contact with financial analysts at sell-side and independent research firms and spend less time answering standard questionnaires.

### Question asked

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

### Answer received



## Who leads communications with SRI analysts

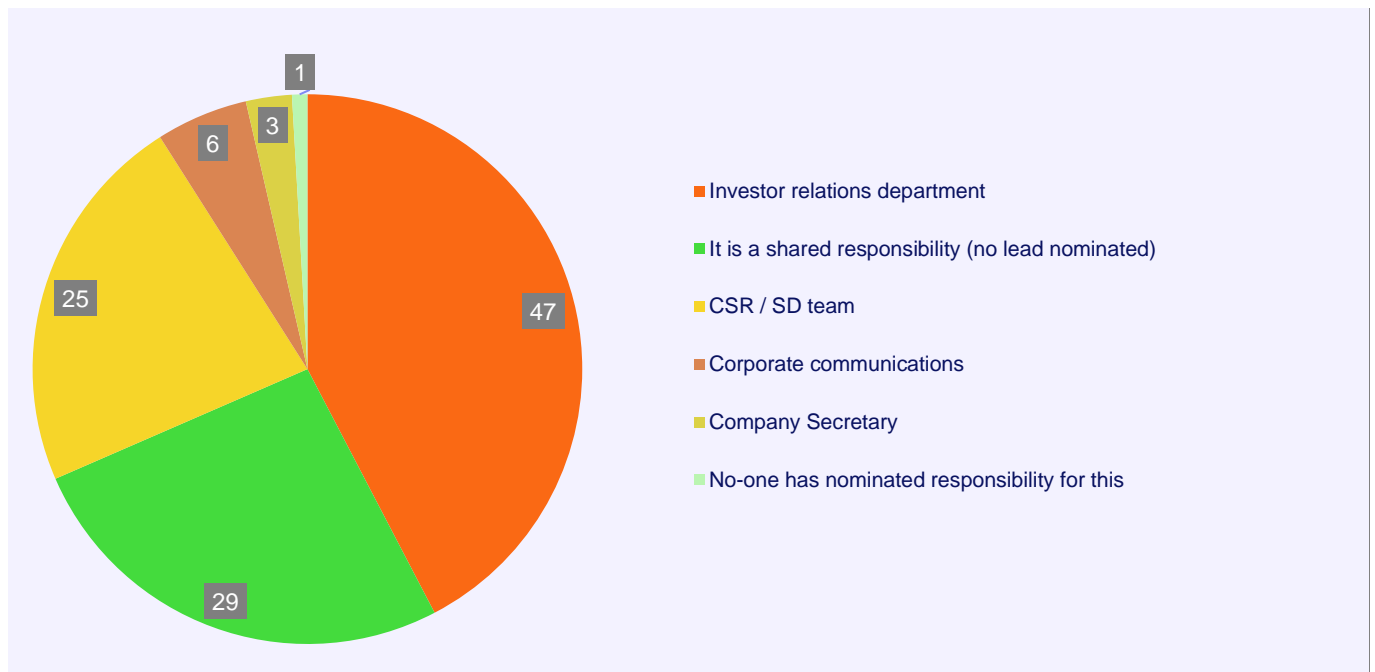
### Action for IROs

In order for SRI communications to reach the standards of mainstream IR communications, the investor relations team needs to be heavily involved and should be using the same processes for SRI investor communications as for mainstream investor communications.

### Question asked

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

### Answer received



## Meetings with SRI analysts

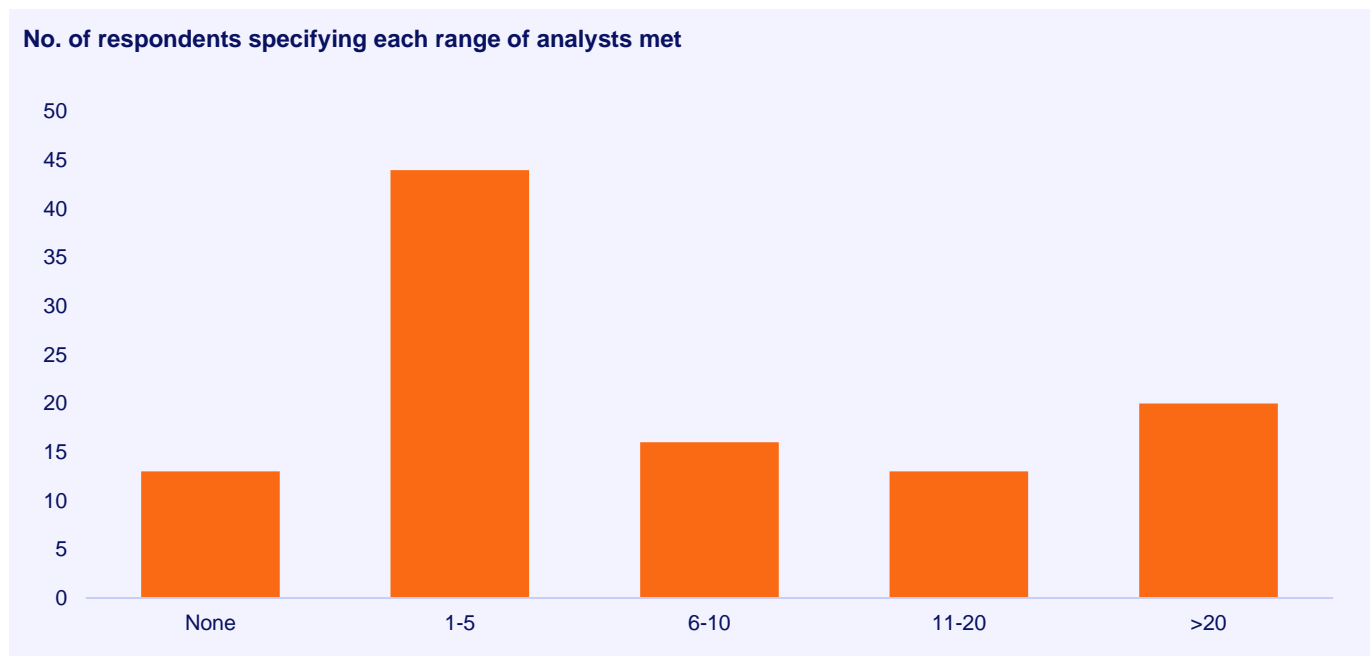
### Action for IROs

Companies should proactively reach out to SRI analysts to help them to understand how sustainability issues affect them and which issues are material – and not material – to the company. All companies should aim to meet directly with 20+ investors every year. Although the required number will vary considerably from company to company, we have suggested twenty as a rough target for any company that aims to keep their largest current investors and a broad group of other influential (whether from size or from sustainability focus) investor targets fully informed about their sustainability exposures and management practices.

### Question asked

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

### Answer received



## Planning for SRI communications

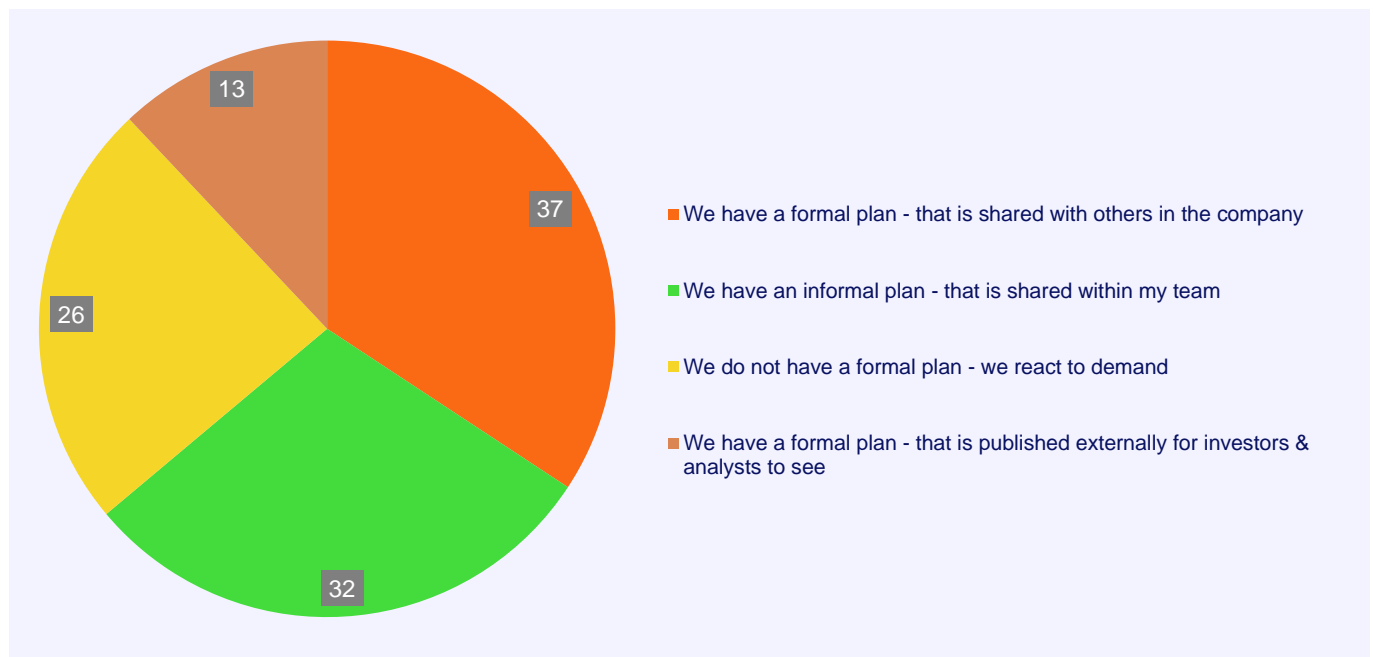
### Action for IROs

Companies should have a formal plan for SRI communications which should follow the template of mainstream investor communications

### Question asked

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

### Answer received



## How companies communicate with SRI analysts

### Action for IROs

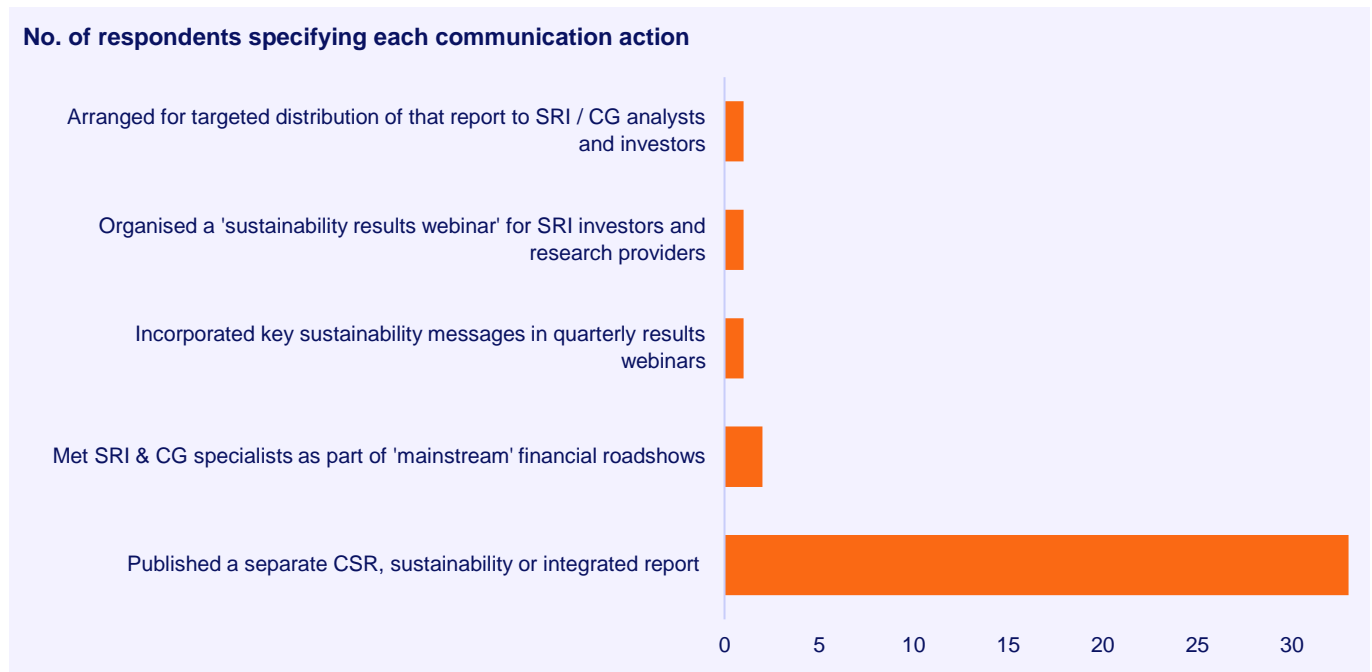
Companies need to move beyond simply publishing an annual sustainability report. As with mainstream investor relations, companies should proactively look to arrange meetings, webinars and roadshows for sustainability and mainstream investors and ensure that material SRI issues are mentioned:

- a. In their annual reports and
- b. In all meetings.

### Question asked

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

### Answer received



## Importance of direct communication

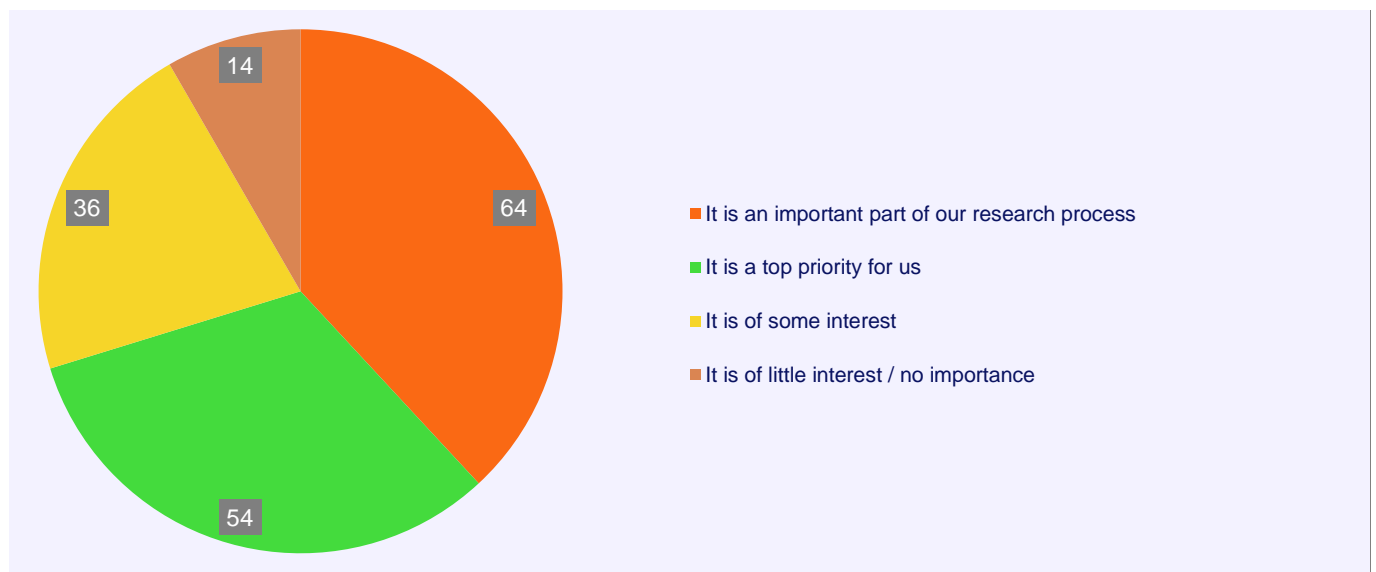
### Action for IROs

From this data, IROs should understand that almost all asset managers value direct communication with companies and should prioritize this by proactively arranging meetings with their largest investors and potential new investors.

### Question asked

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

### Answer received



## Appendix A: Questions for semi-structured interviews

Through the IRRI Survey and qualitative interviews we continue to gather a body of information / evidence on best and current practice in company communications on sustainability with investors.

These are the questions that we are interested in hearing responses to:

1. Which of the following things did your company do last year to communicate with SRI / ESG analysts?
  - a. Published a separate CSR or sustainability report
  - b. Published an integrated report
  - c. Arranged for targeted distribution of your CSR / sustainability / ESG report to SRI / ESG analysts and investors
  - d. Organised a 'sustainability results webinar' for SRI investors and research providers
  - e. Organised a specialist 'sustainability' roadshow to meet SRI/ESG analysts
  - f. Incorporated key sustainability messages within quarterly / annual results webinars for 'mainstream' investors and analysts?
  - g. Met SRI / ESG specialists as part of 'mainstream' financial roadshows
  - h.
  
2. How many SRI / CG analysts did you meet in person or hold teleconferences with over the past year?
  - a. Less than 5
  - b. 5-10
  - c. 10-20
  - d. More than 20
  
3. In your most recent results roadshow, did investors or analysts ask questions about sustainability issues?
  - a. Yes, more than before
  - b. Yes, same as usual
  - c. Yes, less than usual
  - d. No
  
4. Has investors' interest in sustainability issues increased, decreased or stayed the same over the past year?
  - a. Increased
  - b. Stayed the same
  - c. Decreased
  
5. What change would you most like to see from investors to enable better sustainability communications?
  
6. What change would you most like to see from analysts to enable better sustainability communications?
  
7. What improvement would you most like to see from ESG ratings agencies?