

2021 Benchmark ESG Survey: Investor Attitudes on Company ESG Data

February 2022

Key Findings

- 1 Companies with high-quality ESG data will be rewarded.** Investors have high awareness and understanding of investment-grade (IG) ESG data and believe strongly in collection and use of the data. Despite high self-report, we see evidence of a gap in understanding of ESG vs. IG ESG.
- 2 Companies that collect and use IG ESG data stand a better chance of seeing their sustainability efforts yield financial and reputational returns.** Strong majorities of investors are more likely to invest in companies that collect and use IG ESG data; the practice also builds confidence in company leadership.
- 3 There's a gap in the quality of ESG data that more advanced, relevant technologies can fill.** While Environmental factors tend to be the most important, respondents indicated that all areas of ESG data need improvements; and respondents said that improving the availability of relevant technological solutions can help fill those gaps.
- 4 This isn't about solving a problem investors face but rather providing the next frontier in data collection.** Investors rate the current digital technologies for collecting investment-grade ESG data as good, but not great. A plurality of respondents say digital technologies and tools to collect and use these data are, together, the TOP way to improve data quality.
- 5 Institutional Investors are most primed for improvement, especially when focused on Environmental factors.** Institutional Investors are more likely to invest in companies that collect and use investment-grade ESG data. They await new technologies and are much more likely to see the need in data improvements with Environmental factors.



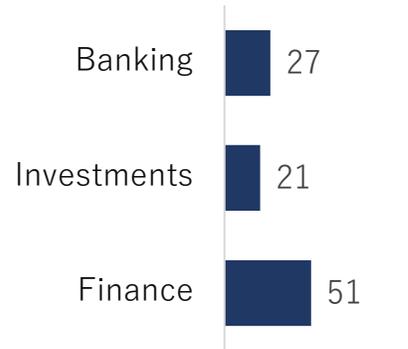
Methodology

- Survey of n=770 Investment Decision Makers, fielded online from *November 14 - 29, 2021*
- Margin of Error for Key Audiences:
 - Investors (full sample): +/- 3.53%
 - Institutional Investors (n=225): +/- 6.52%
 - (Margins larger for subgroups)

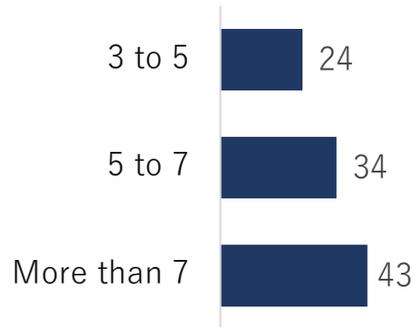
*All numbers presented are percentages, unless otherwise noted. Percentages may not add up to 100% due to rounding.

Who we spoke with

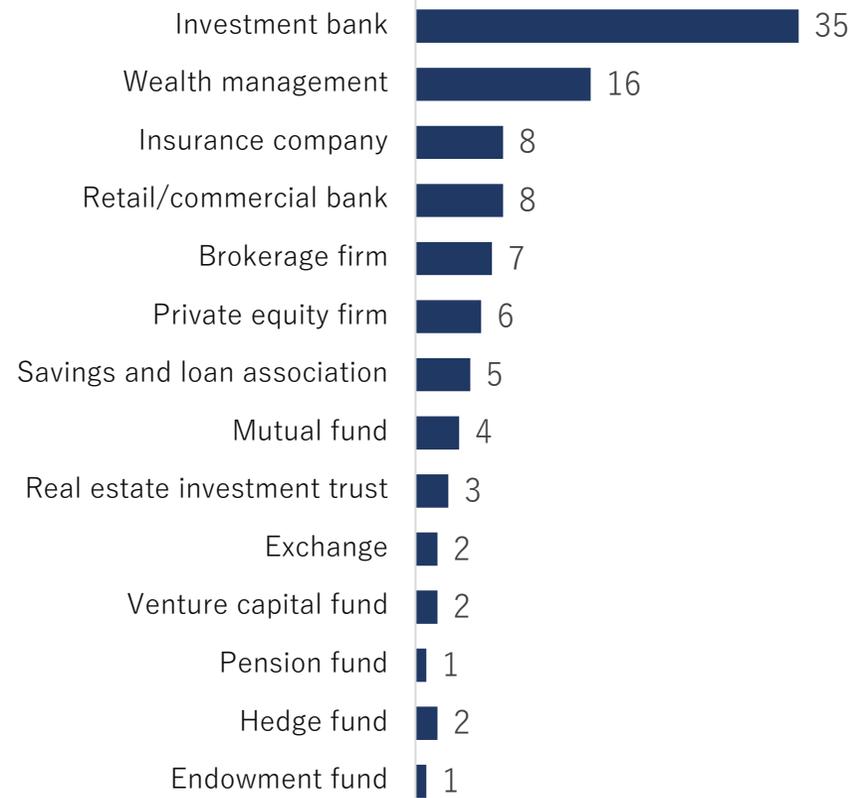
Industry



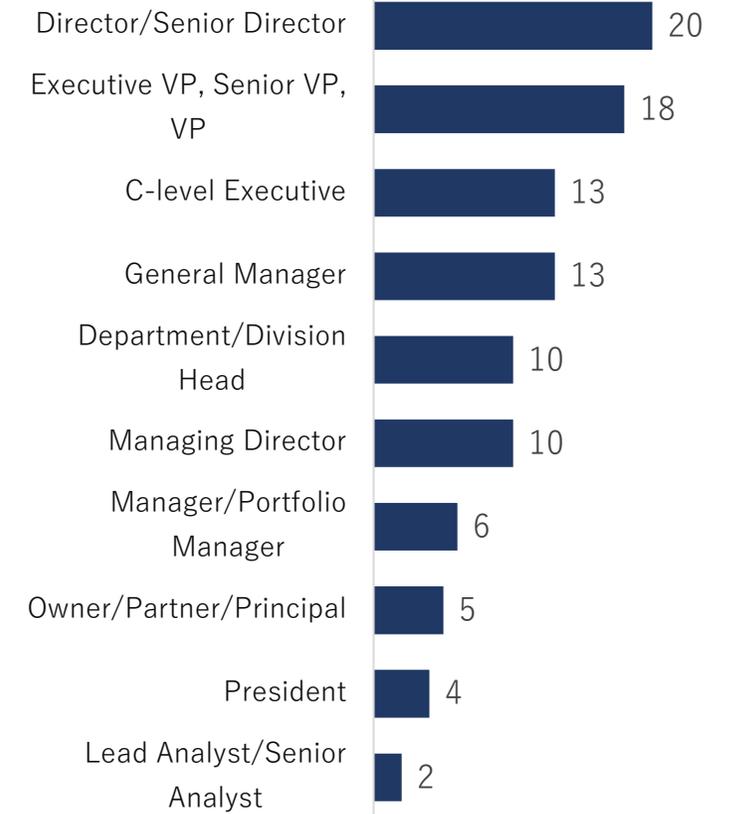
Years of Experience



Organization

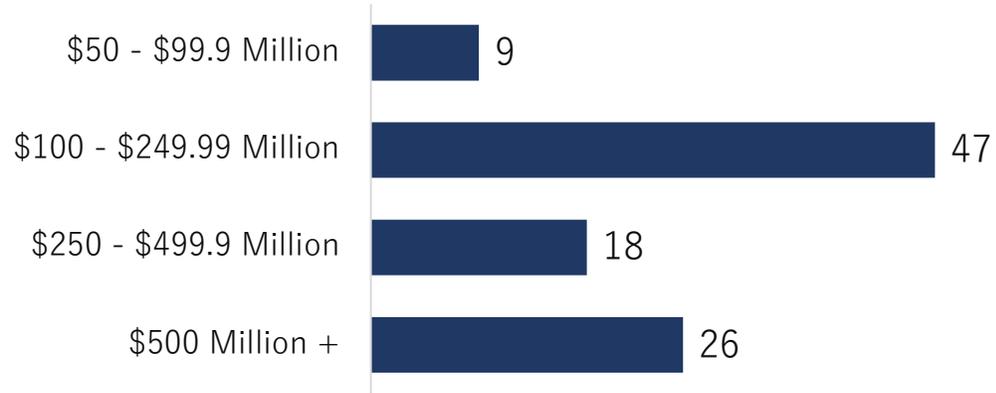


Job Title



Who we spoke with

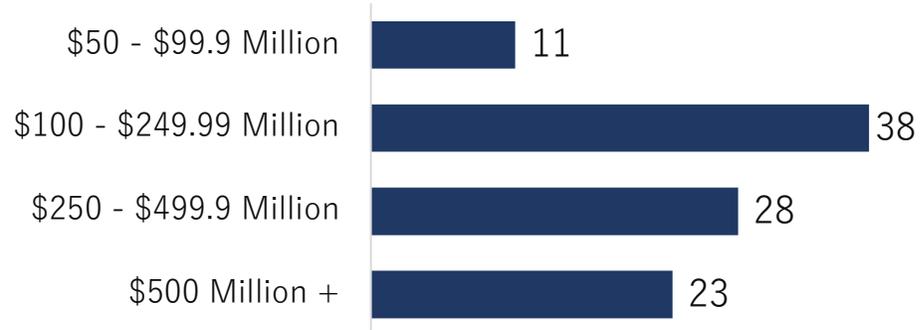
Total AUM



Investment Decisions



Value of Commercial Investment



Commercial Loan Decisions

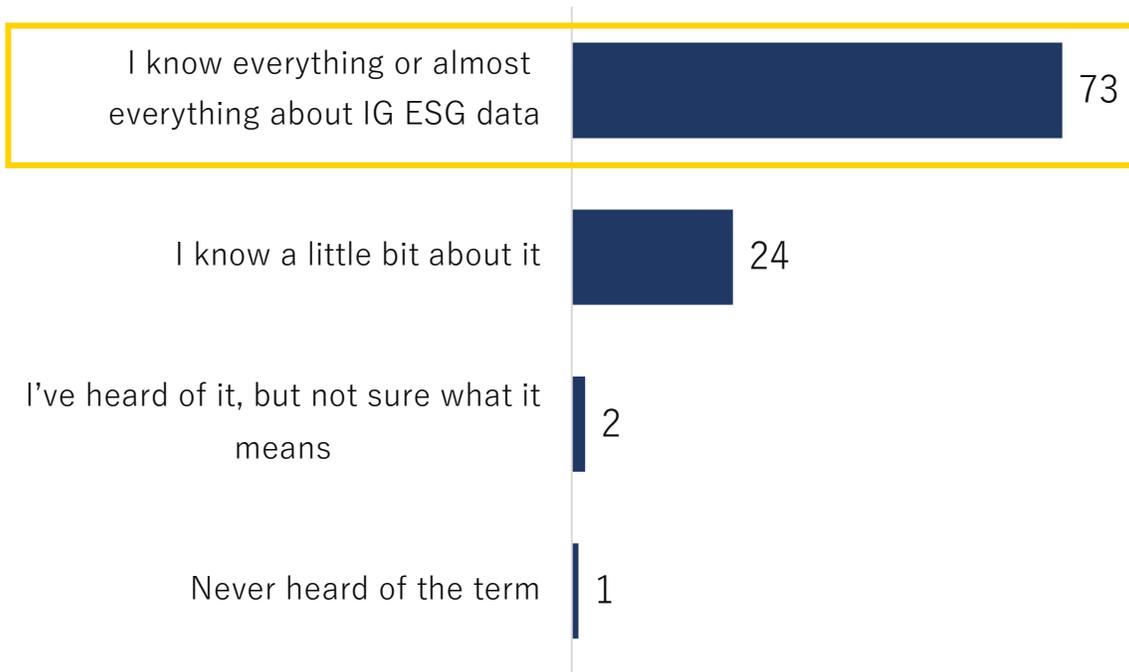


Companies with high-quality
ESG data will be rewarded

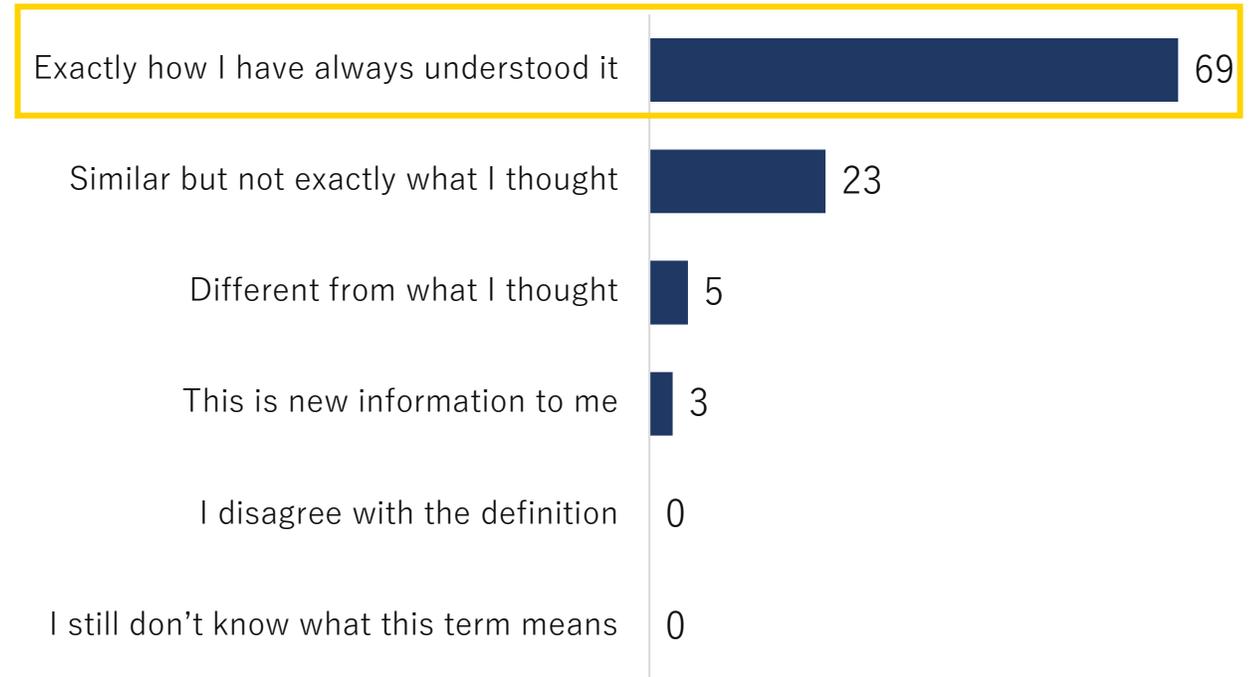
WIN

Investors are highly aware and well-educated on investment-grade (IG) ESG data

How familiar are you with investment-grade ESG data?



Does this description change how well you understand the term?

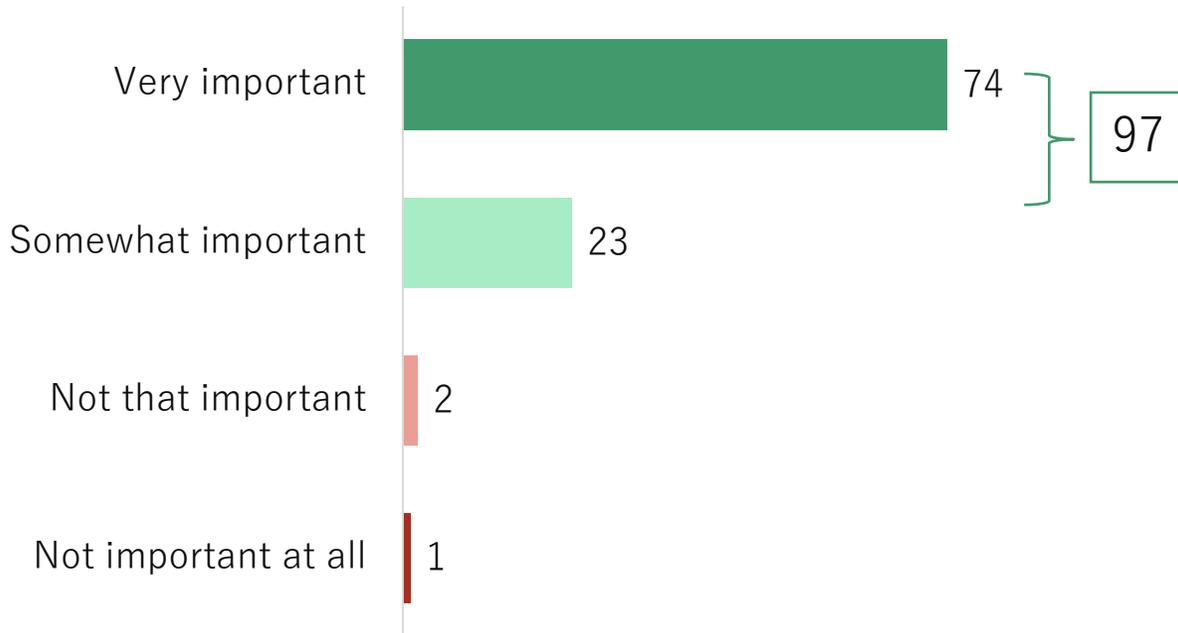


(Left-side) Q. How familiar are you with investment-grade ESG data?

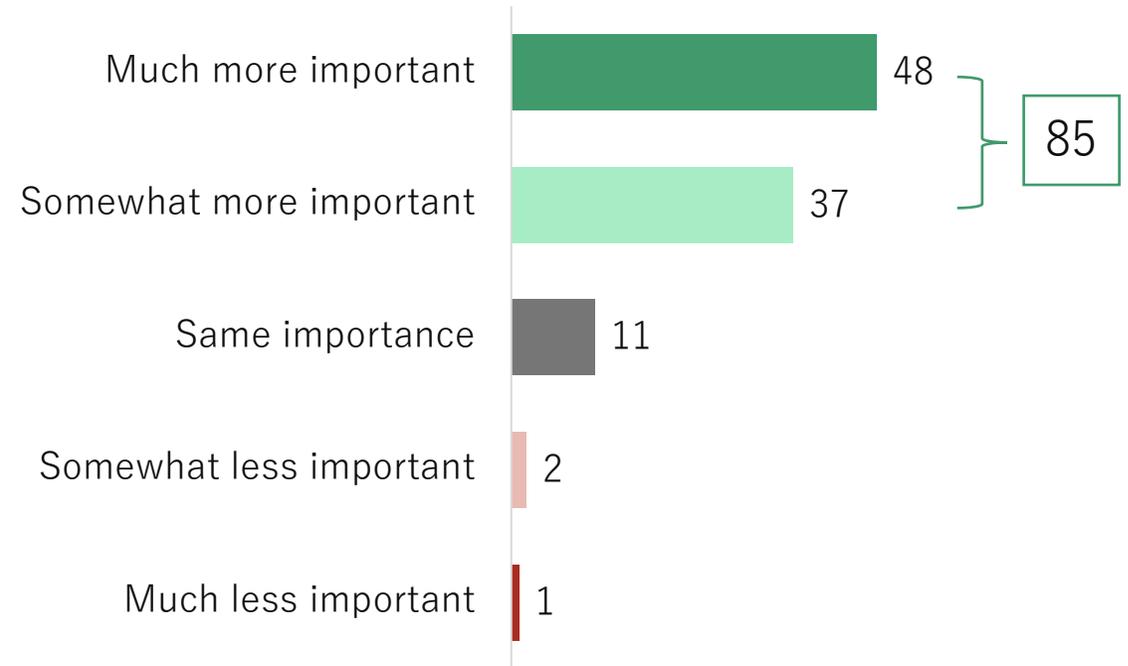
(Right-side) Q. Throughout the rest of this survey, we will use the term “investment-grade ESG data”. Investment-grade ESG data is data for environmental, social, and corporate governance that meets a high level of quality. It is timely, accurate, complete, auditable, and reliable. Does this description of investment-grade ESG data change how well you understand the term?

And they strongly believe in the importance of these data

Importance of collecting and using



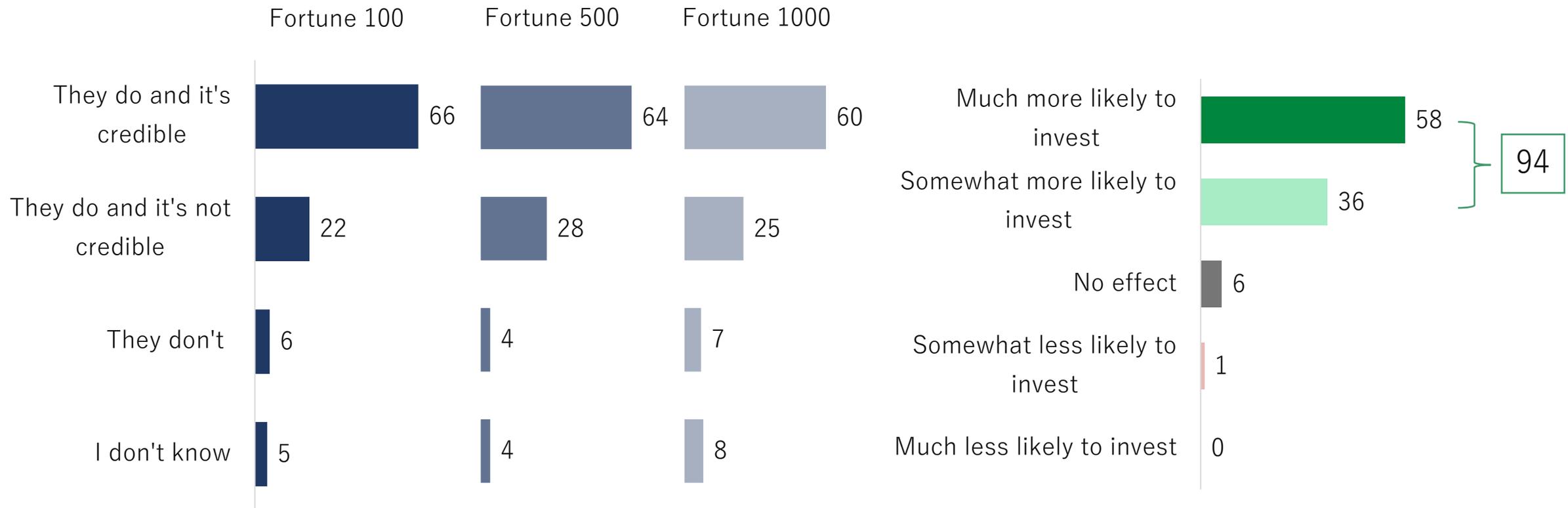
Compared to other data



(Left-side) Q. How important is it for companies to collect and use investment-grade ESG data?

(Right-side) Q. How does the importance of investment-grade ESG data compare to the importance of other data used to evaluate investments? Investment-grade ESG data is...

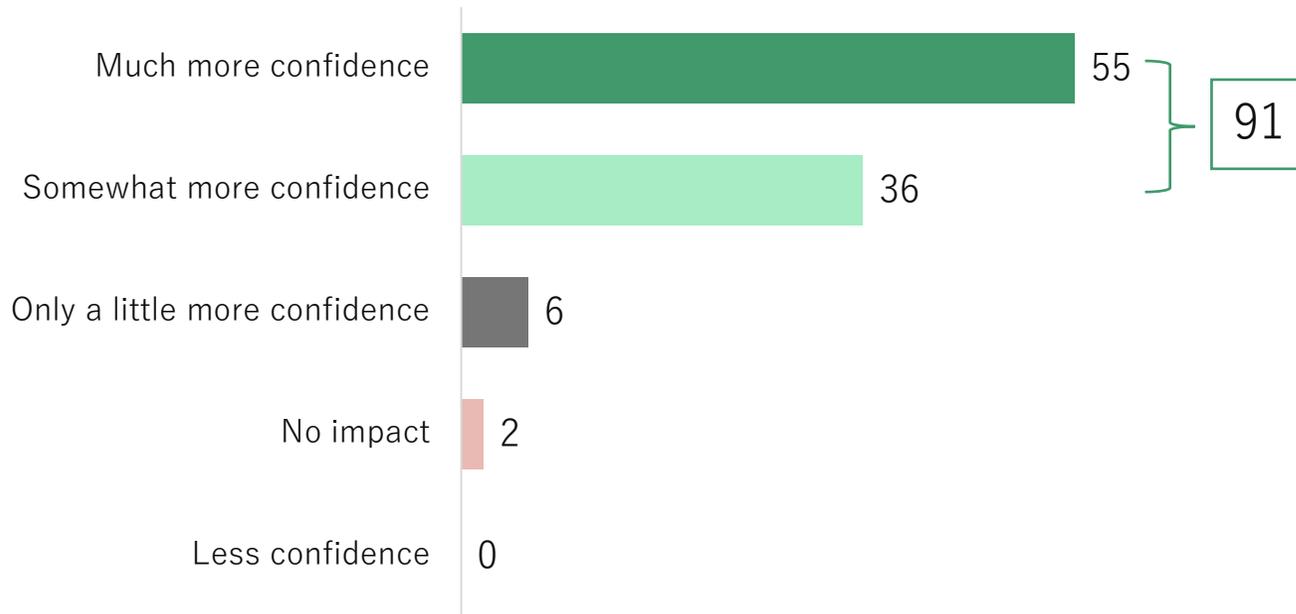
Companies that collect and use investment-grade ESG data will be rewarded



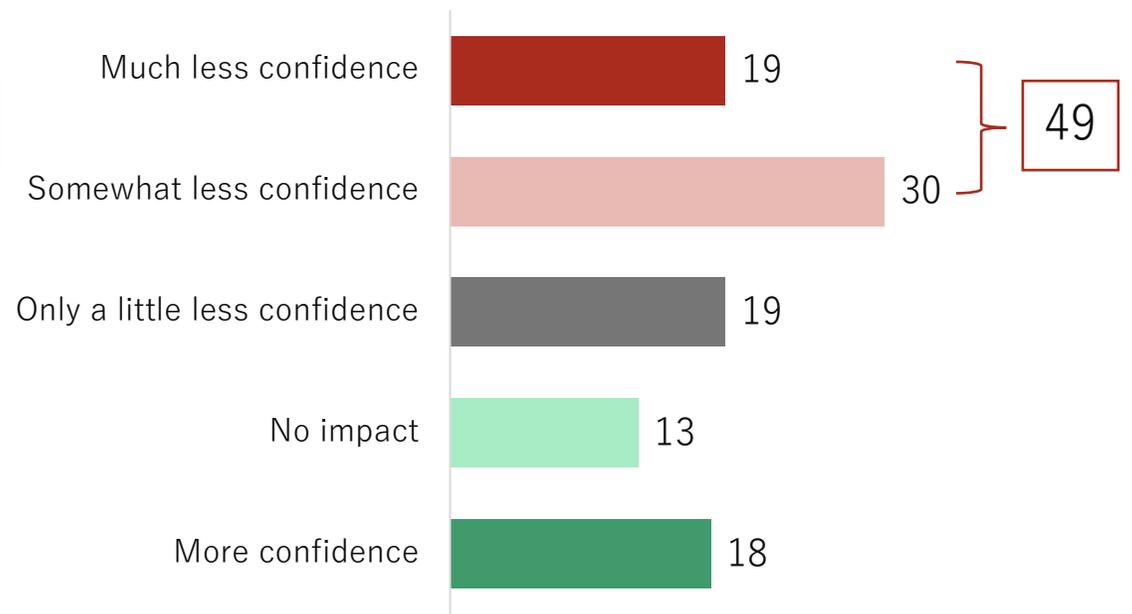
(Left-side) Q. To the best of your knowledge, do each of the following types of companies collect and use investment-grade ESG data, generally speaking?
 (Right-side) Q. How much would a company's collection and usage of investment-grade ESG data impact your likelihood to invest in that company?

And leadership of companies that collect and use IG ESG data can expect to cultivate more fruitful relationships with investors

Confidence in those that collect and use IG ESG data



Confidence in those that DON'T collect and use IG ESG data



(Left-side) Q. If a company's senior leadership team (CEO + C-suite) collected and used investment-grade ESG data, what impact, if any, would that have on your confidence in the leadership of that company?

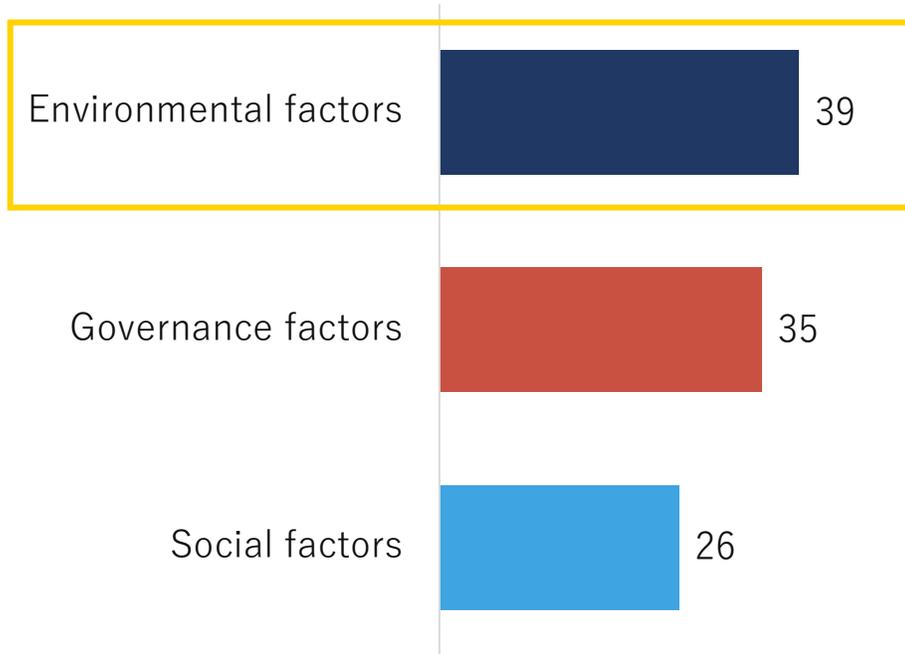
(Right-side) Q. Conversely, if a company's senior leadership team (CEO + C-suite) DID NOT collect and use investment-grade ESG data, what impact, if any, would that have on your confidence in the leadership of that company?

An aerial photograph of a dense forest, showing a variety of green trees from a top-down perspective. The text is overlaid on the center of the image.

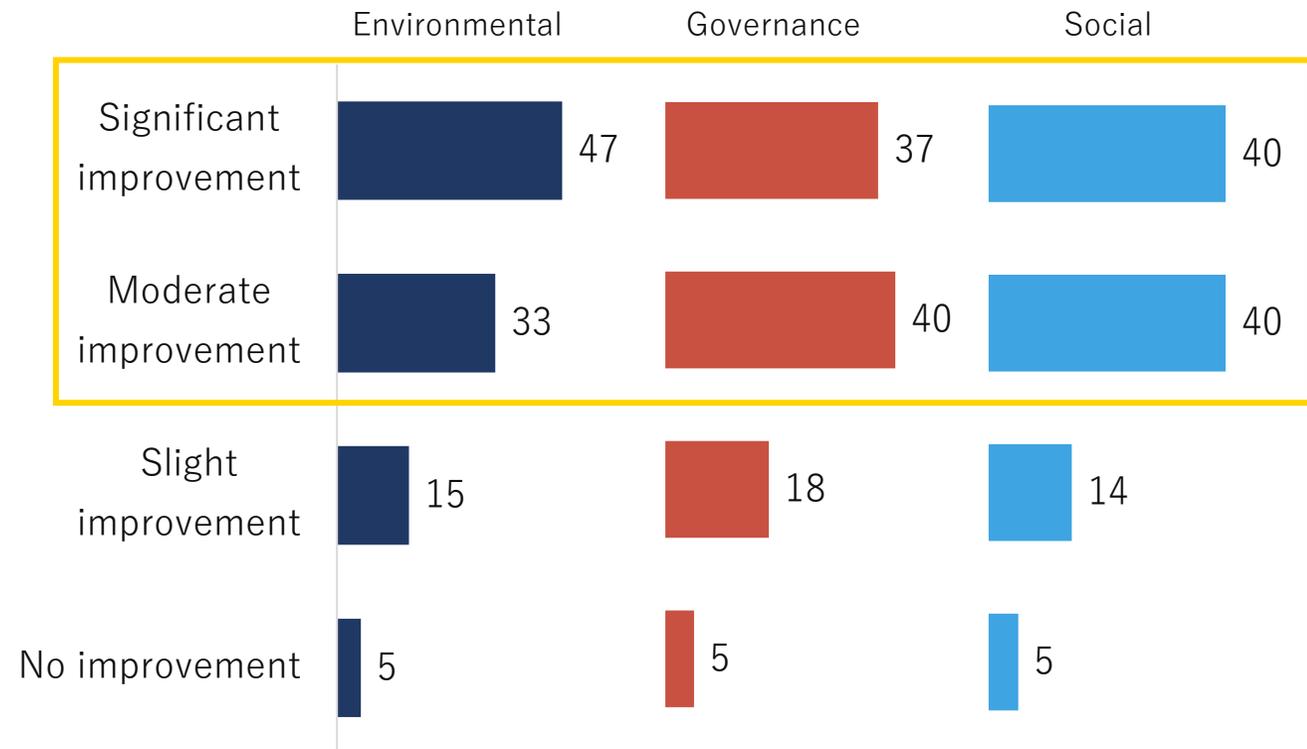
There is clear need for
innovative ESG data collection
& management solutions

Environmental factors edge out other ESG factors, but all areas need improving

Most important ESG factor?



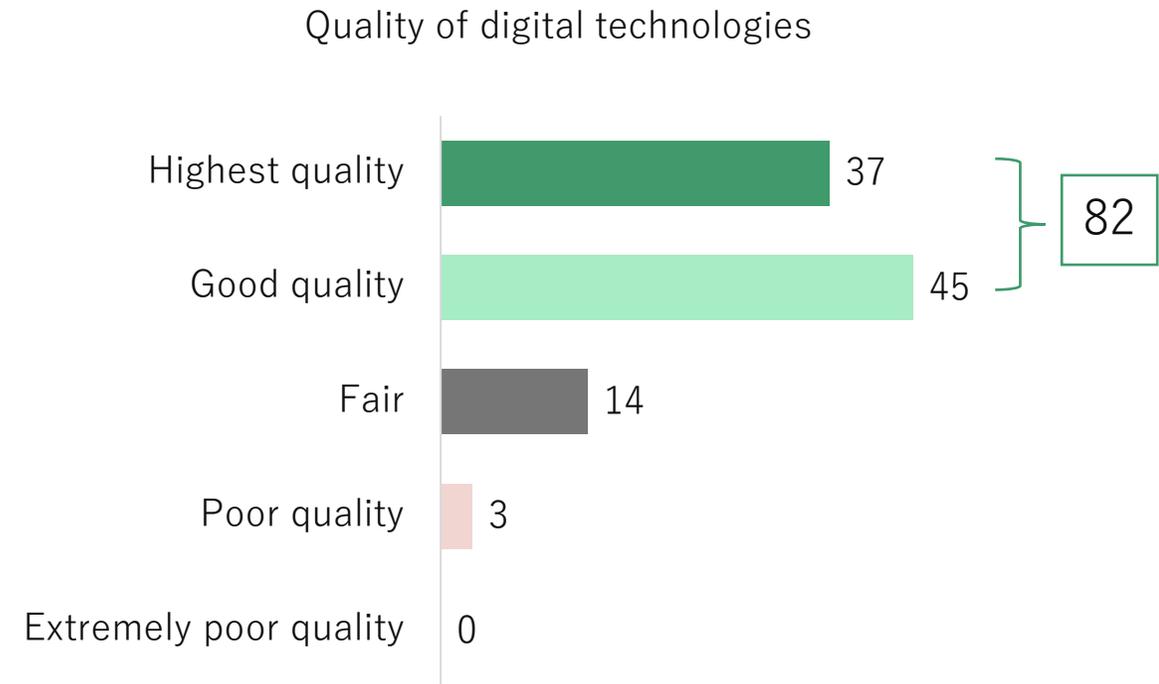
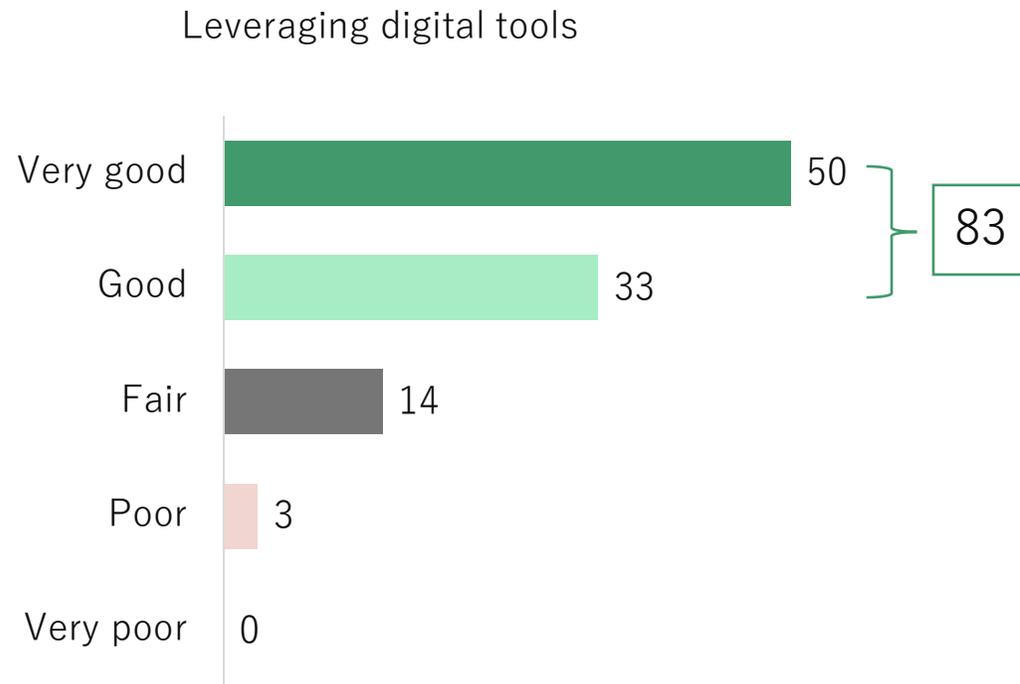
ESG factor in most need of improved data quality?



(Left-side) Q. ESG data comprises three main factors: environmental factors, social factors, and governance factors. From these three factors, which is the most important to your investment decisions? Choose the factors of ESG data that you find the MOST important.

(Right-side) Q. From that same list of ESG factors, please rate how much improvement is needed in each when it comes to data quality.

Data quality needs improving, and more investors rate current digital technologies as "good" rather than "great"



(Left-side) Q. On a scale of 1 to 5, how would you rate companies in terms of how well they are currently leveraging or taking advantage of digital tools and technology to collect and use investment-grade ESG data?

(Right-side) Q. On a scale of 1 to 5, how would you rate the current digital technologies you have to help collect and report investment-grade ESG data?

The barriers companies face in collecting and using investment-grade ESG are mixed, but digital tech/tools narrowly lead

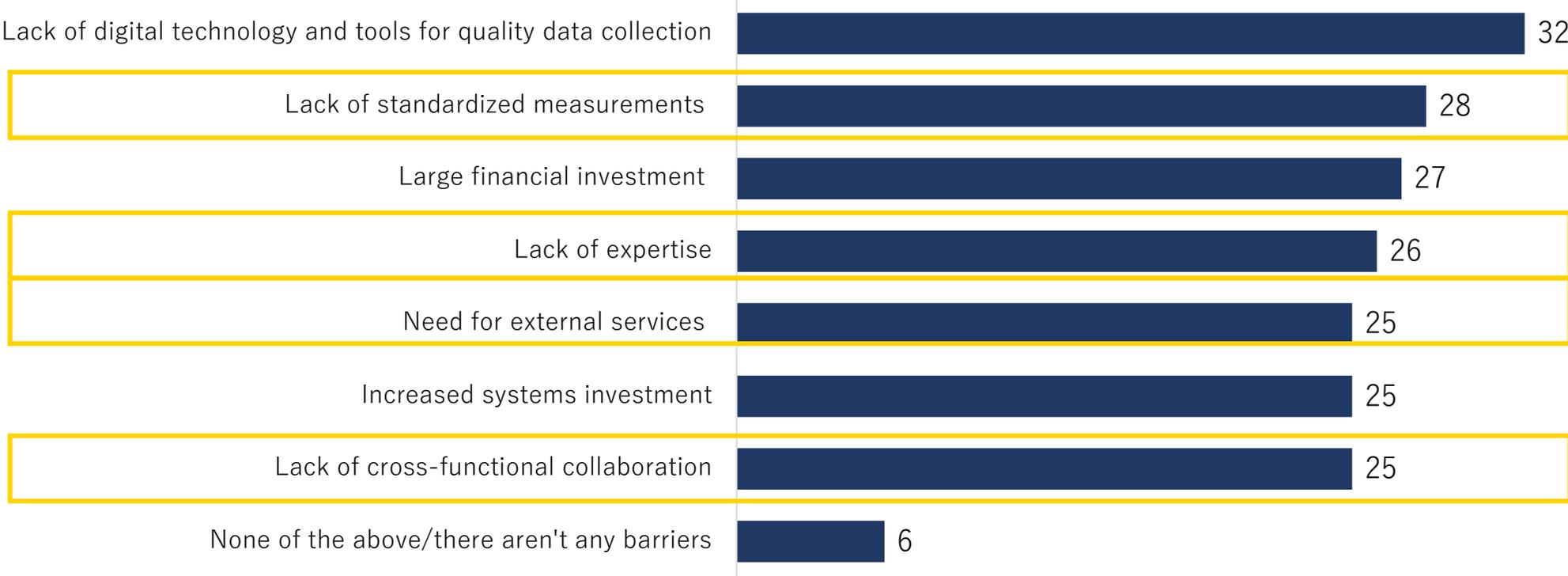
This isn't a technology problem



Q. From the following list, what are the biggest barriers companies face in collecting and using investment-grade ESG data? Choose the top two barriers that companies face in collecting and using investment-grade ESG data.

With deeper awareness of IG ESG vs. current ESG, digital technology/tools may have received even higher marks

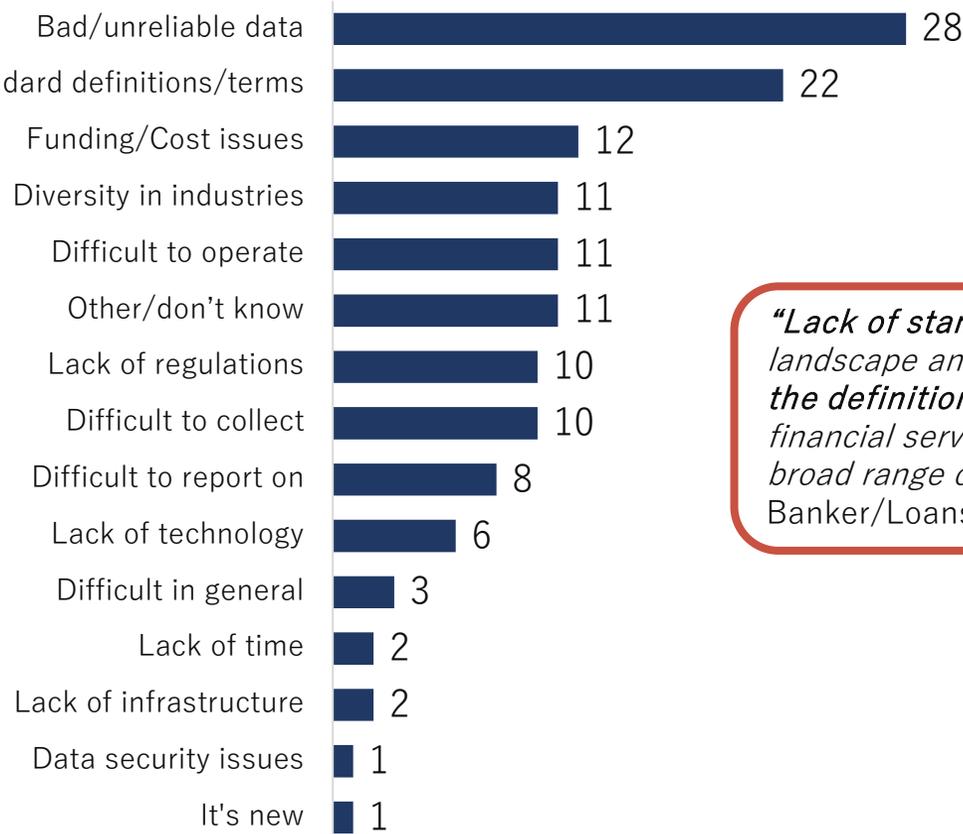
Advanced digital technology and tools mitigate other barriers, including those highlighted below



Q. From the following list, what are the biggest barriers companies face in collecting and using investment-grade ESG data? Choose the top two barriers that companies face in collecting and using investment-grade ESG data.

Investors claim barriers are due to poor data quality and lack of standardization – an opening for solutions providers to educate

It's a data problem with a mix of barriers in the way



*"They're harder to predict and the main criticism directed towards ESG ratings is that the data used by the agencies is **self-reported**, i.e., the companies that appear in the tables provide the information on which they are assessed themselves."* – Wealth Management

*"ESG data is **often unaudited**. Therefore omissions, unsubstantiated claims and inaccurate figures can be hard to identify and verify within sustainability reports."* – Fund Manager

*"**Lack of standardization in the data landscape and lack of consistency on the definitions of ESG itself.** Many financial services organizations face a broad range of challenges."* – Banker/Loans

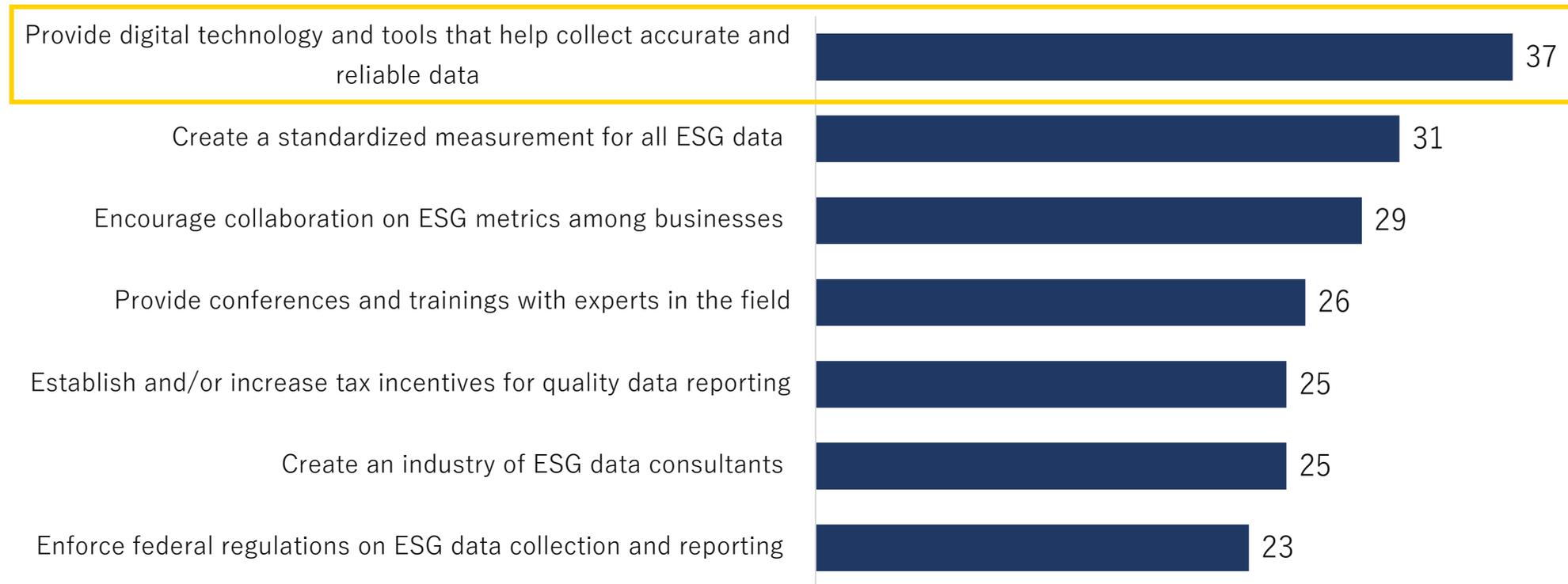
*"**The practice of collecting data differs from one entity to the other, and they may have their own standard procedures and there is lack of universal format.**"* – Banker/Loans

*"Investors and stakeholders demand more and better data which is challenging given the **plethora of reporting platforms and requirements and lack of consistent reporting standards.**"* – Institutional Investor

*"Over half of those institutional investors already implementing some form of ESG strategy in their portfolios were struggling with **clarity around standards and terminology.**"* – Private Equity

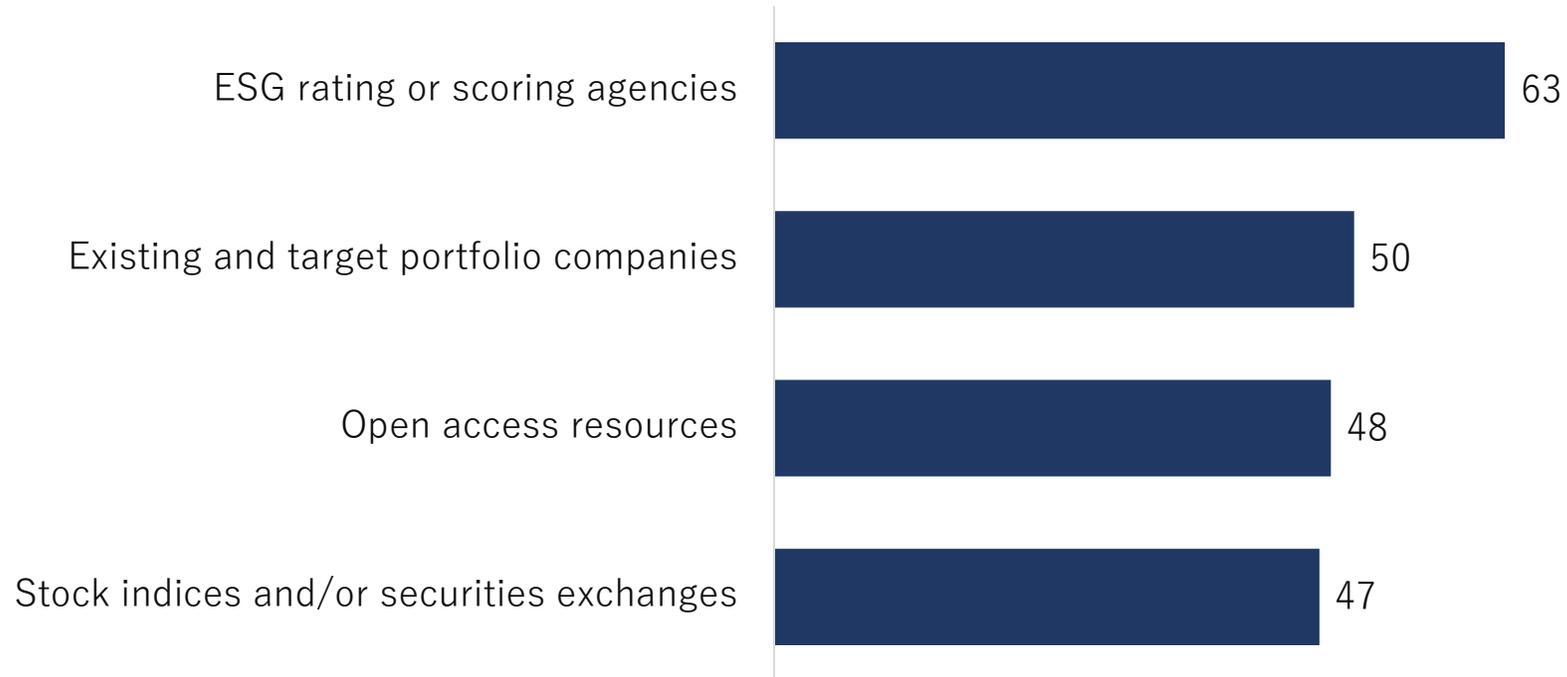
Technology isn't the main barrier, but it is regarded as the biggest driver of improvement

This is an opportunity for advanced solutions providers to be the next phase rather than the solution to a tech problem



Investors favor data from ESG rating or scoring agencies when assessing company ESG performance

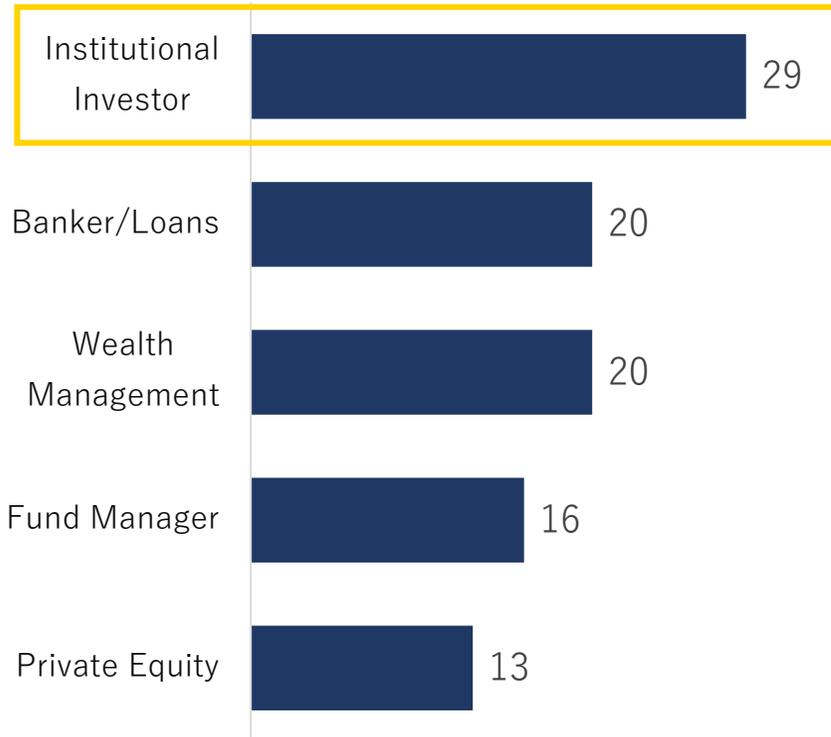
There's deference given to third-party ESG data providers



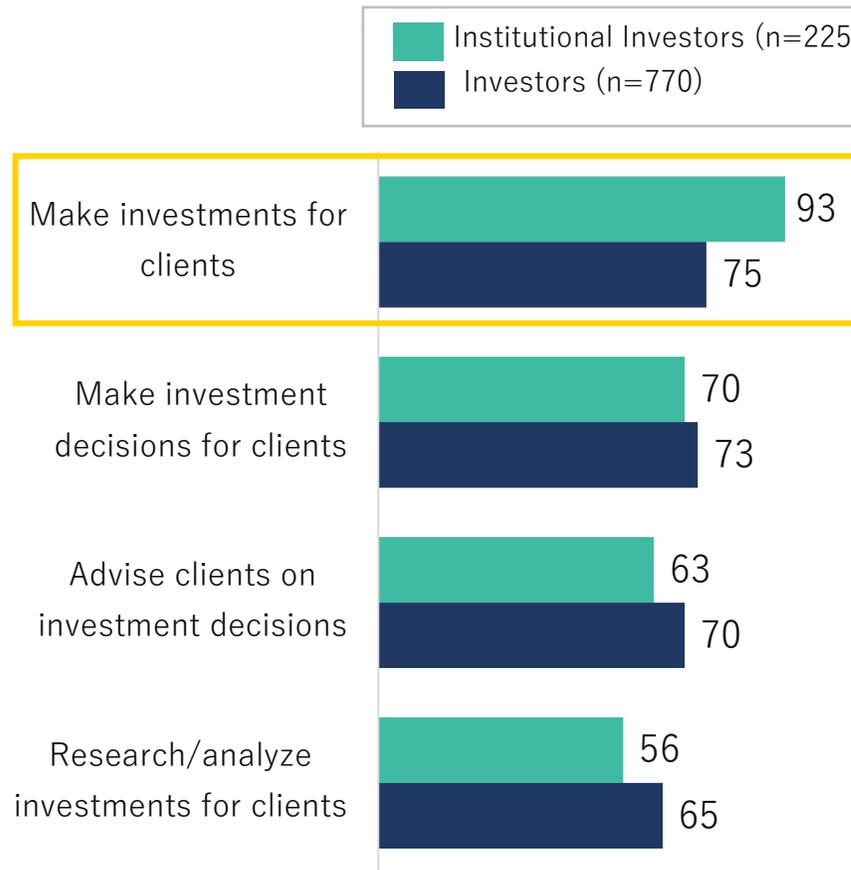
Target: Institutional Investors

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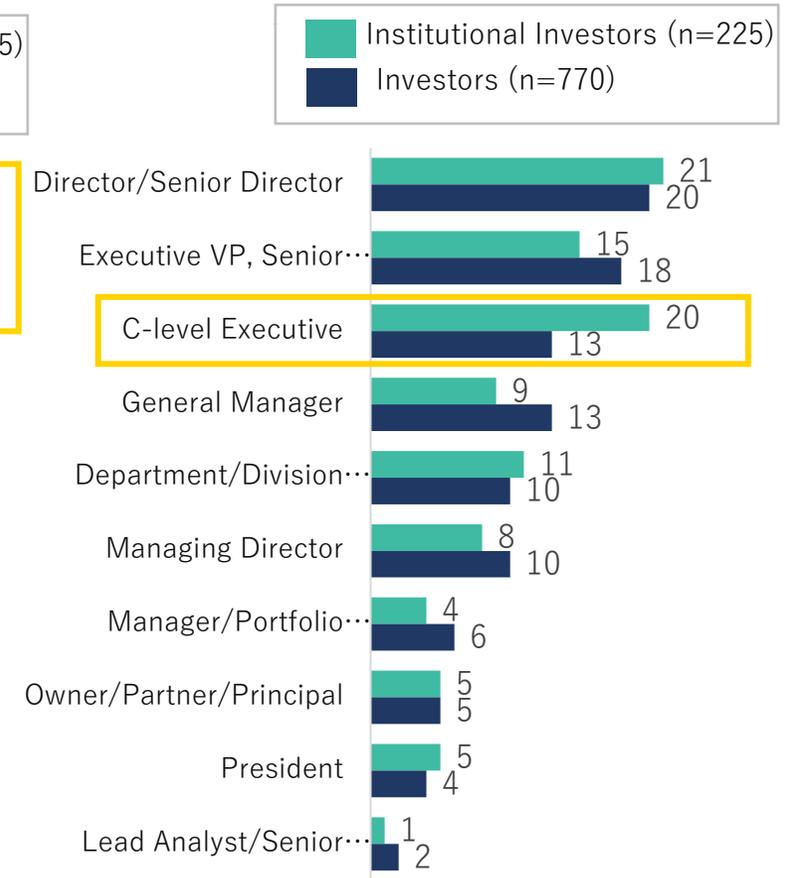
Segment



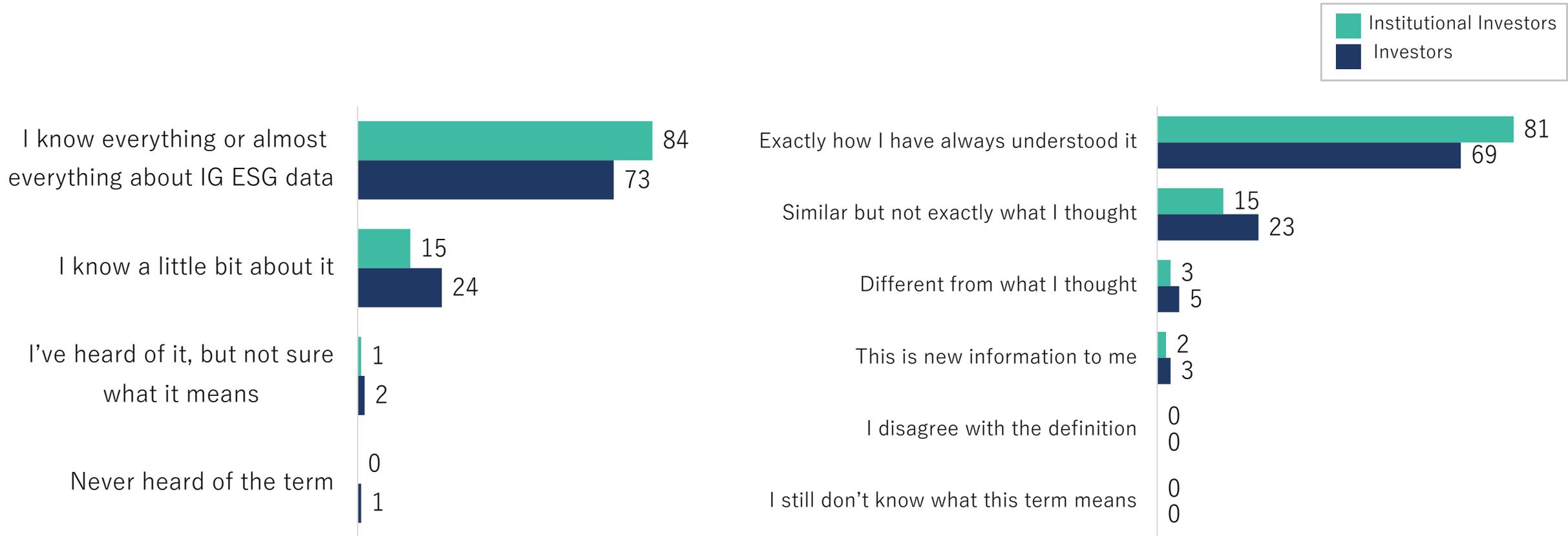
Investment Decisions



Job Title



Institutional Investors are even more aware of investment-grade ESG data compared to the overall investor population

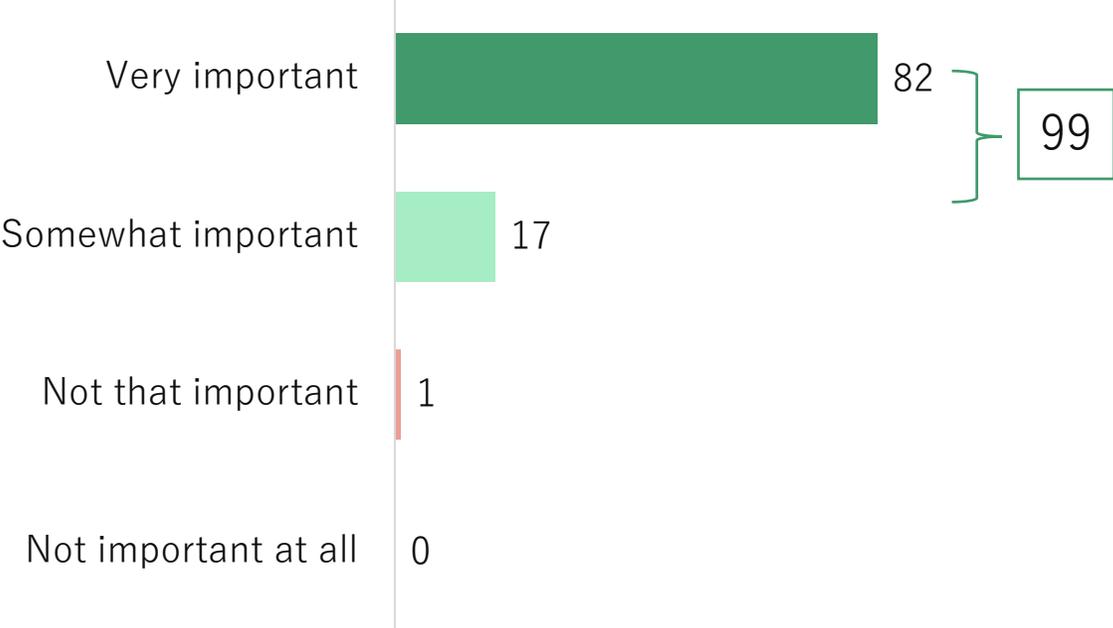


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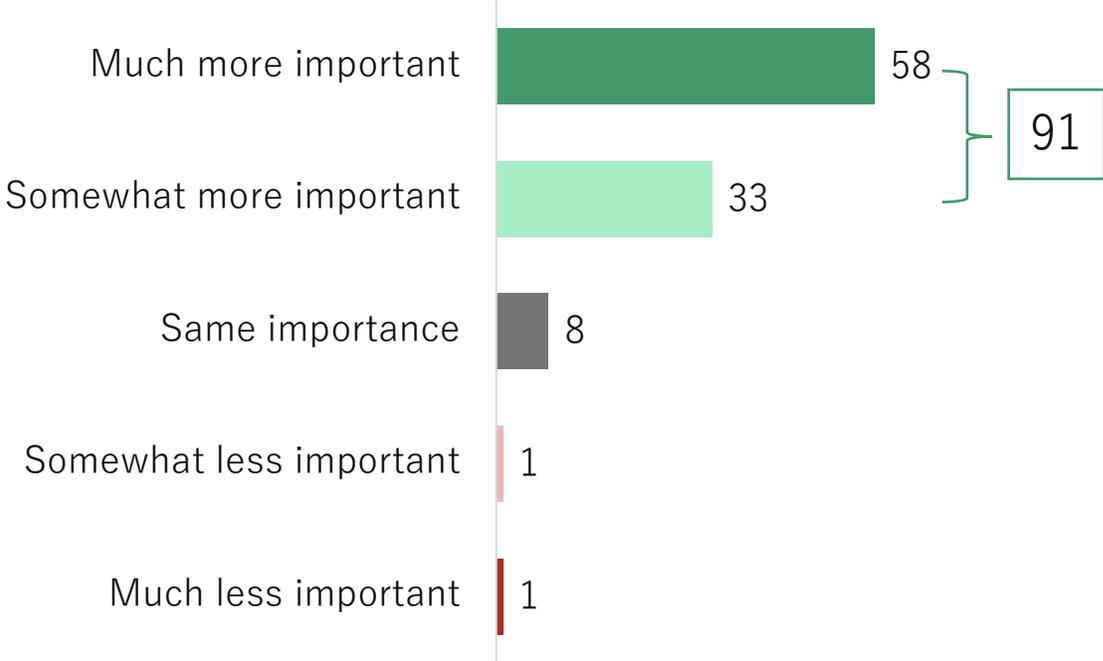
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And nearly all Institutional Investors believe in the importance of these data

Importance of collecting and using



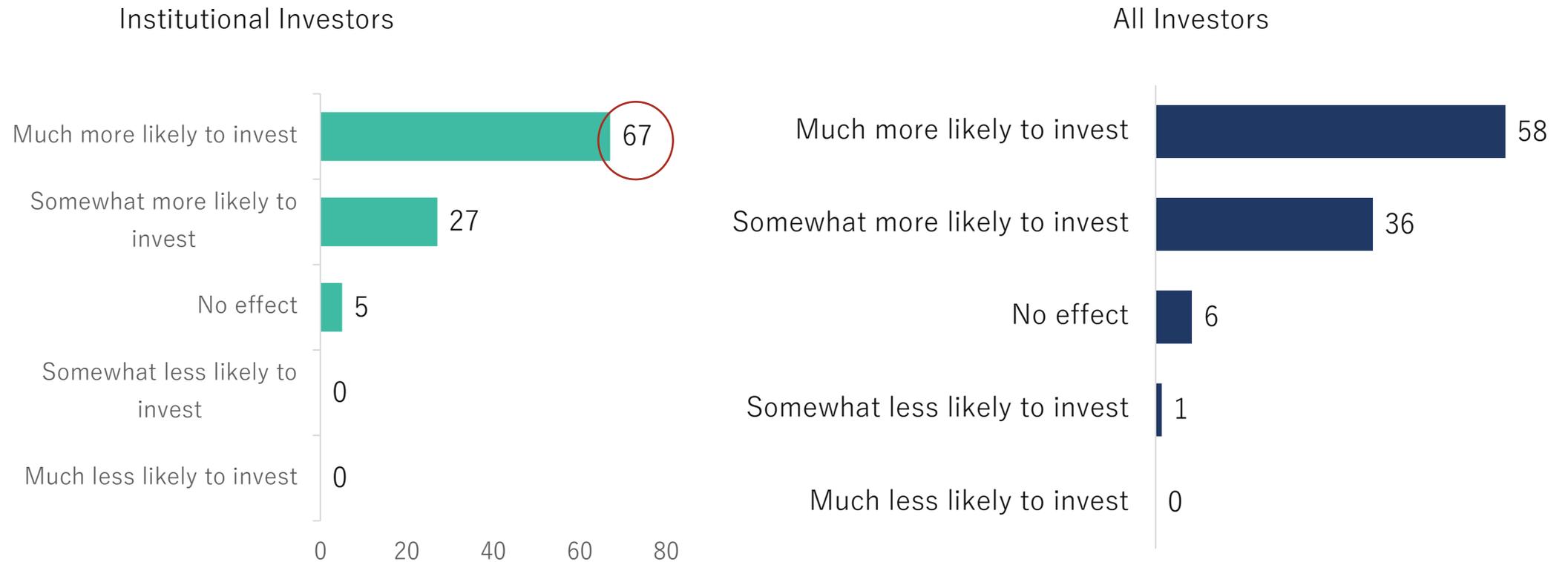
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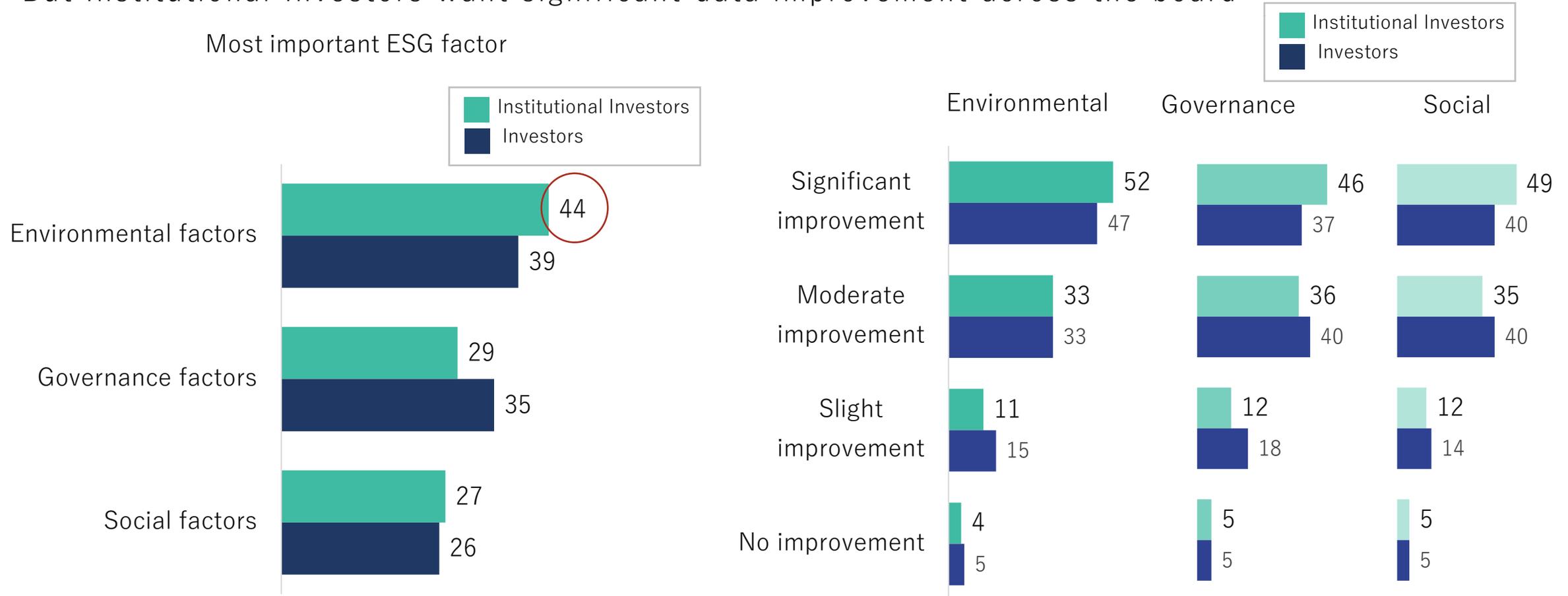
(Right-side) Q. How does the importance of investment-grade ESG data compare to the importance of other data used to evaluate investments? Investment-grade ESG data is...

Institutional Investors are more likely to invest in companies that collect and use investment-grade ESG data



Focusing on Environmental factors is the unlock for Institutional Investors

But Institutional Investors want significant data improvement across the board



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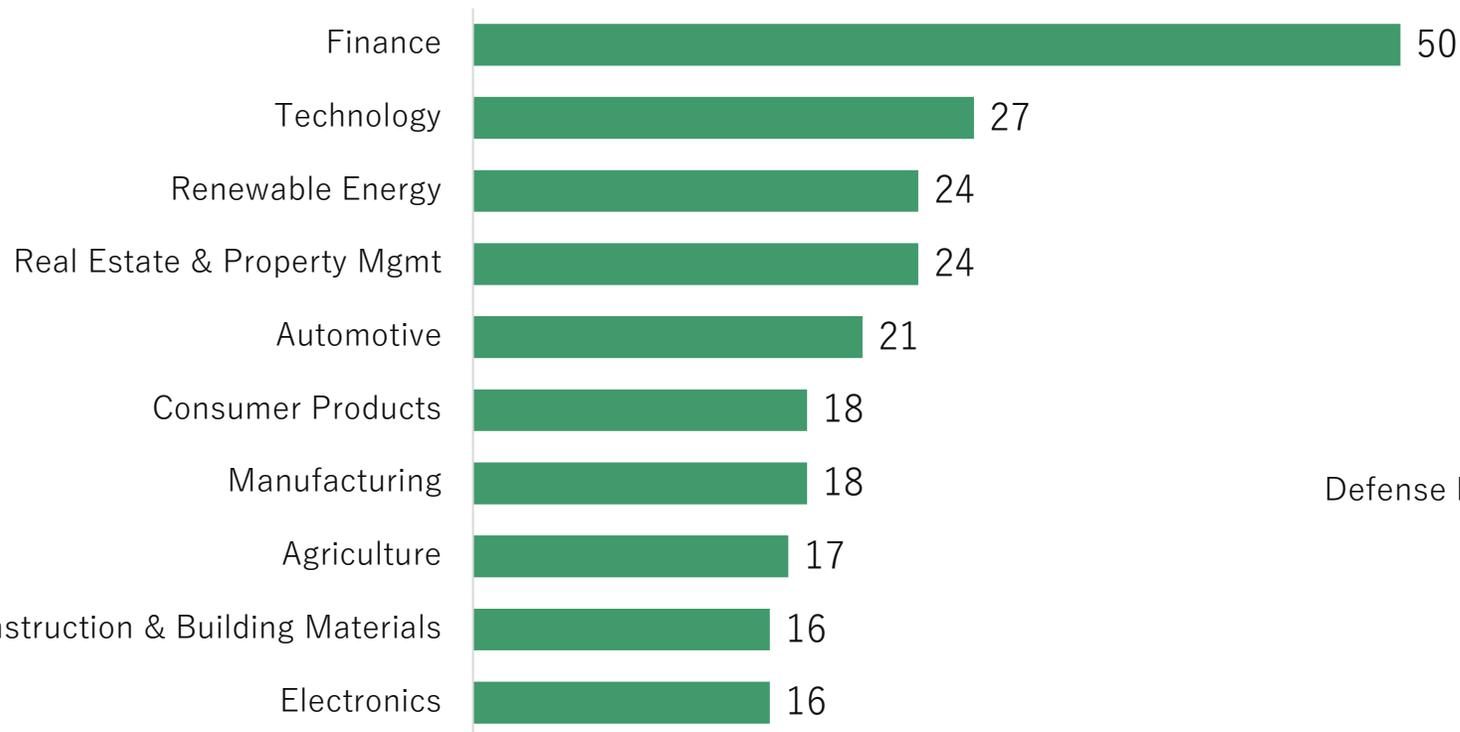
(Right-side) Q. From that same list of ESG factors, please rate how much improvement is needed in each when it comes to data quality.



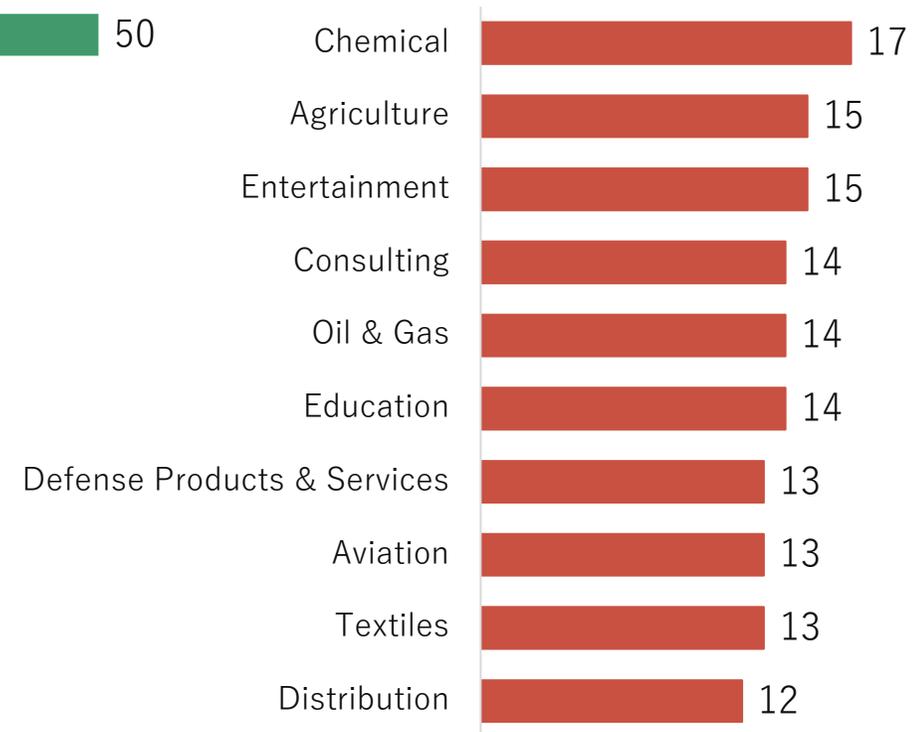
APPENDIX

Best and worst sectors at collecting and using investment-grade ESG data

Best
Top 10



Worst
Top 10



(Left-side) Q. Which sectors are currently the best at collecting and using investment-grade ESG data? Choose up to 5:

(Right-side) Q. Which sectors are currently the worst at collecting and using investment-grade ESG data? Choose up to 5:

Collection and usage of investment-grade ESG data reduces corporate risk and improves the bottom line

■ Agree

■ Neither agree nor disagree

■ Disagree

The collection and usage of investment-grade ESG data is helpful to companies that are aiming to reduce corporate risk.



Most C-suites at companies believe that the collection and usage of investment-grade ESG data is helpful for reducing their corporate risk.



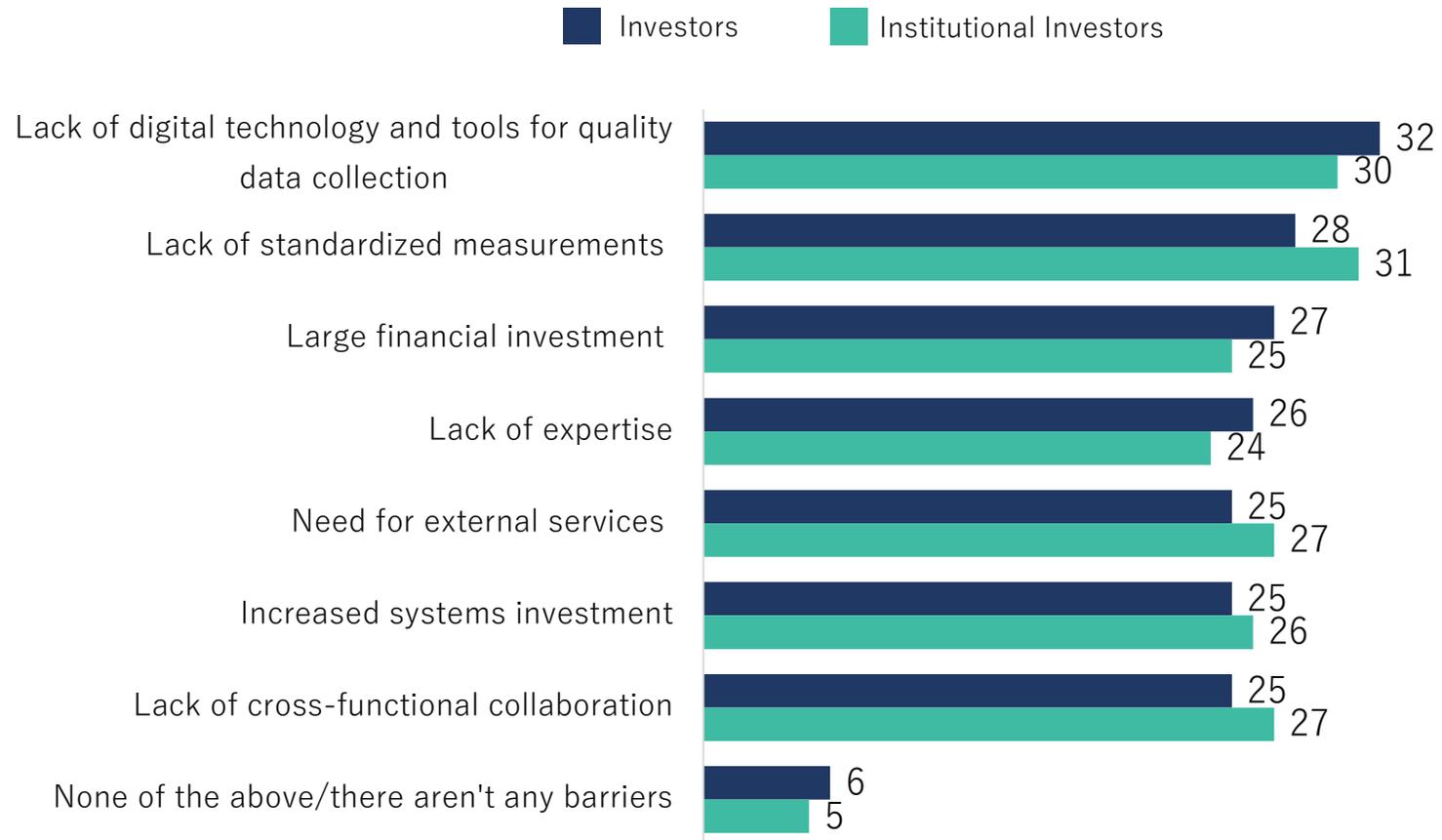
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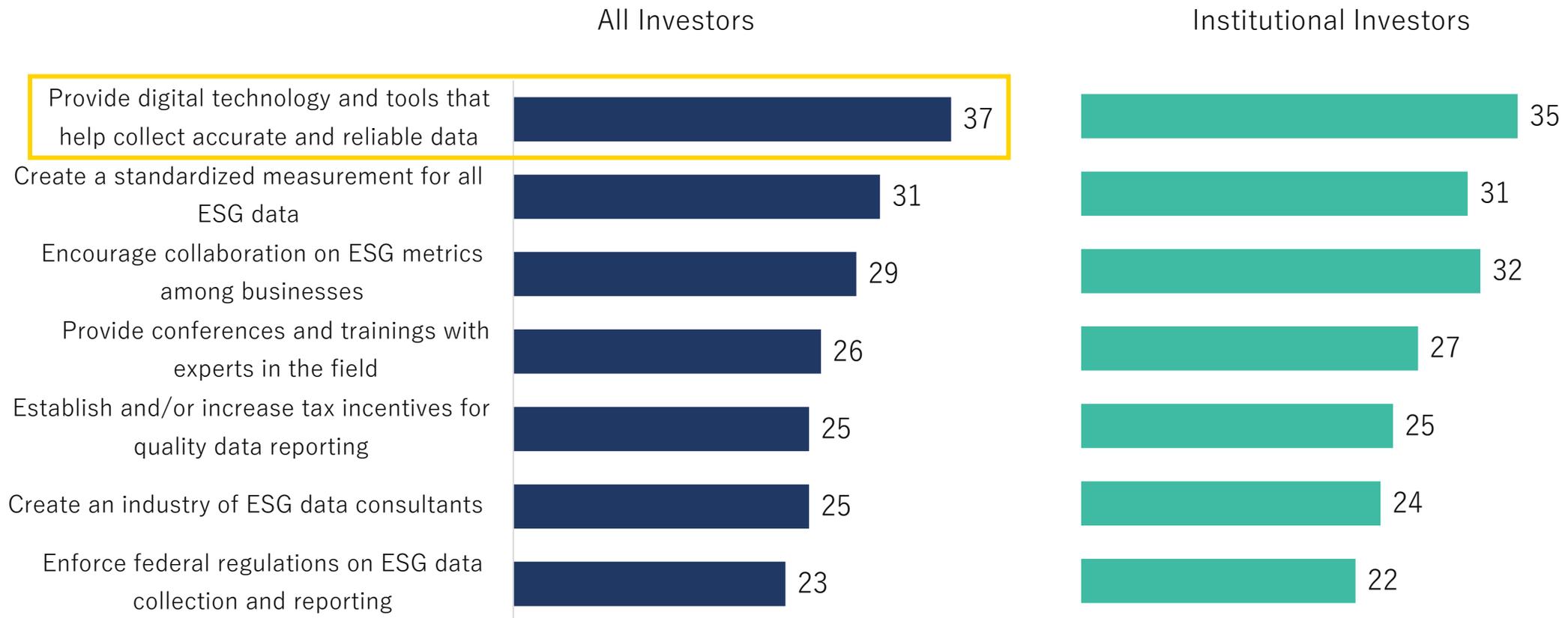


Perceived barriers to investment-grade ESG data are muddled even among our target audience

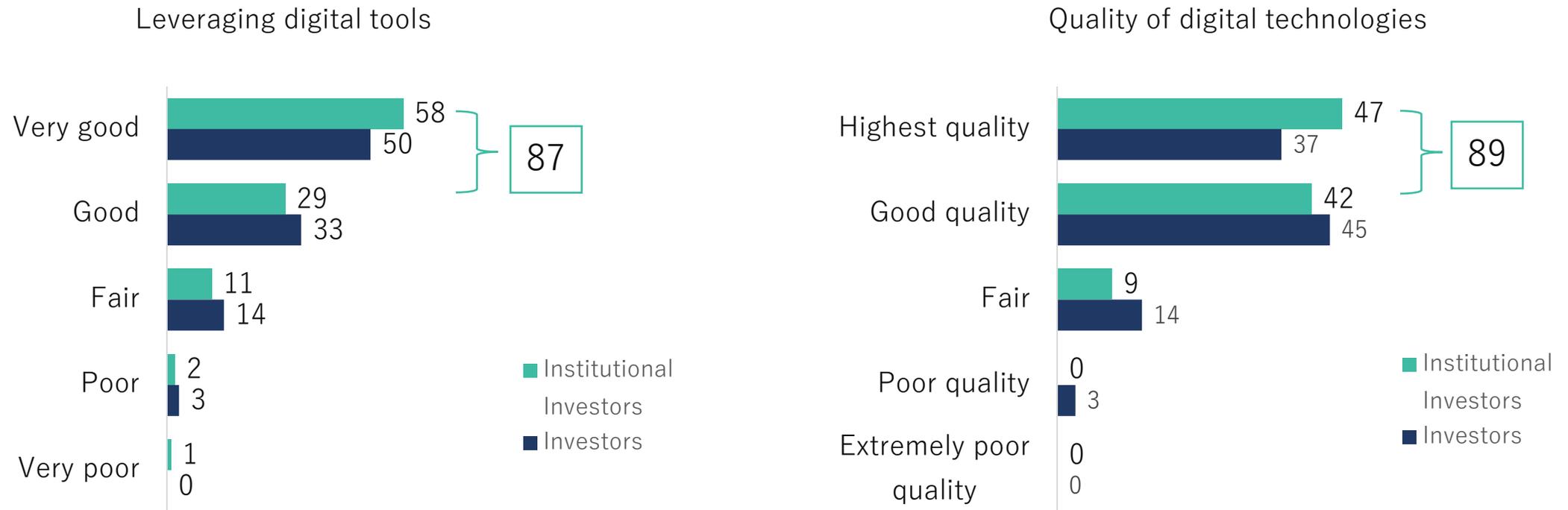


Q. From the following list, what are the biggest barriers companies face in collecting and using investment-grade ESG data? Choose the top two barriers companies face in collecting and using investment-grade ESG data.

But cross-sample agreement on drivers of improvement helps to confirm priority opportunities for improving quality of company ESG data



Even though data needs improving, most Institutional Investors rate current digital technologies as good



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