The investor relations team at a global industrial manufacturing company saw increased investor interest in the company’s ESG performance. As a result, investor communications.

For example, KPMG professionals found that the client’s transparency on its approach to climate change fell short of some investors’ expectations. For the investor communications.

How KPMG can help

kpmg.com/sustainability
ESG is a growing focus for investors

Investors are taking a growing interest in the environmental, social and governance (ESG) performance of the companies they invest in. The scrutiny is not only coming from the growing market of responsible investors; mainstream investors too are looking more closely at ESG as they begin to look beyond short-term investment horizons to the creation of longer term shareholder value.

Issues like modern slavery, financial climate risk, responsible tax practices and impact investment were simply not part of investors’ vocabulary just a few years ago, but are commonly discussed today. And the way in which companies respond to the ESG expectations of their investors has growing implications for the cost of capital.

Analysts expect this trend to accelerate as the socially-conscious generations who grew up with global challenges like climate change and runaway population growth begin to wield greater investment power.

So, now more than ever, it’s critical for companies to engage with investors on ESG, and shape their ESG messages to meet investors’ expectations.

KPMG member firms have a network of ESG and investor relations specialists who can help your company enhance its ESG communications with investors and improve your performance in key ESG indices and rankings. Talk to us to find out more.

Contact us to find out how KPMG member firms can help you.

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How we can help

KPMG member firms can provide bespoke ESG investor relations services to suit the needs of individual clients. Our support typically covers the following areas:

01 Analyze the ESG expectations of your investors

Different investors can have very different strategies and policies when it comes to ESG. The first critical step to improving your ESG investor relations is to develop a detailed understanding of how your key investors approach ESG—be they institutional investors, asset managers, or funds. KPMG professionals can help you understand your investors better by performing a wide-ranging ESG analysis of your current and desired investor bases.

02 Assess how your company meets your investors’ ESG expectations

KPMG professionals can help you to avoid mismatches between your investors’ ESG expectations and your company’s ESG performance and communication. Their assessment can reveal any gaps in your ESG performance, identify investors’ ESG filters that the company may not pass, and assess how relevant your reporting materials are to your key investors’ ESG expectations.

03 Improve the quality of your ESG investor communications

Based on an analysis of your investors’ ESG expectations and how well your company fulfills them, KPMG professionals can help you respond better to those expectations. They can help you engage with investors and communicate your ESG story more effectively in the language of investors, whether through your online investor center, presentations and roadshows, or responses to specific investor inquiries.

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Prioritize ESG indices and rankings and improve your performance

A confusing array of ESG investment indices and rankings has emerged in recent years. Responding to these organizations’ data requests can be time-consuming for investor relations teams. KPMG specialists can help you identify the indices and ratings with the most influence on your investor base. KPMG professionals are also highly experienced in helping companies to improve their performance in the key ESG indices and rankings.

Evaluate your organization against your competitors

A KPMG peer benchmarking analysis can show how your company’s ESG strategy and investor communications activity measure up against others in your sector. These analyses no longer focus primarily on environmental issues, but take a broad ESG view and place growing emphasis on social impact and value creation for society.

Understand how your investors perceive your ESG performance and strategy

Understanding the views of your investors is a critical step towards designing a more effective ESG investor relations strategy. KPMG professionals are experienced in conducting interview-based research to find out what investors think about an organization’s ESG performance and strategy. Interviews also draw out how the investor’s own approaches to ESG are developing and what the implications are for your organization and sector. This research is typically delivered as a report to the Board of Directors.
Client stories

01. Helping an industrial manufacturing company improve ESG communications with its investors

The investor relations team at a global industrial manufacturing company saw increased investor interest in the company’s ESG performance. As a result, they needed a better understanding of their investors’ needs for ESG information and how they could improve the company’s ESG investor communications.

KPMG in Finland evaluated the ESG approaches of multiple institutional investors, with a focus on the UK and US. The KPMG team analysed these investors’ ESG strategies, commitments to international frameworks, public statements, reports and policies, and also conducted in-depth interviews with them. Based on this research, KPMG identified the ESG topics of most importance to these key investors and advised the client on how to align its ESG approach with its investors’ expectations.

For example, KPMG professionals found that the client’s transparency on its approach to climate change fell short of some investors’ expectations. KPMG made a number of recommendations including improving disclosure of the company’s climate change strategy. With KPMG’s support, the client gained a stronger understanding of the ESG expectations of its investors and how to reshape its communications with them.

02. Improving the ESG performance score of a major energy company

A major European energy company wanted to improve its performance scores in high profile ESG indices and ratings. Its goal was to become one of the highest-rated companies in its sector for ESG performance. To achieve this, its investor relations team needed a better understanding of the criteria that ESG ratings agencies assess and how they measure performance.

KPMG investor relations specialists at KPMG in Spain analysed the methodologies of ten major ESG ratings agencies. They also conducted in-depth interviews with several agencies to determine which ESG topics they considered critical and why, which emerging topics were gaining significance, and how the various rating methodologies differed.

KPMG’s analysis helped the client understand which areas of its ESG activity it should prioritise to achieve better ratings. Recommendations included improvements in board oversight of ESG and new corporate governance approaches. With KPMG’s support, the company developed and implemented a strategy to improve its ratings and was also better prepared to respond to ESG enquiries from investors and ratings agencies.
Client stories

One of the highest-rated companies in its sector for ESG performance.

A major European energy company wanted to improve its performance governance approaches. With KPMG’s support, the company developed activity it should prioritize to achieve better ratings. Recommendations KPMG’s analysis helped the client understand which areas of its ESG significance, and how the various rating methodologies differed.

KPMG’s methodological team of ten major ESG ratings agencies. They also conducted in-ESG investor relations specialists at KPMG in Spain analyzed the measure performance.

To achieve this, its investor relations team needed a better understanding to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

Performance

accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.