

A quick guide to sustainability & investor relations

Working
paper
abstracts

This briefing is one of a series developed by World Business Council for Sustainable Development's (WBCSD) Redefining Value programme as part of the [Building Bridges](#) project, focused on strengthening the ability of investor relations managers to lead their firms' sustainable investor relations activity.

This document provides a precis of a full working paper, produced for WBCSD by Independent Research in Responsible Investment (IRRI), [All change in sustainable investor relations](#).

The changing role of investor relations officers

Investor Relations Officers (IROs) are crucial actors for guiding companies towards financial success and are one of the most significant points of contact between companies and capital markets.

Their main objective is to provide investors with accurate insights and financial information on behalf of the organizations they represent, enabling asset managers and investors alike to make informed decisions when allocating capital.

"Mainstream" investors are both increasing and aligning their focus on sustainability issues – to understand how sustainability factors impact the key value drivers of the companies they want to invest in.

As a result, the demand for ESG information and data is surging, and companies run the risk of becoming overwhelmed by what might at times be irrelevant requests from investors and research providers.

In an effort to respond to this trend, companies are shifting the responsibility for elements of their sustainability communication strategy from Sustainability Managers to IROs.

Even so, many are adopting a passive communication strategy as they don't know how to respond to or meet investors' expectations, making them vulnerable to data-driven research that might portray their business and sustainability profile inaccurately (for a comprehensive overview of the types and purposes of sustainable investment research, see our Working Paper [Who's writing what for investors about sustainability and your company](#)).

Preventing sustainability from being 'lost in translation'

According to an overview published by the European Commission – [Study on sustainability-related ratings, data and research](#) – both companies and asset managers find that ESG analysts often lack contextual understanding of the business drivers of the industry they are covering, making them unable to identify the relevant material issues.

For this reason, the EU study recommends that companies should start approaching their sustainability communication strategy proactively, in the same way that they would undertake any other investor communication.

Sustainability communication should be tailored to different investors and sustainable investment research providers and prioritized according to the relevance of the audience for the company.

IROs can therefore help investors and research providers to understand the company's business and the context in which it operates.

Actions for investor relations officers

1. Be proactive

Companies should be able to identify what sustainability issues are material to them and proactively reach out to investors and research providers when delivering communications. IROs should help ESG analysts understand their business, markets and operating context, and should offer a clear explanation of how sustainability factors influence their business.

2. Know your audience

Companies should list their top investors that have interests in sustainability and know the sustainable investment strategies that these investors deploy. Companies should seek to identify which providers are writing research on them and try to build relationships by getting to know the individual analysts who cover their sector and stock.

3. Be positive in your messaging

Sustainable investment research has historically been dominated by a negative risk avoidance/mitigation outlook, which can frame environmental and social topics as a drawback for companies.

This narrative should switch to focus upon the value creation, risk management and revenue driving opportunities of the transition towards a sustainable economy, where a better management of social and environmental issues will eventually result in long-term opportunities and financial gains.

4. Shape your message in a business context

Before communicating sustainability exposures, IROs need to make sure that investors understand their market and operating context, the products and services their company supplies, and the ways that these enable the company to deliver long-term shareholder value.

5. Encourage the analysis written on your company

As data and ratings represent a rather simplistic and “one-way” source of information, contextualized analysis from a third party might help investors to understand better a company’s sustainability exposure, while reinforcing companies’ sustainability commitment and claims.

6. Worry less about ratings

Company disclosure can have much less impact on the outcome of a rating than is often assumed. In fact, much of the data that is used to generate ratings is gathered from third parties. While ratings themselves are determined by the weightings chosen by the ratings providers, they do not necessarily represent the actual profile, approach,

exposure, and performance of a company. Moreover, most investors use ESG ratings only as a first screening tool or data point when making investment decisions.

7. Make data a common good

Data should be made available to all research providers and investors at the same time, following responsible market practices. Preferential access to information is inappropriate within an investment context.

Additional resources

WBCSD’s Building Bridges project has developed a range of guidance, insight and tools to support IROs to put sustainability at the heart of investor engagement.

Central to the project is a dedicated website, www.sustainable-ir.com, a free to access resource developed to support, inform and equip Investor Relations and sustainability professionals to communicate their sustainability exposures and activities more effectively to investors and analysts.



Sustainable IR provides overviews, case studies, FAQs, research & resources, perspectives and support & services covering all important areas of investor relations practice. In addition to Sustainable-IR, we have also developed a series of working papers providing insight and guidance in the following areas:

- [Are companies using their IR webpages to communicate sustainability effectively to investors?](#)
- [All change in sustainable investor relations](#) – an overview of shifting trends and focus of investors on sustainability/ESG, and implications on Investor Relations.
- [Who’s writing what for investors about sustainability and your company](#) – an overview of the types and purposes of sustainable investment research (including data, ratings and analysis).
- [Show me the \(sustainable\) money](#) – assessing and listing asset managers that are allocating capital towards sustainability solutions or transitions.
- [Capital... naturally – Alignment of sustainability and investment value drivers](#)
- [Capital... naturally – Nature & biodiversity in investor presentations](#)

Contact

For further insight and information on our tools and resources, contact redefiningvalue@wbcsd.org

About WBCSD

WBCSD is the premier global, CEO-led community of over 200 of the world’s leading sustainable businesses working collectively to accelerate the system transformations needed for a net zero, nature positive, and more equitable future.

Project development and support

Building Bridges has been developed with SRI-Connect and has been funded by the Gordon and Betty Moore Foundation’s Conservation and Markets Initiative. For more information, please visit www.moore.org.

