

Global institutional investor survey quantifies the financial impacts of ESG issues



NEWS RELEASE
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Sustainability research specialists EIRIS today published *Valuing ESG issues* – a global survey of over 40 mainstream and socially responsible institutional investors' views on the extent to which environmental, social and governance (ESG) issues impact upon a companies' financial performance.

Institutional investors highlighted a total of 15 sectors where ESG issues have a significant impact on financial value, representing over 50% of the market capitalisation of the FTSE All World Developed index. In the 'top 10' sectors they identified, the survey found that over 90% of investors believe that ESG issues will impact on company value over the short to medium term. In two of the business sectors judged to be most at risk from ESG issues - oil and gas producers and gas water and multiutilities - investors identified almost a quarter of the value of companies to be at risk from ESG issues.

Investors also ranked the top five ESG issues for each of the 15 sectors they identified. Climate change emerged as the key ESG issue most likely to impact upon company performance and was ranked as one of the

five most financially significant ESG issues for nine of the 'top 10' sectors. Report author and EIRIS' strategic research and development manager Stephanie Maier said: "Our unique research quantifies the significant financial value investors now attach to ESG issues. Climate change and other sustainability issues are now very real concerns for investors with the potential to significantly impact long-term returns".

EIRIS Executive Director Peter Webster said: "ESG issues will continue to create both risks and opportunities for investors. Factoring these issues into the investment process can further the dual aims of improving financial return and better aligning investors' objectives with those of companies' wider stakeholders. As a leading global sustainability research specialist, EIRIS is well placed to provide the research investors need to integrate ESG considerations into their investments"

Other key findings from the survey include:

- Investors ranked climate change as the top ESG issue for the automobile, airline, electricity and forestry & paper sectors
- Environmental degradation outweighed climate change as the top ESG risk issue for oil and gas and mining sectors
- Investors believe 45% of the value of the food production sectors is at risk from ESG factors such as product safety
- Investors believe 25% of the pharmaceutical and biotech sector is at risk from product liability and other ESG issues

Click [here](#) for a copy of the full report.

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Note to editors:

1. EIRIS has produced a series of briefing papers on the ESG risks facing specific sectors, including: 'Project finance – a sustainable future?', 'Obesity concerns in the food and beverage industry', 'Beyond REACH – chemical safety and sustainability concerns', 'Project finance: a sustainable future?', 'Mobile phone health concerns and the telecoms industry' and 'Access to medicines for the developing world and the pharmaceutical industry'. To obtain copies or for information on how EIRIS research can assist the investor to better integrate extra-financial environmental, social and governance issues please email clients@eiris.org or visit www.eiris.org.
2. Ethical Investment Research Services (EIRIS), established in 1983, provides the independent research into corporate social, environmental and ethical performance that is needed by investors to make informed and responsible investment decisions.
3. EIRIS is the leading global provider of independent research into the social, environmental and ethical performance of companies. EIRIS, a UK based organization with offices in the US and Japan, has partnered with international research partners to assemble the industry's most comprehensive, objective research. With coverage of more than 2,800 European, North American and Asian companies, EIRIS assists a broad range of investors including retail & institutional fund managers, pension funds, charities and private client investment managers in the implementation of SRI strategies.
4. EIRIS clients include, ABN Amro Bank, AllianceBernstein, ATP, Banco Santander, Boston Common Asset Management, Credit Suisse Asset Management, Fonds de Réserve pour les Retraites, Gartmore Investment Managers, KBC, Merrill Lynch, Morgan Stanley, Nomura, Norwegian Government Pension Fund, Schroders Investment Management Ltd and UK Local Authority pension funds. In addition, the FTSE4Good index relies on EIRIS research. For more information, visit www.eiris.org

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