Engaging companies in sustainable reporting

**Project Background**

Currently, there are approximately 44,000 equities listed on stock markets globally, but only about 4,800 companies publish meaningful environmental, social, and corporate governance (ESG) info, which investors need to make socially and environmentally responsible investment decisions.

**Problem Statement**

Survey to reporting companies:
- Reasons for reporting on ESG
- Available top-level ESG metrics

Survey to non-reporting companies:
- Available top-level ESG metrics
- 5 questions about ESG mgmt practices
- 5 questions about ESG revenues
- Survey to non-reporting companies: 27 companies replied to the survey, where 22 were currently reporting and 5 were not. A total of 1000 companies were reached.

**Targeting Companies**

1000 companies were reached from the Russell 1000 index, DAX, MDAX, SDAX, TecDAX, Stoxx 500, and from index funds with an European or Global mandate.

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93% of CEOs find it important, but 67% do not believe they are doing enough.

**What Incentivizes ESG Reporting?**

- There are currently 1380 signatures of UNPRI, with a combined market capitalization of approximately $13 trillion.
- Market and investors are increasingly focusing on non-fiscal information.
- Strong growth in sustainable investments, from $12 trillion in 2012 to $23 trillion in 2014.
- Shareholders perceive firms that have imposed environmental risk management programs as less risky, thus reducing the risk premium.
- Given the disparity between the total number of equities and the number of companies who report their ESG metrics, the goal of this project was to close this gap by incentivizing small/mid cap companies in the US and Europe to begin reporting.

**Survey**

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**Human Impact + Profit**

**Investor**

**Tool to Report ESG Information**

- Understand methods and drivers for reporting.
- Ideas to expand stocks with ESG information.
- Investment decisions: Initial project scope needed to make socially and environmentally responsible investments.
- Corporate governance (ESG) info will influence the market.
- ESG metrics, hence widening the market for sustainable investments.

**Project Background**

ESG metrics, hence widening the market for sustainable investments in the US and Europe to begin reporting by closing this gap by incentivizing small/mid cap companies in the US and Europe to begin reporting.