

ESG research firms are looking at your company. Are you ready?

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Early autumn brings the unveiling of the [Dow Jones Sustainability Indices](#) as companies all over the world learn whether they have what it takes to be recognized on one of the preeminent sustainability indices.

When any award is announced, the first question is typically “Who won?” The second is “Who decided?” In the case of DJSI, the answer to the first question includes a list of 16 companies that have made the list each of the last 15 years. The answer to the second question is [RobecoSAM](#), an investment firm based in Zurich, Switzerland, that specializes in sustainability investing.

Research firms specializing in environmental, social and governance analysis are experiencing a growth in the demand for their services as investors and other influential users become more attuned to the utility and availability of such information. Such firms provide investors (both asset owners and asset managers) with the tools and data to compare and contrast ESG performance of companies across sectors and regions. Quantitative metrics and consolidated scoring allows these comparisons to be made in real time, a feature favored by investment analysts who don’t have time to read your latest sustainability report cover to cover. Considering the growing number of [PRI Signatories](#) and [CDP Signatories](#), the experts analyzing such ESG performance information quickly are multiplying.

If you are one of the companies being analyzed, you’ll want to know whether your biggest investors are actively involved, as well as the research they see and use. Understanding who these research firms are and what type of information they provide is an important first step. Subsequently, direct engagement with these research firms is an effective way to build relationships and ensure that your sustainability information is not only accurately captured by these research firms, but also being accurately distributed to your investors and other stakeholders.

So which research firms are looking at your company? Besides the DJSI, some other notable sustainability indices are the [MSCI ESG Indices](#) and [FTSE4Good](#). MSCI also

produces a customized report called the [Intangible Value Assessment](#) that gives investors a more in-depth picture of a specific company relative to its sector peers, according to its own methodology([PDF](#)). After years of using EIRIS for its FTSE4Good research, FTSE brought it back in-house this year as well.

Some research firms straddle the line between investor-facing and company-facing by providing data analysis services that are accessible on a broader scale. [Bloomberg](#) provides ESG information, including its proprietary ESG disclosure scores, to all of its subscribers worldwide — no special subscription plan is needed to access this data, and most corporate Investor Relations Officers have access to Bloomberg. [Trucost](#) — a firm that serves companies, investors, governments, researchers and academics — uses its wide set of tools to evaluate natural capital dependency and to provide recommendations for measuring and managing natural capital. Earlier this year, Trucost teamed with GreenBiz to release the [Natural Capital Leaders Index](#), and clearly laid out the methodology ([PDF](#)) for assigning monetary valuation to environmental impacts.

Many ESG research firms enter the market by providing the underpinning analysis for annual sustainability rankings. [IW Financial](#) is a seasoned veteran of the ESG research space and provides the data behind the annual [CR 100 Best Corporate Citizens list](#). [Corporate Knights Capital](#), an investment advisory firm based in Toronto, produces the Global 100. This year, the firm received new attention and some [criticism](#) for its methodology behind the [2014 Newsweek Green Rankings](#). In light of increased scrutiny of rankings and ratings, the [Global Initiative for Sustainability Ratings](#) aims to provide structure through a forthcoming ratings standard.

Collaborations among ESG research firms are becoming more commonplace. RepRisk raised its profile in North America this year through its data contributions to [DJSI](#) and the [Newsweek Green Rankings](#). Also based in Zurich, [RepRisk](#) serves corporate clients and asset managers who seek to monitor negative incidents or criticism regarding ESG issues across both public and private companies. In terms of partnerships, this year also marked a new collaboration between [Bloomberg and Sustainalytics](#). Their combined efforts to evaluate stranded carbon assets likely will gain new attention following recent trends such as the [Rockefeller Fossil Fuel Divestment Pledge](#).

Once you understand the dynamics of this sort of research, the next step is to prioritize your possible actions. You must understand these unique and complicated relationships and explore a range of tactics to ensure that sustainability disclosures are efficiently and effectively reaching the market. In certain instances, direct engagement with key research firms can be the most effective way to ensure accurate information is reaching the market. And as survey fatigue continues to be a growing issue for everyone, realize that proven methods exist for prioritizing and responding.

We have seen success through direct engagement with research firms, partly by increasing the quality of disclosures, as well as ensuring accurate and up-to-date data is truly in the hands of the research firms. Based on our experience, the most important factor in receiving a fair and accurate evaluation is by publishing an annual sustainability report and by allowing users of that report to quickly access important strategy and data disclosures. Your company can provide more user-friendly access by creating well-organized content indices and including direct links to all essential information.

When it comes to engaging ESG research firms, corporate sustainability practitioners are finding strength in numbers. The [Ratings and Rankings Committee](#) of the Corporate Responsibility Association recently began a series of talks with ESG research firms to facilitate introductions and obtain background information on the research and services each firm provides. Through these talks, practitioners from a variety of companies will gain insight into these firms and then be equipped to chart their own paths toward increased engagement and potentially improved evaluations. In turn, the research firms are able to tell their story and gain new allies for this type of research in the corporate world. The goal is simple: together everyone wins.

On Oct. 8, this will be the topic of a plenary session at the upcoming [CommitForum](#) in New York City. Magnifying glass image by Laborant via [Shutterstock](#).