



Independent Research in
Responsible Investment

Who's writing what

... for investors

... about sustainability

... and your company

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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.

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Executive summary

What companies (typically) do know (about sustainable investment)

Companies typically know that:

- Sustainable investment is growing rapidly – driven by growing awareness of climate change, biodiversity, public health and other social and environmental issues
- 'Mainstream' investors are getting more interested in the sustainability exposures and management practices of companies
- 'ESG ratings agencies' are publishing ratings that assess their sustainability exposures and management practices so that they can be included / excluded from various specialist ESG / low-carbon funds and indices.

What companies (typically) don't know (about sustainable investment)

Companies are rarely aware of:

- The underlying drivers of sustainable investment growth (regulatory obligations on asset managers and institutional investor demand)
- The breadth and diversity of the sustainable investment research that is being written about them.
- HOW such research is being used, BY WHOM it is used and FOR WHAT investment purposes it is used
- Specifically, companies tend focus on the DATA and RATINGS produced by ESG ratings agencies and data providers. They overlook ANALYSIS that is being written on them by the – often more influential – sell-side brokers, credit ratings agencies, engagement service providers and 'for impact' and 'grant-funded' research providers
- Fundamentally, this is driven by the fact that companies often do not understand the difference between sustainable investment DATA, RATINGS and ANALYSIS

Why this matters

Practically, these gaps in understanding often cause companies to spend:

- too much time seeking and disclosing data minutiae that are of no relevance to the investment case that 'mainstream investors' will be interested in and
- too little time shaping and communicating investment-relevant messages that can be used by the investors that ultimately allocate most capital

(It also matters because excessive focus on data without contextual analysis results in capital misallocation (and in the most extreme cases investment bubbles). However, that concern is not the subject of this paper.)

This working paper

In this working paper, we outline and explain:

- WHAT: The different types of sustainable investment research are DATA, RATINGS and ANALYSIS
- FOR WHOM: The different types of investors that use these different types of research
- WHY: The different uses to which it is put
- BY WHOM: The different types of research provider that provide such types of research

We also provide some tips for companies that are looking to expand the breadth and quality of their engagement with investors on sustainability issues.

Preamble: Beyond the bubble

In this working paper, we focus on the fundamentals of research that – in the long-term – will create a robust and viable platform for the inclusion of sustainability factors into investment decision-making and stock valuation.

We must, however, acknowledge that research fundamentals are not the only thing driving sustainable investment practice at present.

Indeed, currently, much greater influence over asset managers' practice is being exerted by:

- Regulatory expectations
 - Whereby asset managers are seeking to comply with the EU Sustainable Finance Directive (and preparing to respond to SEC interest) and needing to demonstrate how they are integrating ESG factors comprehensively (rather than necessarily effectively) into their investment process
- Non-expert client interest
 - Whereby asset managers are being encouraged by clients (and potential clients) to demonstrate broad-based engagement with sustainability issues. Because of the non-expert nature of these clients, such issues may be ones that dominate the news agenda and not necessarily be ones that are material from an investment perspective.

These drivers incentivise asset managers to seek:

- quick-fix, portfolio-wide solutions that enable them to declare to regulators and to clients that they are incorporating all ESG factors across their portfolio. For such 'solutions', they typically turn to data and ratings products.
- Provocative research that is critical of companies and enables them to engage actively with the companies criticised – often on the basis of (real or hypothetical) 'reputational risk'

In the long-term, however, investment decisions driven by regulators and non-expert investors can lead to bubbles (where valuations depart significantly from fundamentals).

We feel confident that the focus on portfolio-wide solutions and provocative research is a phase in market development (and that these processes do bring benefits even if they are not immediately apparent).

However, we feel equally confident that – in due course – the fundamentals will reassert themselves (as they always do). At this point, bottom-up research that integrates relevant and material sustainability factors will be important and companies that have communicated effectively to the analysts that have been writing this research will be well-positioned.

Tips for IROs

Before describing each of the different research provider types, we offer a few tips to investor relations officers to help their dealings with sustainable investment research providers. In order of priority:

[1] Be proactive

IROs are facing a tidal wave of interest from investors in sustainability issues. Sitting back and waiting for investors and analysts to knock at the door is not an efficient strategy.

Companies need to identify the sustainability issues to which they have most exposure and then reach out proactively to a prioritized group of investors and analysts, through meetings, webinars and investor days as well as through traditional channels such as the publication of sustainability reports and use of websites.

A recent EU report showed that:

- Only 13% of companies arranged for targeted distribution of sustainability reports to ESG-focused investors;
- Only 5% organized a dedicated sustainability results webinar; and
- A further 33% organized or participated in ESG roadshows or conferences.

Unless these numbers change and companies become more proactive, they will be swamped by incoming traffic requests and enquiries

Apply mainstream investor relations practices to sustainability communications!

[2] Know your (investor) audience

This 'working paper' focuses on different types of research provider.

However, we must first highlight that it is a higher priority for companies to focus on the investors themselves.

Specifically, companies should:

- Know which of their largest (usually 20) investors have an interest in sustainability
- Understand the investment strategies that their investors deploy
 - (Fundamental active, passive or quants)
- Understand which sustainable investment strategies their investors deploy
 - (Selection-based, engagement, integration etc.).

Companies can find this information out in a number of different ways:

- Looking up analysts and portfolio managers in [SRI-CONNECT's Directory](#)
- Contacting the investors directly to discuss their interest
- Checking investor websites and information
- Using consultants to do this work for them

Ultimately, investors are the ones that buy (or don't buy) a company's shares and should therefore be prioritized over all other investor-related audiences (such as research providers).

Also, knowing about the sustainability interests of your investors and how these are deployed will help with prioritisation of research providers.

[3] Know your (research provider) audience

In order of priority, companies need to:

- Know the types of firms that write sustainability research on them – see sections below
- Identify the individual firms that are writing research on them specifically
- Get to know the individual analysts that cover their sector and stock

It is important to remember that:

- A company can't build a relationship with another company
- Only individuals build relationships

So, ABC Inc doesn't build a relationship with Research Provider DEF. But 'Jenny', the IR Director at ABC Inc can build a relationship with 'Juan', the sector analyst at Research Provider DEF. For this to start, Jenny needs to know Juan's name and his email address.

So, make sure identifying these key contacts is high up your 'to do' list of sustainable investor communications.

(Note: ESG agencies often have 'issuer communications teams' – these teams tend to have the function of explaining the ratings firm's methodology to companies. This exercise has value for companies that want to understand how they are rated. However, it is only by ensuring that ratings analysts themselves understand the relevance of sustainability factors and your firm's management practices that companies can actually affect the research that is written about them.

Issuer communications teams primarily operate in 'transmit' mode; whereas analysts should operate in 'receive' mode.)

[4] Be positive in your messaging

Sustainable investment research (like much thinking on many environmental and social issues) has – for decades – been dominated by a negative risk avoidance / risk mitigation mindset through which environmental and social issues are seen almost exclusively as having disadvantages for companies.

This is, of course, not the case. Many companies have businesses that provide products or services that enable or support sustainable development. Others are engaged in a process of sustainable transition whereby environmentally- or socially detrimental products or practices are being replaced with more sustainable ones.

Companies need to accentuate these positive and transition stories (the environmental/social drivers of 'top line' performance not just those that protect the 'bottom line'). For this companies need to think in terms of 'transition' to a sustainable economy not just 'management' of the risk and they need to accentuate this strongly in their communication as some investors will not pick up on it – as some investor types will not pick up on them.

[5] Shape your message in a business context

A [recent report](#) for the European Commission on 'Sustainability-Related Ratings, Data and Research' highlighted how "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."

To overcome this, IROs need to start by enabling research providers to understand the business context of their sustainability exposures and practices.

They can do this by setting out – in a clear presentation:

- The company's market and operating context
- The products and services that it supplies and
- The way that these enable it to deliver long-term shareholder value.

Only after this is presented clearly and well understood should a company aim to communicate on its primary sustainability exposures and the way that it is managing the risks and taking advantage of the opportunities that sustainability presents.

[6] ANALYSIS is your friend – encourage it wherever you can

Ultimately, companies need investors to understand their environmental and social exposures – both positive and negative – and to understand how these are managed.

Companies can do some of this work themselves – by reaching out and communicating proactively to analysts and investors.

However, investors will (appropriately) be suspicious of messages from companies that – naturally – put their exposures and management practices in a good light. To be convinced of a company's positioning in respect of sustainability, investors will also need to read ANALYSIS that concludes this from third party analysts.

Companies should therefore welcome analysts who aim to write contextualised and considered ANALYSIS of their sustainability exposures and management practices – especially as such research provides an all-important counterbalance to one-dimensional DATA and simplistic RATINGS.

[7] Worry less about RATINGS

Companies worry a lot about how they are rated by ESG agencies. This is understandable because ratings are such easy-to-understand and visible measures of performance.

However, companies should note that:

- Much of the data that is used to generate ratings is gathered from third parties
- Easier (cheaper) to gather data may be more widely used than more nuanced information from companies – even when this is of less relevance to the company
- Much of the rating is determined by the weightings chosen by the ratings provider – rather than by the actual performance of companies.

As a result, companies' disclosure can have much less impact on the outcome of a rating than is often assumed.

Also, investors use 'ratings' much less than companies typically assume they do.

The European Commission report on 'Sustainability-Related Ratings, Data and Research' noted that "asset managers were asked where the most valuable information for ESG integration comes from. There were two common themes among responses, which were that meetings with companies generally provided the most useful information, along with in-house analysis. There was no mention of ESG ratings providers by any of the 22 asset managers who responded to this question."

Also, when asked – for this same study:

- 55% of asset managers said that they use ESG ratings as a "Basic / first-stage screening tool"
- 19% believe that they have 'a material impact on investment decisions' and
- 3% integrate them quantitatively into company valuations
- (23% use them for other unspecified purposes)

[8] Make DATA a common good

If DATA is material to a company's investment case, it should – on a point of responsible market practice – be disclosed to the whole market at the same time. It should not be provided preferentially to one research provider over another.

If DATA is not material to a company, it should not – on a point of business efficiency – be disclosed to anyone.

For this reason, companies should adopt a practice of reporting fully on sustainability performance and pointing all research providers to that reporting.

Where a data provider makes a request that goes beyond the publicly reported data, a company should decide whether the request has merit.

- If so, the datapoints requested should be added to the suite of publicly available data.
- If not, the datapoints requested should not be disclosed.

It is wholly inappropriate – within an investment context – for preferential access to information from companies to be a point of competitive differentiation between providers.

Of course, there will be cases where companies and data providers differ on what might be considered material. Under such circumstances, companies should be guided by examples of asset managers that want to use that data for specific investment actions (i.e. to buy or sell shares). An asset manager requesting the data just in case it shows something interesting does not rise to the level of meriting publication.

[9] Be clear about boundaries and responsibilities

Companies should be clear that...

- IT IS the responsibility of listed companies to disclose relevant data (whether financial, environmental, social, economic, or corporate governance-related) to all market participants in an open and timely manner
- IT IS the responsibility of data providers to ensure that the data they gather is accurate, present up-to-date and well-sourced
- IT IS NOT the responsibility of companies to do the data gathering for data providers
- IT IS NOT the responsibility of companies to present similar data in different ways according to specification for each different data provider. If data gatherers need data in a particular format or over a different time period, they need to do the modelling that enables this.

[10] Consult www.sustainable-ir.com and participate in the IRRI Survey

For further tips on how to communicate most efficiently on sustainability to investors, companies should consult www.sustainable-ir.com and participate in the IRRI Survey.

The IRRI Survey is the annual, globally-authoritative, practitioner-led survey of best practice and trends in SRI & corporate governance research. It began in 2012 and will run again in late 2021 or early 2022. Companies that participate in this Survey will receive a full benchmarking of their own sustainable investment communications vs market peers.

WHAT: The different types of sustainable investment research

The research used for sustainable investment can be divided into three clear categories;

- Data
- Ratings
- Analysis

Each of these different types of research is used in different ways by different types of investors for different investment purposes.

Understanding these differences is critical to any company that seeks to communicate its sustainability exposures and performance effectively to investors.

Different types of sustainable investment research

- **DATA** is information on a specific quantitative element of a company's sustainability exposure or management practice (For example, the Scope 2 GHG emissions of a company)
- **RATINGS** are banded grades derived from the weighted aggregation of different quantitative data points. Such datapoints are either gathered in a quantitative format directly from sources or require a processing step whereby the ratings analyst grades qualitative information into a quantitative form. Typically, ratings are graded on a sector basis
- **ANALYSIS** is the contextualized evaluation of the relationship between the sustainability exposures and management practices of companies and the fundamental drivers of value in their businesses and therefore drivers of their stock prices.

DATA and RATINGS dominate the public debate, regulatory expectations and – to some degree – asset manager activity. They are widely used for stock screening and for client reporting.

However, ANALYSIS is the research type that is most likely to engage the interests of the fundamental active managers that are typically the marginal buyers and sellers of stock and hence are the ones that are likely to affect companies' share prices and to provide new capital to companies.

FOR WHOM / WHY: Which investors use different research types for what purposes

As they use research (including sustainable investment research) in different ways we must differentiate between:

- **Fundamental active investors** who select stocks to invest in based on analysis of the financial fundamentals of companies (and forecasts of those fundamentals into the future)
- **Passive investors** who invest in an index of companies and weight their holdings in these companies in the same proportion as the market cap weightings of those companies in the underlying index (such as the S&P 500 or the FTSE 100)
- **Quants investors** who use statistical techniques to predict future stock price moves.
 - Quants (quantitative) investors do not seek to form a view on the business activities or the strategy of a company. They simply seek to identify factors that can be distilled into statistics and compared with other companies and time periods to identify statistical correlations that can be used to predict future investment performance.

We note that all of these investor types share an obligation to report to regulators and to clients – for this they may also need DATA, RATINGS and ANALYSIS.

Who uses ESG / sustainability DATA and what do they use it for?

ESG / sustainability DATA is used by investors in the following ways:

- By active investors, for pre-analysis screening of portfolios
 - Ahead of more active analysis and stock selection
- By passive investors, for the creation of indices
 - For example, the S&P ESG Index family, which is based on S&P DJI ESG scores
- By fundamental active investors, as part of specific company peer analysis:
 - For example, where the sugar content per unit of sales at soft drinks manufacturers might be presented to investors as part of contextualized research arguments on exposure to health-related trends in consumption.
- By quantitative funds who use statistical analysis of datasets and data series to identify correlations between these and short-term financial metrics
 - It is, however, worth noting that there are very few ESG/sustainable quants investors at the moment
- Shallow-approach engagement-orientated investors who use the availability of data on a particular issue as a proxy for management of that issue.

DATA is most commonly provided by ESG ratings agencies and by specialist data providers – although some credit agencies are developing data services as part of their analytics offer.

What ESG /sustainability data is NOT USED for:

In spite of presentation to the contrary, very few asset managers use large, granular, comparable data sets to make active investment decisions.

Who uses ESG RATINGS and what do they use them for?

ESG RATINGS may be used by investors in the following ways:

- By passive investors – who invest in indices of high-rated ESG companies
- By fundamental active investors – as basic risk or controversy screens
- By fundamental active investors – who use high ratings as the basis for 'best-in-class' funds
 - Notably, best in class strategies are most common in continental Europe but not widely used elsewhere
- By asset managers looking to jump onto the sustainable investment bandwagon of sustainable investment without engaging with its underlying principles or incurring significant cost.
 - Such asset managers can simply 'plug and play' ratings into existing strategies and tick an 'ESG' box
- By asset owners who may use ESG ratings to evaluate the 'ESG performance' of asset managers

ESG ratings are provided:

- Self-evidently by ESG ratings agencies
- While some sell-side brokers have made efforts to produce ESG ratings in the past, these have rarely been sustained as they tend to bump up against the problem of defining how a rating relates (or typically doesn't) to a stock recommendation.
- Some credit ratings agencies (notably Fitch with their 'ESG relevance' scores) provide a form of ESG rating
- Data providers such as Bloomberg provide their own ESG ratings by weighting their own data; they also channel ratings from other sources.
- Engagement service providers who sometimes create single issue ratings – often to encourage better disclosure by companies.
- For impact / grant-funded research providers often create single issue ratings – for example on deforestation policies or gender diversity. These may – in turn – may be used by other providers within their own ratings.

What ESG ratings are NOT USED for:

- With the exception of 'best-in-class' and 'basic risk screening' approaches, ESG ratings are not widely used by fundamental active managers in their valuation of companies and therefore in their stock selecting decisions, ratings are not integrated into investments

Who uses sustainable investment ANALYSIS and what do they use it for?

Although most attention focuses on DATA and RATINGS, a large proportion of the most influential investors are fundamental active investors who need to articulate an investment case for long-term outperformance of a company.

To apply sustainability factors to this active decision-making, analysts and investors need ANALYSIS that relates sustainability issues to the key financial drivers of companies and thereby to financial analysis in order to improve the accuracy of their long-term profitability forecasts.

- While such analysis may be supported by data, it is the ANALYSIS that guides the selection of material data rather than the availability of collectable data that determines what analysis can be undertaken.

Such research is produced by primarily from sell-side brokers, credit ratings agencies and independent research providers. Some ESG ratings agencies also produce ANALYSIS – often for universal distribution and marketing purposes.

Such ANALYSIS is most likely to be used by:

- Investors that aim to deliver (and present themselves as delivering), fundamentally integrated sustainability funds
- 'Mainstream' investors that consider sustainability factors to be just another factor to consider in the evaluation of companies' prospects and therefore need analysis of these factors in order to align it with the 'mainstream' investment analysis that they already use
- Thematic investors who need to understand investment themes in value chains (e.g., renewable energy, water availability, healthcare etc.) within which they select stocks
- Investors deploying considered engagement strategy who want to understand how sustainability factors affect the fundamental business drivers before making requests or recommendations to companies

In the long term, this type of research is generally much more important to the most influential investors and analysts. It should therefore be the focus for company engagement with research providers.

What sustainable investment ANALYSIS is NOT USED for:

- Quantitative investors cannot not use sustainable investment analysis of the type described
- Passive Investors – apart from for engagement purposes.

BY WHOM: Different types of ESG/sustainable investment research provider

There are seven categories of sustainable investment research provision that can conveniently be listed alphabetically:

- ESG **A**gencies
- Sell-side **B**rokers
- **C**redit ratings Agencies
- **D**ata providers
- **E**ngagement service providers
- **F**or-impact or **G**rant-funded
- **O**ther research providers

In the following sections, we consider the strengths and weaknesses of each type of provider in order to identify how companies should engage with them to achieve best outcomes.

Finally, to illustrate the diversity of analysis in the market, we list reports from the different research providers on the food production industry

This should help companies to understand better the research marketplace and prioritise their engagement accordingly.

ESG rating agencies

[List of ESG rating agencies in SRI-Connect Directory](#)

Who they are

ESG ratings agencies are specialist providers of research on the sustainability exposure and management practices of companies. Their central product is the provision of ESG ratings.

They can be divided into three groups:

- **Global 'waterfront' providers** - who aim to cover all listed companies typically above a given model capitalization
 - Examples include MSCI ESG Research, ISS-ESG, Sustainalytics and Vigeo Eiris.
- **Regional / in-country specialists** - who aim to provide more in-depth ratings of companies in their region.
 - Examples include Ethifinance and imug ratings.
- **AI-driven providers** - While all agencies deploy artificial intelligence to some extent in the gathering of data, some have centered their whole research process around this
 - Examples include Arabesque and Integrum

Note: A number of other research providers 'single-issue' ratings in the course of their research activities. However, as ratings are typically not the primary product of these firms, we address them elsewhere in this paper.

Market dynamics

The leading two ESG ratings agencies – MSCI and Sustainalytics – control more than half the market, with the rest divided between other agencies.

It is notable that all major ratings agencies are now part of large financial organisations. Sustainalytics is owned by Morningstar, Vigeo Eiris by Moody's and ISS-ESG by Deutsche Börse.

What they offer

RATINGS: Because 'ratings' are such an easily understood concept, companies tend to assume that ESG agencies only produce ratings (... and the ESG agencies often don't help themselves in this regard).

However, ESG ratings agencies are also very active in the provision of DATA and ANALYSIS.

- **DATA:** ESG agencies typically present all of the data that they gather for ratings to clients in its raw format for clients to use for their own screening, analytics and reporting purposes.
- **ANALYSIS:** To a greater or lesser extent (depending on the agency), ESG agencies also produce deeper-dive fundamental analysis on sectors, issues and themes. This ANALYSIS is typically produced by senior analysts or research heads. It is sometimes distributed on a 'clients-only' basis and sometimes – for marketing and profile-raising purposes – to the wider investing public in order to showcase their understanding of the issues concerned and their ability to analyse these and identify investment value.

In particular, companies should welcome and aim to support in-depth analysis by ESG ratings agencies for three reasons:

- Because it leads to improved understanding in the market as a whole
- Because the writing of such ANALYSIS is invariably an educational process for the analysts concerned
- Because this improved understanding may feed back into the criteria selected and weightings deployed in ratings.

Strengths

The work of ESG ratings agencies is valued by investors because:

- The ratings products are comprehensive and consistent and enable comparison across companies and sectors (Whether such comparison is appropriate from an investment perspective is debatable. However, it is certainly attractive)
- They have strong sales teams
- They have easily accessible investor – focused software tools that can be integrated with other investment tools

Weaknesses

ESG ratings agencies are sometime perceived by investors to be limited or lacking as:

- The analysts sometimes do not understand the business and market dynamics of the industries and sectors that they cover
- Insufficient research is undertaken before metrics and weightings are chosen
- They rarely seek to create direct linkages or even the 'line-of-sight between the individual sustainability factors that they consider and the financial performance of companies

How companies can engage ESG agencies

Companies can engage sustainable investment analysts at ESG agencies by:

- Knowing the names of the analysts that cover that sector at the major firms
- This can be found by direct enquiries with the firm, by looking for the authors of sector research pieces or by using SRI-Connect's free Directory of Industry Profiles
- Proactively reaching out on a regular basis to these analysts to ensure that they understand
 - a) The business context within which the firm operates
 - b) Are updated on the company's sustainability exposures and your progress in managing these
- Being explicit with investors (the clients of ESG rating agencies) when they feel that ESG agencies have not done their research or data-gathering properly

Opportunities for companies...

(...from engaging with ESG agencies on sustainability)

Companies can benefit from engaging ESG agencies when:

- They use engagement with the sector analysts to help improve those analysts' understanding of which sustainability issues are material for their sector and business and which are not – thereby improving the contextual understanding from which their ratings are produced
- They are featured by the agencies in in-depth research pieces that are distributed to investors
- They provide accurate data on sustainability issues (exposure or management) that are material to their business and the agency concerned may have missed. (As below, it is important to do this without getting dragged into provision/connection of all data points)

Risks for companies ...

(... of engaging with ESG agencies on sustainability)

- Companies can get drawn into a trap of trying to source and provide data on all issues requested by agencies irrespective of the investment relevance of that data
- This is, of course, a waste of time (as it has little investment effect)
- More significantly, however, it deflects companies from focusing on material sustainability issues and on communicating around those.

(... of NOT engaging with ESG agencies on sustainability)

- A lack of engagement can lead to a worse rating. So, there is a balance to be struck by providing sufficient data to ensure a reasonably accurate rating and the (time-)costly exercise of chasing data minutiae.

Sell-side brokers

[List of sell-side brokers producing sustainable investment research in SRI-Connect Directory](#)

Who they are

Sell-side brokers are the research and trading divisions of investment banks who provide investment research and stock trading capabilities to asset managers.

Sell-side brokers tend to employ a small team of sustainability analysts to work within a much larger team of 'mainstream' sector analysts.

Market dynamics

Over the past twenty years, the research divisions of sell-side brokers have gradually incorporated sustainability factors into their research such that, today, a majority of 'sell-side' firms in Europe and some globally, now incorporate sustainability analysis within their investment research coverage

What they offer

Sell-side brokers tend to focus on producing fundamental bottom-up ANALYSIS although some also use DATA to produce quants-research.

The issues and sectors that they cover with research will often be driven by client interest, investment relevance and the SRI/ESG team's ability to engage their 'mainstream' colleagues

Some brokers focus primarily on thematic research on specific issues and sectors while a small number are systematically working their way across sectors and integrating sustainability factors into all analysis of each in turn.

Strengths

Sell-side research is valued by investors because:

- It continually strives to integrate sustainability factors into valuation and 'mainstream' investment arguments
- Even where analysts fail to achieve full integration the analysis produced often provides useful context and information on the longer-term sustainability risks and financial sustainability and financial risks and opportunities facing companies
- Research analysts either are (or have immediate access to) sector experts with deep understanding of the businesses that they are writing about
- Sell-side analysts have access to companies and know how to gather information effectively from them
- Regulatory requirements (and banks' brands) demand a level of analytical rigour and precision that can be lacking in other forms of sustainable investment research

Weaknesses

Sell-side sustainable investment research is sometimes perceived by investors to be limited or lacking as:

- Financially trained sector analysts may not have sufficient expertise on sustainability issues
- The investment horizon applied in stock recommendations, typically 12 months, can be too short for sustainability issues to materialize
 - Against this, we must set the fact that analysts typically forecast earnings out for five years and then fade their DCF models over a further five years...
 - ...and if anyone thinks they can predict anything over 10 years into the future....

- Concerns prevail that analysts can be hampered by commercial considerations and that the independence of research suffers as a result

How companies can engage sell-side brokers

Companies can engage sustainable investment analysts at sell-side brokers by:

- First, knowing the names of any sustainable investment analysts at any firms that 'cover' them with mainstream investment research
- This information can be found by contacting the firm directly (just ask the 'mainstream' analyst that covers you whether they have a specialist sustainability analyst colleague) or by using SRI-Connect's [Directory](#)
- Proactively reaching out on a regular basis to these analysts (and to their 'mainstream' sector analyst counterparts) to update them on your firm's sustainability exposures and your progress in managing these
- Using them to understand what issues 'buy-side' investors are (or are about to become) concerned about
- Using their corporate access services to target and reach out to asset managers

Opportunities for companies ...

(...from engaging with sell-side brokers on sustainability)

Companies can benefit from engaging sell-side brokers when:

- 'Mainstream' analysts use a sustainability-enhanced understanding of the business to improve the accuracy of their valuation
- Analysts distribute 'sustainability-included' research notes to the widest investor market (sell-side firms tend to have broad reach for 'read-only-research services') – thereby raising the profile of your sustainability practices
- For a company with particularly positive exposure to a sustainability trend, analysts either recommend investment directly or recommend the inclusion of the company with a basket of thematic stocks that aim to benefit from exposure to the trend.

Risks for companies ...

(... of engaging with sell-side brokers on sustainability)

- If a sell-side analyst identifies an environmental or social risk at your company that has material financial downside, they are likely to highlight it to investors.
- In theory, communicating pro-actively with the analysts makes it easier for them to identify these risks. In practice, however, they are likely to identify the risks anyway and the company gains an advantage by being able to communicate how these risks are managed.
 - Sell-side analysts are more likely than some other sustainable investment analysts to be able to contextualize the 'management' as much as on they can evaluate the 'exposure'.

(... of NOT engaging with sell-side brokers on sustainability)

- Many sell-side analysts are new to sustainable investment and may not understand the company's sustainability risks. Without guidance and information from companies they may overestimate or misinterpret sustainability risk and reduce their valuation of the business unnecessarily.

Credit ratings agencies

[List of credit rating agencies that produce sustainable investment research in SRI-Connect Directory](#)

Who they are

Credit ratings agencies are companies which provide credit ratings, research and other credit-related services to companies and to their investors.

They have moved rapidly in recent years to develop sustainable investment research coverage in a number of different ways:

- Through acquisition of ESG ratings firms
 - (For example, Moody's acquisition of Vigeo Eiris)
- Through the development / acquisition of specialist research businesses and activities
 - (For example, S&P's acquisition and subsequent development of Trucost)
- Through the integration of sustainability factors into their credit ratings and related research.
 - (All three of the major credit ratings agencies are doing this)

In this section, we focus on the third of these activities: the integration of sustainability factors into credit ratings and research.

We address the DATA and RATINGS provided by subsidiary ESG Agencies and Other Research Providers in the other sections of this paper.

Market dynamics

The 'big three' agencies – S&P, Moody's and Fitch Ratings – control around 95% of the market for credit ratings. However, it is notable that some smaller, challenger agencies see sustainability and ESG as a way of gaining a foothold in this oligopolistic market.

What they offer

Credit ratings agencies offer two products to investors:

- Credit ratings – which are the graded opinions of ratings agencies on the likelihood that the issuer of debt (a sovereign, multilateral or other governmental borrower or a company) will default on that debt (fail to pay back the interest and the original amount borrowed)
- Research – through which credit analysts share their expanded analysis of issues that either contextualize current credit ratings or have the potential to be financially-material and thereby influence credit ratings in the future.

In respect of sustainability:

- Sustainability factors now being taken into account – insofar as they are credit relevant – by all major credit ratings agencies in the CREDIT RATINGS
- In this, their focus is (inevitably) on the shorter-term issues that have the ability to affect credit ratings. (While credit ratings tend to be issued on a 1 year timeframe, a 3-5 year time horizon may be relevant)

Alongside these ratings, credit rating agencies publish ANALYSIS consisting either of:

- Thematic pieces on major issues – notably 'horizon-scanning' pieces that identify future risks
- (For example, on climate change or on biodiversity)
- Focused issue or sector or stock-based pieces that explore how specific sustainability issues might become credit-relevant in future

Strengths

Credit ratings agencies' sustainable investment research is valued by investors because:

- Analysts are usually sector experts with good understanding of business
- Research is investment-useful and can form the basis of capital allocation
- Focus is on material factors which can affect valuations

Weaknesses

Credit ratings agency sustainable investment research is sometimes perceived by investors to be limited or lacking as:

- Sector experts are not always issue experts and some may struggle to understand sustainability factors
- Issues which aren't material on the time horizon of credit ratings agencies may turn out to be important over the medium term
- Credit ratings analysts – by virtue of the nature of their client demand – can focus too much on downside risk and not enough on the upside opportunities available in a transition to sustainability (Although there is no upside for a bond investor, that does not mean that analysis of that company should disregard revenue growth or margin progression that is available from companies' sustainability positioning)
- Analysts are perceived to be hampered by 'political' constraints and commercial conflicts of interest such that they may not write truly independent research

How companies can engage credit ratings agencies

- Know which of the credit analysts that cover your company are interested in sustainability
- Again, this information can be found by contacting the firm directly or from SRI-CONNECT's [Directory](#)
- Proactively reach out to them to discuss sustainability issues and how these affect your company
- Listen to them to identify which issues they are concerned about

Opportunities for companies ...

(... from engaging with credit ratings agencies on sustainability)

Credit ratings analysts are becoming aware of the sustainability issues that might affect companies' credit ratings. So, engaging with analysts from these firms will enable a company to:

- Ensure that analysts' understanding of all aspects of their positioning relative to sustainability trends (opportunities as well as risks and risk management practices as well as negative risk exposures).
- This could lead to more accurate analysis of your company's credit and potentially a higher rating compared to peers who are not managing risks.
- Equally – as credit ratings agencies communicate their understanding to their clients, this could lead to better understanding of your company by fixed income investors and possibly higher demand for your company's debt

Risks for companies ...

(... of engaging with credit ratings agencies on sustainability)

- Analysts will look to identify sustainability risks which could affect credit ratings. In theory, engagement might make it easier for analysts to identify these risks. In practice, it is likely that such risks will be identified anyway. However, they will identify these anyway – communication with analysts will enable companies to show how they are managing those risks, which is likely to help improve a credit rating.

(... of NOT engaging with credit ratings agencies on sustainability)

- Credit analysts may not understand the company's sustainability risks and/or how they are managing them and may reduce their rating of the business unnecessarily.

Data providers

[List of specialist data providers active in sustainable investment in SRI-Connect Directory](#)

Who they are

Data providers can be divided into three groups:

- Mainstream financial data providers (such as Bloomberg, Factset & Refinitiv)
 - ... who have added sustainability data lines to their existing suite of financial datasets
- ESG ratings agencies (such as MSCI ESG Research & Sustainalytics)
 - ... who supply data as a significant product alongside their ESG ratings
- AI-based data providers (such as Arabesque, Integrum ESG & TruValue Labs)
 - ... who use web-scraping and natural language processing to capture, process and present data on companies' sustainability exposures and management practices

What they offer

- Data – self-evidently. They supply environmental, social, economic and corporate governance data to investors.
- Sometimes – as in the case of Bloomberg and the ESG ratings agencies – data is selected, contextualized and presented in ways that go beyond simple presentation of factual information – thereby supporting ... used decision-making within deeper research

Strengths

Data providers are valued by investors because

- Of the sheer volume (breadth and graduality) of data collected:
- Their data is aligned with financial data provision and is identifiable via the same platforms and using the same issuer identifiers
- As a result, it may already be integrated into investors' internal systems – for investment decision making or for portfolio analytics and reporting
- Their tools have highly-investor-focused functionality. For example, many investors will use a Bloomberg or Refinitiv Terminal for portfolio management, financial and company news coverage, and trading
- Because of their wider data gathering capabilities, specialist data providers often provide data points that fall outside traditional ESG metrics but are useful for wider sustainability analysis. (For example, soybean crushing references located when reach of deforested Amazonian land or sites in areas threatened by extreme weather etc.)

Weaknesses

Data providers are sometimes perceived by investors to be limited or lacking as:

- Data collection is often undertaken by people with little contextual understanding of the industries that they are gathering data about.
- Data is often presented without context – such that analysts and investors are required to identify the relationships between sustainability and financial data themselves

How companies can engage data providers

- Know which providers produce data on your company
- Understand what data they hold on your company and how they source this
- Ensure that they are informed about existing environmental and social disclosure reports

Opportunities for companies ...

(... from engaging with data providers on sustainability)

- Ensuring mainstream financial providers have accurate and relevant environmental and social data on your company, fulfills the objective of sustainability data a public good (see recommendations above)

Risks for companies ...

(... of engaging with data providers on sustainability)

- Getting drawn into a trap of trying to provide data on all issues requested by providers irrespective of the investment relevance of that data

(... of NOT engaging with data providers on sustainability)

- Data on your company may be inaccurate or out of date – which will have greater or lesser importance depending on whether the specific datapoints are or are not material to your company's investment case.

Engagement service providers

[List of Engagement Service Providers active in sustainable investment in SRI-Connect Directory](#)

Who they are

The role of 'Engagement Service Providers' is not understood well (if at all) by companies as they have no parallel in 'mainstream' investment practice.

Their primary function is to support and co-ordinate 'engagement' by investors with companies – where 'engagement' is defined as investors approaching companies with a request that the company improves its environmental or social practices or communications in some specified way.

Market dynamics

Engagement services of this sort are provided by a number of different types of organisation including:

- Asset managers – such as BMO, Global Asset Management and Robeco
- ESG ratings agencies – such as ISS ESG and Sustainalytics
- Industry bodies – such as the PRI (who co-ordinate Climate Action 100+)
- Standalone agencies – such as Aequo or Ethos

Such services are not, of course, research. However, we include them within this review of research providers because – to a greater or lesser degree – research informs their activities and may be shared with their asset manager clients.

In such cases, Engagement Service Providers become *de facto* research providers.

What they offer

- The sustainable investment focus of Engagement Service Providers is largely thematic and issue based.
- They have a strong influence on investor engagement and proxy voting activity, as has been seen in key climate-related votes at high-emitting companies

Strengths

Engagement service providers are valued by investors because:

- Their analysts are usually sector or issue experts with good understanding of business
- Their work is immediately actionable by investors looking to engage
- They facilitate different issue-focused discussions
- They enable collaboration between asset managers

Weaknesses

Engagement service providers are sometimes perceived by investors to be limited or lacking as:

- Collaboration is an anathema to some 'mainstream' asset managers
- Engagement themes selected are not necessarily material to the company.
- Some engagement is underwritten without adequate research backing

How companies can engage Engagement Service Providers

- Know which providers cover the issues relevant to your company
- Proactively reach out to them to discuss sustainability issues and how they are affecting your company, especially leading up to your company's AGM
- Listen to them to identify which issues they (and their investors clients) are concerned about and what they expect from companies

Opportunities for companies ...

(... from engaging with engagement service providers on sustainability)

- Better understanding of the business by analysts may lead to more informed engagement and voting recommendations
- Ongoing dialogue with service providers may fend off shareholder proposals to AGMs before they are even brought
- Companies will be more aware of forthcoming sustainability issues and required action

Risks for companies ...

(... of engaging with engagement service providers on sustainability)

- Some issues may not be relevant to a company and time spent engaging on them may be a distraction

(... of NOT engaging with engagement service providers on sustainability)

- Lack of dialogue with engagement service providers may result in unwelcome press coverage and even votes against management at AGMs

'For impact' and grant-funded research providers

[List of 'for impact' and grant-funded research providers active in sustainable investment in SRI-Connect Directory](#)

Who they are

'For impact' and grant-funded research providers are firms that accept money from grant-funders (typically with environmental or social objectives to write research that encourages investors to pay attention to specific environmental or social issues.

Most of these organisations operate on a not-for-profit basis and have an explicit set of environmental or social aims. Although their objectives are environmental and social, their 'thesis of change' centres on informing investors about environmental and social risks and opportunities – in which respect they differentiate themselves from NGOs that campaign directly against companies or seek to influence other stakeholders.

In Appendix B of this document, we list those that we think are of most relevance to investors and – by association – to the companies that those investors own shares in.

What they provide

- Research and rankings that are usually issue-specific with the aim of influencing corporate behavior

Strengths

'For impact' and grant-funded research is valued by investors because:

- Organisations are usually issue experts with in-depth knowledge of their chosen subjects
- Research is independent from commercial bias and can be freely critical of companies' practice in a way that sell-side brokers, credit rating agencies, and other more commercial providers may be reluctant to be
- They often highlight issues which are not on investors' radar screens but will become significant in future; they typically have a longer time-horizon than other research providers

Weaknesses

'For impact' and grant-funded research is sometimes perceived by investors to be limited or lacking where:

- There is a lack of business understanding and sector expertise in many cases
- Issues may be immaterial to a business, though important to the environment or society
- Providers can be biased towards the interests of their funders
- Providers sometimes use metrics which are over-simplified to rate companies
- Providers sometimes engage with investors without engaging directly with the companies first

How companies can engage 'for impact' and grant-funded research providers

- Know which organisations cover your company
- Understand which organisations have credibility with investors and why – talk to your investors about this – and focus only on the ones which do
- Proactively reach out to them to discuss sustainability issues and how they are affecting your company

Opportunities for companies ...

(... from engaging specialist research providers on sustainability)

- 'For impact' and 'grant-funded' research providers often define the research debate (in public (via the media) and in private with investors) on specific issues. So, by engaging with them, companies can:
- Use a better understanding of their business and its sustainability management practices by specialist research providers to deflect unwarranted criticism
- Better anticipate sustainability issues that will soon appear on the 'radar screens' of investors and analysts
- Identify asset managers and investors that are most interested in these issues
- Pre-empt 'engagement' and 'activism' campaigns centered on the issues being analyzed

Risks for companies ...

(... of engaging with specialist research providers on sustainability)

Companies are often concerned that engagement with some independent research providers might enable those providers to take conversations out of context and publish them.

Investor-facing organisations are less likely to do this as it undermines their credibility with investors – most organisations are very keen to be seen to collaborate with companies and engage behind the scenes in order to gain the confidence (and therefore influence) of investors.

Equally, engaging in constructive dialogue with companies is likely to enhance their credibility with investors.

(... of NOT engaging with specialist research providers on sustainability)

- Non-engagement may result in misleading or incorrect research on a company due to lack of information or understanding by the research providers
- As many such organizations deploy the media as a communications channel, this can lead to negative coverage

Other research providers

Who they are

The spectrum of other providers of research to investors is wide and includes academia, consultants, government departments and industry research providers.

In Appendix B of this document, we list those that we think are of most relevance to investors ... and – via this investor route – to companies.

What they provide

- Wide range ANALYSIS ranging from academic papers through to investor-focused research
- Such ANALYSIS is typically industry- and issue-specific and in-depth

Market dynamic

- 'Other' research providers are a diverse group – such that it is not possible to characterize them as being part of a single 'market dynamic'

Strengths and weakness, opportunities and threats

- For this diverse group, these factors, must be considered of an organization – by organization basis

Appendix A: Sector focus: Sustainability ANALYSIS on food producers

We list below a number of reports from the different research providers on the food production industry. This illustrates the diversity and depth of research being produced.

This should help companies to understand the research marketplace and prioritise their engagement accordingly.

ESG ratings agencies

Sustainalytics: [‘10 for 2021: Investing in the circular food economy’](#)

"Sustainalytics' 10 for 2021 report aims to support investors interested in gauging ESG risks and opportunities in the global food value chain. We survey key subindustries – from agrochemicals, agriculture and aquaculture to packaged food, food retail and restaurants – in search of solutions that may support the principles of the circular economy (CE). These principles include minimizing waste and pollution, extending the use-phase of products and ecosystem regeneration. We identify 10 publicly traded companies in this space that are taking steps to manage the ESG impacts of their operations, supply chains and product offerings, while also developing related solutions. Finally, we assess a set of CE themed investment funds and discuss approaches to portfolio construction, engagement and financing strategies."

Sell-side brokers

UBS: [‘Plant-based meats: Coming, ready or not’](#)

"Our base case forecasts the global plant-based meat market reaching USD 51 billion in size by 2025, implying a threefold increase in penetration from 2019 levels. These developments will have major ramifications for chemicals, machinery, healthcare, food production and food retail companies."

Morgan Stanley: [‘The Future of Food: Four solutions for a hungry planet’](#)

"By 2050, the world's population is forecast to surpass 10 billion people. To keep pace with population growth, the UN estimates that the global food supply will need to increase 50% over current volume to accommodate projected demand.

However, there's a slight wrinkle: At the same time, climate change will threaten at least 36% of the four largest crop groups (rice, maize, wheat and soybean). In addition to producing enough food for an ever-increasing population and eliminating malnutrition, we'll also have to do it sustainably, cutting roughly 13 gigatons of greenhouse-gas emissions in order to curb climate change.

Solving this puzzle will require ingenuity, investment—and some hard compromises. "

Credit ratings agencies

Fitch Ratings: [‘Water Risk in the Agricultural Supply Chain’](#)

Economic, demographic and regulatory shifts are more significant risks to the short-term availability of water for the agribusiness sector than climate change, Fitch Ratings says in a new report. Technology can optimise water use but will require public and private investment for wide implementation.

S&P Global Ratings: [‘Natural Capital And Biodiversity: Reinforcing Nature As An Asset’](#)

- Climate change and biodiversity loss are interlinked, but solutions to reduce greenhouse gas emissions are unlikely to benefit biodiversity in the same way.
- Instead, biodiversity needs to be given equal consideration in any nature-based climate solution offering.
- The biodiversity crisis is a still-nascent ESG consideration for investors but it is climbing up the agenda.
- Governments and companies are increasingly viewing the incorporation of natural capital into assessments of wealth and performance as fundamental to addressing biodiversity loss.
- Targeted corporate and government actions to reduce deforestation linked to soy, beef, and palm oil will form a key part of the response, as will supporting smallholder farmers and indigenous communities to protect nature.

Data providers

IHS Markit: [The Future of Asian Biofuels & Feedstock](#)

- Asia is a critical supplier in the global biodiesel feedstock market. Southeast Asia, the largest exporter of palm oil globally, is the single biggest source of biodiesel feedstock in the world, with the region also being the largest exporter of used cooking oil (UCO), led by China.
- Regional biofuels policies focus on increasing energy security and supporting local agriculture.
- Regional adoption of ethanol will be limited by high ethanol prices and aggressive electrification of vehicle fleets. The potential electrification of the region's enormous motorcycle fleet would affect biofuels demand dramatically, particularly in countries like Indonesia, Vietnam, and India, which have outlaid plans for electric motorcycles.
- The region's nascent interest in hydrogenated vegetable oil (HVO) investments is likely to grow owing to the rising interest, worldwide, in developing sustainable aviation fuel (SAF).

Engagement Service Providers

Hermes EOS: [Our Commitment to Nature](#)

- In a new white paper from EOS – “*Our Commitment to Nature*” – engager Sonya Likhtman explains why biodiversity is now a stewardship priority. She highlights the value of biodiversity and makes the business case for its protection and restoration. “The mindset of taking nature for granted, and assuming its permanence, must change,” she says.
- The paper outlines our expectations of sectors with high biodiversity impacts and dependencies, which include consumer goods and retail, agrochemicals, mining and materials, oil and gas, utilities, real estate and construction, and finance. With global biodiversity goals expected to be agreed at the UN's biodiversity COP 15 in 2021, it is critical that national and corporate COVID-19 recovery plans make provisions for biodiversity protection and restoration around the world.

'For impact' and grant-funded research providers

CDP: ['Hungry for Change – Are Companies Driving a Sustainable Food System'](#)

The report analyzes the environmental disclosures of 504 companies involved in the production, processing and sale of food products – including the likes of Walmart, Nestlé, Pepsi and Target. The analysis takes a comprehensive look at the entirety of the value chain of the global food system, from producers and purchasers, to processors and manufacturers, to retailers. It analyzes the companies' environmental risks, impacts and future opportunities through the lens of the interlinked issues of climate change, deforestation and water security.

FAIRR: ['Appetite for Disruption'](#)

The COVID-19 outbreak has triggered an unprecedented health and economic crisis. As well as affecting every country in the world, this novel virus has laid bare the underlying risks, vulnerabilities, and inequities of today's global food system. Nowhere is this more evident than in the animal protein industry. US pork processors, for example, saw their output capacity reduce to 50% in early May, roughly 20% of the industry's workers contracting the virus. Poultry farmers in Canada have collectively reduced output by 12.6%. These effects are being felt across the entire supply chain, with large grocery retailers in the US having to ration the amount of meat that consumers can buy.

Planet Tracker: ['Perfect Storm: Profits at Risk in the Japanese Seafood Industry'](#)

Rebuilding sustainable stocks of wild-catch fish could transform Japan's seafood industry, increase profits, preserve its reputation and reduce financial risk to investors, according to a report published by Planet Tracker.

Other research providers

Boston Consulting Group: ['Food for Thought: The Protein Transformation'](#)

The world's consumers love animal-based protein—so much so that in 2020 they ate 574 million metric tons' worth of meat, seafood, dairy, and eggs—almost 75 kilograms per person. Moreover, the amount consumed is still increasing, especially in developing markets. Yet concerns about the environmental costs of growing all the animals we eat, how those animals are treated, and the consequences for human health of eating so much conventional protein are rising even faster.

UN Global Compact: ['Accelerating Sustainable Seafood'](#)

This report puts forward six key enablers which could be advanced by all systemic shapers to accelerate the sustainable development of the seafood industry – from unlocking sustainable finance and ratifying international conventions, to moving beyond data disclosure, rewarding progress, and incorporating wider food system dimensions into both policy and sustainability-related services.

Orbitas & Vivid Economics: ['Transition Scenarios for Tropical Agriculture'](#)

This report, the first in a series, explores the implications of climate transitions for the agricultural system across a suite of scenarios that are designed to reflect climate responses that range in ambition from Business as Usual to policies and other actions that keep global temperature increases below 1.5oC.

Across all these climate scenarios, Orbitas & Vivid Economics find an agricultural sector that in 2050, is significantly different from today.

Appendix B: 'For impact', 'grant-funded' and other specialist research providers

As noted above, there is a wide spectrum of 'for impact', 'grant-funded' and other specialist research providers. In the list below, we select those that:

- target investors directly
- ... with research designed to encourage investment decision-making or active ownership

We do not include NGOs who campaign directly at companies rather than aim – via research – to influence investors.

In the final column of the table below, we explain why we believe an Investor Relations Officer specifically (rather than other communications officers within the company) should monitor and engage with these organisations.

Organisation	Sector focus	Issue focus	Influence on investors
Amazon Watch	Oil & Gas, Mining, Utilities, Infrastructure	Deforestation	'Stop investing in Amazon Destruction' campaign aimed at banks and investors
Banktrack	Banking	Climate, deforestation, human rights	Influential on global banks through campaigns
Business Benchmark on Farm Animal Welfare / Compassion in World Farming	Food industry	Animal welfare	"BBFAW maintains the Global Investor Statement on Farm Animal Welfare and convenes the Global Investor Collaboration on Farm Animal Welfare , a collaborative engagement between major institutional investors and food companies on the issue of farm animal welfare. In addition, BBFAW manages extensive engagement programmes with companies and with investors and provides practical guidance and tools for companies and for investors on key animal welfare issues."
Carbon Tracker	Oil & Gas, Power & Utilities	Climate, fossil fuels	Award-winning NGO which has led the debate in public and with investors on carbon emissions, stranded assets, and the carbon bubble for a decade. Investor focused research.
CDP	All	Climate, water, deforestation	Backed by 590 global investors: data feeds into numerous investor-focused ESG metrics

Organisation	Sector focus	Issue focus	Influence on investors
Ceres	All	Climate, water, deforestation, biodiversity	“The Ceres Investor Network includes over 195 institutional investors, managing more than \$37 trillion in assets, advancing leading investment practices, corporate engagement strategies, and key policy and regulatory solutions. Our key global investor collaborations include the Climate Action 100+ initiative, The Investor Agenda , the Paris Aligned Investment Initiative and the Net Zero Asset Managers initiative.”
Chain Reaction Research	Food producers	Deforestation	“Chain Reaction Research conducts free sustainability risk analysis for financial analysts, credit analysts, commercial bankers, institutional investors, corporations, and other stakeholders. Our special focus is demonstrating that deforestation is material financial risk.”
Client Earth	All	Climate, deforestation, pollution	Not specifically aimed at investors but legal action is clearly material and is closely followed by investors.
FAIRR	Food producers, manufacturers, retailers	ESG risks and opportunities from intensive livestock production	“Established by the Jeremy Coller Foundation, the FAIRR Initiative is a collaborative investor network that raises awareness of the environmental, social and governance (ESG) risks and opportunities brought about by intensive animal agriculture. FAIRR helps investors to identify and prioritise these factors through cutting-edge research, which investors can then integrate into their active stewardship and decision-making processes.” Organised investor statements on the Cerrado, Soy Moratorium and antibiotics. \$38 trillion in investor backing.

Organisation	Sector focus	Issue focus	Influence on investors
Global Canopy	Oil & Gas, Mining, Utilities, Infrastructure; finance	Deforestation, natural capital	Suite of investor-focused tools and initiatives including Trase, Natural Capital Finance Alliance, Encore tool for natural capital and Forest 500 rankings of companies and investors on deforestation.
Natural Resources Defense Council	All	Climate, water, sustainable agriculture, sustainable oceans, fossil fuels	Litigation against companies. Co-secretariat of the global Green Bank Network. Runs a Green Finance Center.
Oxfam	All	Climate, water, sustainable agriculture	Not investor-focused but has worked on sustainability in business sectors such as garments, agribusiness, finance and commodities. Influential organisation starting to move into private sector advocacy and partnerships.
Planet Tracker	Food producers, manufacturers, retailers; apparel	Sustainable agriculture, plastics, sustainable oceans, textiles	A financial think tank that was created to investigate the risk of market failure related to ecological limits focusing on oceans, food & land use, and materials such as textiles and plastics.
The Food Foundation	Food producers, manufacturers, retailers	Sustainable agriculture, healthy food, access to nutrition	Produces 'Plating up Progress' reports on health and sustainability related targets set by supermarkets, caterers and restaurants in the UK. Reports include advice for investors.
The Nature Conservancy	All	Climate, biodiversity, deforestation, sustainable oceans	Work with investors to create financial structures to invest in climate and nature-positive solutions. Produce some investor-focused research, mostly on opportunities.
Tropical Forest Alliance	Food producers, manufacturers, retailers	Deforestation	Hosted by World Economic Forum; investors often involved; have produced guidance for investors.
World Benchmarking Alliance	Oil & Gas, Food producers, manufacturers, retailers, high emitters, all (for human rights and gender)	Climate, gender, human rights, sustainable oceans, sustainable agriculture	Produces several important corporate benchmarks which are noted by investors, such as the Corporate Human Rights Benchmark

Organisation	Sector focus	Issue focus	Influence on investors
World Resources Institute	All	Deforestation, sustainable oceans, climate, water, sustainable agriculture	Works with investors; produces guidance for mobilizing sustainable finance; highly respected research.
WWF (formerly World Wildlife Fund)	All	Deforestation, sustainable oceans, climate, water, sustainable agriculture	Large sustainable finance team works with investors and are members of many finance-focused initiatives.
ZSL	Food producers, manufacturers, retailers	Deforestation, sustainable agriculture	Runs SPOTT program which assesses companies on deforestation-related commodities. Data and research used by investors.