

HIPSM INVESTOR

Human Impact + Profit

Engaging companies in sustainable reporting

Project Background

- Currently, there are approximately 44,000 equities listed on stock markets globally, but only about 4,800 publish meaningful environmental, social, and corporate governance (ESG) info, which investors need to make socially & environmentally responsible investment decisions. Initial project scope:
- Ideas to expand stocks with ESG information
 - Tool to report ESG information
 - Understand methods and drivers for reporting

Problem Statement

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 ESG metrics, hence widening the market for sustainable investments.

Survey

- Survey to reporting companies:
- Reasons for reporting on ESG
 - Available top-level ESG metrics
- Survey to non-reporting companies:
- 5 questions about ESG mgmt practices
 - 5 questions about ESG revenues
 - Available top-level ESG metrics

Targeting Companies

- 1000 companies were reached out to lists from HIP investor, the Russel 1000 index, DAX, MDAX, SDAX, TecDAX, Stoxx 500, and from index funds with an European or Global mandate
- 27 companies replied to the survey, where 22 were currently reporting and 5 non-reporting

What Incentivizes ESG reporting?

- 93% of CEO's find it important, but 67% do not believe they are doing enough
- Strong growth in sustainable investments, from \$13¹² in 2012 to \$221¹² in 2014
- Shareholders perceive firms that have imposed environmental risk management as less risky, thus reducing the risk premium
- Market and investors are increasingly focusing on non-fiscal information
- There are currently 1380 signatures of UN PRI, with a an asset under management (AUM) of USD 59 trillions