



1

DRIVING OPPORTUNITY?

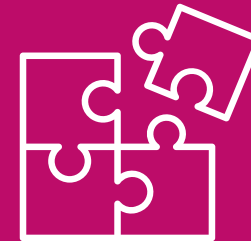
Businesses are increasingly seeing sustainability as not just a set of evolving and emerging risks but as a driver of innovation and revenue growth. From “how do we comply with new requests and regulations?” to “how does the changing world prompt us to develop new products and services?”.



2

INNOVATION

Sustainability innovation is starting to shape the very mission and future of companies. In the materials and chemicals sectors for example, some companies are aligning their business models with the opportunities presented by the emerging bioeconomy, rather than relying on more traditional resources.



3

COMMUNICATION

With greenwashing high on the agenda for regulators, activists, investors and consumers, the stakes are now higher than ever around the responsible communication of sustainable achievements and performance. More scrutiny than ever means that companies must ensure their claims are clear, accurate and substantiated. This will increasingly require the use of independent certification against recognised standards.



4

PERFORMANCE

The ESG performance of companies continues to rise up the agenda of investors and is becoming central to capital allocation. Recent research from WBCSD demonstrates there is still some way to travel for companies. They need not only to include ESG information in their investor communications, but to also show how sustainability performance affects financial metrics and prospects such as revenue, cost base and market share.



Some sectors (e.g. energy) are at the sharp end of doing this, but those with a biological supply chain reliance are typically less well-advanced and need to focus on moving this forward.



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Aligning sustainability with key value drivers in capital market presentations

Working paper abstracts

This briefing is one of a series developed by WBCSD's Redefining Value programme as part of the [Building Bridges](#) project, focused on strengthening the ability of corporate finance teams and investor relations (IR) managers to lead their firms' sustainable investor relations activity and drive sustainable capital market engagement.

It provides a précis of the contents of a full working paper, produced for WBCSD by Independent Research in Responsible Investment (IRRI), [Capital...naturally - Alignment of sustainability and investment value drivers](#), and also reflects content in a companion paper focused upon nature and biodiversity [Capital...naturally - Nature & biodiversity in investor presentations](#).

Context – sustainability at the investor interface

As a growing strategic priority for business and investors, sustainability has traditionally been communicated by companies to investors through the primary vehicle of a dedicated sustainability report and the integration of key sustainability information within a company's annual report and accounts. These documents are used in varying ways by investors as a source of information that will determine risk / return and inform their investment decisions (buy / sell or hold for equity investors), and as an input to determine the viability and cost of corporate lending or debt by fixed income investors.

In addition, there is another significant source of communication and information that is increasingly being used to assess how companies are exposed to, manage and perform with regard to sustainability issues – capital market presentations.

These consist of information supplied to a company's existing and prospective investors and analysts via investor roadshows, one-on-one investor calls and face-to-face / virtual markets days. Capital market presentations represent perhaps the most important vehicle for communicating sustainability information if it is to allow investors to assess a company's strategic analysis and choices; risk analysis, management, and responses (downside); and opportunities (upside).

Put simply, if sustainability (often termed "environmental, social and governance (ESG) information" by investors) is not featured strategically, explicitly and consistently within capital market presentations, then investors are unlikely to recognize and reward the sustainability performance and prospects of companies as an aspect of overall company valuation.

Direct presentations and meetings, as opposed to published reports, tend to:

- Be timelier and more forward-looking
- Give broader context than published reports
- Focus on investors' specific interests as they are written primarily for an investor audience
- Give rise to two-way discussions around investors' and analysts' specific needs.

Sustainability in capital market presentations

Capital market presentations have not historically been a major area of focus from a sustainability perspective. Therefore, to assess how strategically and effectively sustainability (ESG) is integrated and communicated in presentations, WBCSD's Building Bridges project commissioned SRI-Connect (IRI) (Independent Research in Responsible Investment) to undertake analysis of company capital market communications.

The research focused on 69 companies with exposure to the food & fore value chains and on their presentations to both 'mainstream' and specialist sustainability investors.

Findings – the headlines

Overall, the research found that only a low percentage of assessed companies present their sustainability exposures and management practices to investors effectively – either embedded within their 'mainstream' investor presentations or in specialist sustainability presentations.

- Only 20% of the companies assessed have published presentations dedicated to sustainability issues.

Aligning sustainability with key value drivers in capital market presentations

Abstract: <https://www.wbcd.org/download/file/14171>

Full paper: <https://www.wbcd.org/contentwbc/download/13456/196499/1>