The value of extra-financial disclosure
What investors and analysts said
About the research partners

The survey was commissioned by the Global Reporting Initiative (GRI) and The Prince’s Accounting for Sustainability Project (A4S), with research, analysis and document design carried out by the sustainability practice at Radley Yeldar, a London-based communications agency.

The report collectively refers to the research partners as ‘we’ throughout. However, the conclusions contained in this report reflect the views of Radley Yeldar only.

Accounting for Sustainability (A4S)
www.accountingforsustainability.org

The Prince’s Accounting for Sustainability Project works with businesses, investors, the public sector, accounting bodies, NGOs and academics to develop practical guidance and tools for embedding sustainability into decision-making and reporting processes. To date, the project has involved the collaboration of more than 150 public and private sector organizations. Accounting for Sustainability (A4S) has been instrumental in the formation of the International Integrated Reporting Council (IIRC).

Global Reporting Initiative (GRI)
www.globalreporting.org

The Global Reporting Initiative (GRI) produces a comprehensive Sustainability Reporting Framework that is widely used around the world, to enable greater organizational transparency. The Framework, including the Reporting Guidelines, sets out the Principles and Indicators organizations can use to report their economic, environmental, and social performance. GRI is committed to continuously improving and increasing the use of the Guidelines, which are freely available to the public.

Radley Yeldar
www.ry.com

Radley Yeldar is a London-based creative communications business that helps its clients tell their story simply, in one clear voice, by whatever means works best. Radley Yeldar’s dedicated financial and sustainability reporting specialists have clients in the UK, Europe and North America and have helped to shape the reporting landscape through their advice and thought leadership projects (namely the well-established How Does It Stack Up? best practice report) since 1986.
The value of extra-financial disclosure

The term ‘responsible capitalism’ has entered mainstream discourse following the economic crisis and its protracted fall out. One consequence of the crisis has been open public debate about the role of corporations in society and how businesses can restore trust with corporate and civil stakeholders.

There is growing consensus from business’ and politics’ most progressive thinkers that increased corporate transparency and disclosure on issues in addition to financial concerns may be part of the solution.

This research contributes new insight to the wider corporate transparency debate by giving a voice to two of the primary audiences for financial and extra-financial information – namely investors and analysts. It assesses how they source, use and are influenced by extra-financial information.

The research will feed into the work of the International Integrated Reporting Council (IIRC) and the Global Reporting Initiative (GRI).

The research partners ultimately hope that this report contributes fresh insight to an important debate and that it influences how companies communicate extra-financial information by increasing their understanding of investors’ and analysts’ information needs.
Executive summary

What we did

This research is based on a survey (see Appendix 3, page 48) which explores how 34 investors and 35 analysts source, use and are influenced by extra-financial information – often also referred to as non-financial information.

For the purpose of this research we define extra-financial information as (see page 8 for a fuller definition):

Information incorporating a wide range of issues which are likely to have a short, medium and long-term effect on business performance. Extra-financial issues typically exist beyond the traditional range of variables that are considered as part of investment decision-making processes.¹

We have chosen to use the term ‘extra-financial’ in this research to capture a broader set of investor and analyst considerations utilized in decision-making and company analysis. Some extra-financial issues can also be categorized as ESG (Environmental, Social and Governance) issues.

In particular we wanted to find out from an investor and analyst perspective:

- How they source extra-financial information and their preferred formats for the presentation of this information
- The influence and credibility of these sources and formats from an investment decision-making and company assessment perspective
- The ease of comparability of extra-financial information between companies
- The usefulness and potential benefits of integrated reporting
- The effectiveness of regulatory and voluntary frameworks in increasing the usefulness of extra-financial information
- The importance and influence of positive and limited assurance statements

¹ Based on Universities Superannuation Scheme definition of extra-financial information

www.uss.co.uk/UssInvestments/ResponsibleInvestment/BackgroundRationale/Pages/Extra.aspx
Who we spoke to

Overall, 68% of our total sample identified themselves as investors or analysts engaged in Socially Responsible Investment (SRI). The remaining 32% classified themselves as ‘mainstream’ investors or analysts whose primary focus is on financial considerations.

The investors in our sample were mostly asset owners and asset managers, whereas the analysts were mainly information providers.

What we found

The findings provide an insight into the current state of extra-financial reporting from an investor and analyst perspective. Some of the key findings include:

Across the five extra-financial information categories we surveyed, over 80% of our research sample believe that extra-financial information is very relevant or relevant to their investment decision-making or analysis.

Our research shows that investors and analysts use a range of extra-financial information in their company analyzes and assessments. For instance, governance is highlighted as being particularly important for investors and analysts. Other extra-financial factors, notably natural resource considerations, are identified as being important to analysts and SRI investors – but to a lesser extent to mainstream investors. This finding suggests that some extra-financial considerations are becoming a mainstream consideration for certain members of the investor and analyst community.

Investors and analysts appear to have clear preferences for where they source financial and extra-financial information – typically showing a preference for sources which are more comprehensive.

Investors and analysts use multiple sources to gather relevant financial and extra-financial information but show a strong preference for sources which are more comprehensive. For instance, the governance sections of corporate websites are the preferred source for governance information, followed by regulatory sources. Similarly, the corporate sustainability report and the sustainability section of corporate websites are the preferred sources for environmental and social information.
Executive summary

There is a preference for linear digital formats with 59% of investors and analysts stating that the on-screen PDF is their preferred format.

According to our survey, companies use a range of channels to communicate financial and extra-financial information to investors and analysts. There is, however, a strong expressed preference for linear digital formats – with the on-screen PDF being the most preferred individual format – compared to other more sophisticated digital formats, such as dedicated microsites.

Nearly half (46%) of investors and analysts state that direct engagement with the CEO or CFO is very likely to influence their investment decisions or company analysis.

Our research shows that only a small number of extra-financial information sources have a significant influence on investors or analysts. Direct engagement with Board level representatives, followed by formal reporting channels such as the sustainability report, annual report or integrated report are most influential.

Over 80% of investors and analysts believe that integrated reporting will deliver benefits to their analysis and company assessments.

The majority of our sample state that integrated reporting will be useful or very useful for increasing the reliability, accessibility, relevance and comparability of extra-financial information, as well as improving assessments of future company performance.

Voluntary frameworks for reporting extra-financial information play an important role in informing investor decisions and company analysis.

The majority of our sample use at least one voluntary framework or questionnaire to inform their investment decisions or their analysis of companies. The initiatives most commonly used by investors and analysts include the GRI Sustainability Reporting Framework (70%), the Carbon Disclosure Project (54%) and key performance indicators created by industry associations (32%).
Nearly two-thirds (61%) of investors and analysts find social information difficult to compare

The majority of our sample find it difficult to compare and benchmark social information reported by companies, which in turn inhibits the usefulness of disclosed social information. This is particularly important in light of the increasing use of extra-financial data in investment modelling by investors and analysts. The challenge of accurately benchmarking social performance may be hindering the use of social information in investment analysis.

Assurance is important – but investors and analysts do not rely much on the content of the limited assurance statement with less than 20% of investors and analysts stating they are significantly affected by these

The majority of investors and analysts in our research rate assurance by external assurers as very important or important for extra-financial reporting. However, the content of limited assurance statements is identified as less influential than positive assurance statements.
What this means

In the concluding comments (see page 41), Radley Yeldar offers several summarizing thoughts on the themes mentioned above. In particular, they recommend that companies:

- Develop a multi-channel communication strategy to target investors and analysts, focusing mainly on direct engagement and formal corporate reporting channels
- Focus on quality disclosure not quantity, particularly with regard to social performance, seeking to use industry benchmarks and reporting methodologies, or developing these in collaboration with industry partners where they do not exist
- Develop a considered and targeted approach to online investor and analyst communication – focusing on how users interact with online content and the usability of this source of information
- Improve comparability of extra-financial information through industry-wide effort
- Consider opportunities arising from an integrated reporting approach – especially to improve disclosure on material extra-financial risks and opportunities in the context of an organization’s business model and strategy
Background to research

This research explores a number of themes relating to extra-financial reporting – often also referred to as non-financial reporting. The following section provides an overview of the research aims, sample, and the questions we asked.
What is extra-financial information?

For the purpose of this research we have defined extra-financial information – often also referred to as non-financial information, as:

Information incorporating a wide range of issues which are likely to have a short, medium and long-term effect on business performance. Extra-financial issues typically exist beyond the traditional range of financial variables that are considered as part of investment decision-making processes. Extra-financial factors include, but are not limited to, corporate governance, intellectual capital management, human rights, occupational health and safety and human capital practices, innovation, research and development (R&D), customer satisfaction, climate change and natural resource management, consumer and public health, reputation risk, and the broader environmental and social impacts of corporate activity such as biodiversity impacts and community impacts.

We have chosen to use the term ‘extra-financial’ in this research, to capture a broader set of investor and analyst considerations utilized in decision-making and company analysis. Many of the extra-financial issues listed above can also be categorized as ESG (Environmental, Social and Governance) issues.

What is the aim of the research?

The ultimate goal of this research is to influence how companies communicate extra-financial information by increasing understanding of investor and analyst requirements for such information. In particular, this research focuses on how investors and analysts source, use and are influenced by extra-financial information.

Extra-financial information incorporates a wide range of issues which are likely to have a short, medium and long-term effect on business performance.

2 Based on Universities Superannuation Scheme definition of extra-financial information
www.uss.co.uk/UssInvestments/Responsibleinvestment/BackgroundRationale/Pages/Extra.aspx
Who did we speak to?
Between March and September 2011 we surveyed a sample of 34 investors and 35 analysts. The research sample was sourced from a range of networks associated with GRI and A4S.

A detailed breakdown of our sample by type of organization is shown below.

Number of research participants by organizational classification (self declared)

<table>
<thead>
<tr>
<th>Category</th>
<th>Analyst</th>
<th>Investor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset managers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information providers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset owners (institutional)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rating agencies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset owners (private)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banking</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial media</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

We further subdivided the investors into ‘SRI’ or ‘mainstream’ investors/analysts – an overview of our research sample by type of investor and analyst (i.e. SRI or mainstream) is shown below.

Number of research participants by type of investor or analyst (self declared)

<table>
<thead>
<tr>
<th>Category</th>
<th>SRI</th>
<th>Mainstream</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Analyst</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Defining the sample categories

For the purpose of this research, we have defined key terms below – and in a glossary of terms in the Appendix (see page 44) – which we use throughout this research. These definitions are fundamental to understanding the scope of the research and its implications:

- **Investor:** An individual or organization that makes investments of money with the expectation of financial return. An investor can act on behalf of others, for example, as a broker or asset/fund manager; or they can make investments directly for their own gain as an asset owner.

- **Analyst:** An individual or organization that provides information and research to help traders, brokers or asset/fund managers make decisions about investments. An analyst researches companies with the aim of highlighting investment opportunities or to show when a client or fund may lose money. An analyst may also be a provider of financial or extra-financial news, an information provider or a ratings agency.

- **Mainstream investor:** An investor who operates predominantly with a focus on financial issues and objectives.

- **Socially Responsible Investor (SRI):** An investor who combines financial objectives with a concern for extra-financial factors which may impact investment performance.

- **Mainstream analyst:** An analyst who operates predominantly with a focus on financial issues and objectives.

- **Socially Responsible Investment analyst (SRI analyst):** An analyst who combines financial objectives with a concern for extra-financial factors which may impact investment performance.
A note on the investment process

The investor and analyst community and their processes of decision-making are complex. It is important to acknowledge the role of each participant in the investment process in the context of our sample because this has a large influence on how each might source, use and be influenced by financial and extra-financial information.

We recognise however, that the motivations and perspectives of different participants involved in the investment process – particularly with regard to extra-financial disclosure – might differ depending on who they are, what they do and where in the investment process they operate.

Despite this complexity we believe our approach to this research – that is by broadly categorizing our research sample as investors (i.e. managers or owners of money or investment funds) and analysts (i.e. providers of research, news and third-party analysis), allows us to draw enough commonality across the sample to provide meaningful insight.

Appendix 2 (page 46) provides a more detailed overview of the investment process in the context of our research sample categorizations.
Background to research

Limitations of the sample

In light of the relatively small sample size, this research should not be used to make claims about all investors or analysts. However, we do believe that the analyst results are more representative given that a recent survey by SustainAbility identified just over 100 organizations involved in sustainability ratings, ranking and indices. Overall 68% of our sample self declared themselves as working primarily in the SRI field with the remainder identifying themselves as non-SRI – but nonetheless still electing to participate in our survey, suggesting at least an interest in SRI issues. Just over half of our investor sample (56%) also identified themselves as working in the SRI field compared to 80% of analysts who said the same. The bias towards investors and analysts working in the SRI field – particularly in relation to the analyst sample – should be taken into account when considering the results and implications of this research.

Where it is useful to show the differing opinions of SRI and mainstream analysts and investors, we have interrogated the data to provide further analysis. However, this survey largely draws insight and conclusions at the level of the investor and analyst sample.

Despite the sample limitations we believe that the findings provide a useful snapshot of investor and analyst sentiment towards extra-financial disclosure at the present time. Furthermore, we hope that it lays the foundation for more detailed analysis and research into this important topic area.

Overall 68% of our sample self declared themselves as working primarily in the SRI field with the remainder identifying themselves as non-SRI.
Background to research

Geographic scope of sample

The geographic scope of the investment and research activities of our sample is shown in the graph below. Notably, over half of those participating in our survey have a global remit, supported by regional investment or research specialism.

Breakdown of investment and research activity by geography (percentage of respondents with activity in stated region)

- Global: 59%
- Europe – Northern Europe: 33%
- Latin America – Caribbean: 29%
- Oceania – Australia and New Zealand: 28%
- Asia – South-Central Asia: 26%
- Latin America – Central America: 25%
- Asia – South-Eastern Asia: 23%
- Africa – Southern Africa: 23%
- Africa – Eastern Africa: 22%
- Europe – Western Europe: 22%
- Africa – Northern Africa: 19%
- Europe – Eastern Europe: 17%
- Asia – Western Asia: 14%
- Latin America – South America: 10%
- Africa – Central Africa: 10%
- Europe – Southern Europe: 9%
- Africa – Western Africa: 7%
- Oceania – Melanesia: 7%
- Oceania – Polynesia: 4%
- North America: 1%
- Asia – Eastern Asia: 1%
What did we ask?

We asked our sample 35 questions on a range of topics related to how investors and analysts source, use and are influenced by extra-financial information, in particular:

- How they source extra-financial information and their preferred formats for the presentation of this information
- The influence and credibility of these sources and formats from an investment decision-making and company assessment perspective
- The ease of comparability of extra-financial information between companies
- The usefulness and potential benefits of integrated reporting
- The effectiveness of regulatory and voluntary frameworks in increasing the usefulness of extra-financial information
- The importance and influence of positive and limited assurance statements

For consistency and comparability, we asked investors and analysts the same questions, with only slight variations in wording to reflect the differences in how each might use extra-financial information i.e. for investment decision-making (investors) or company assessment (analysts).

The majority of questions focused on extra-financial factors. However, we also included some questions which addressed financial factors for the purpose of comparison.

A copy of the questions and answer options can be found in Appendix 3 (see page 48).
What did investors and analysts say?

We wanted to find out how investors and analysts source, use and are influenced by extra-financial information. The following section provides detailed analysis and insight from our research.
What did investors and analysts say?

Relevance of financial and extra-financial factors for investment decision-making and company assessments

Our first line of enquiry was to gauge current thinking on the relevance of financial and extra-financial factors for our sample. We therefore asked respondents a number of questions on the relevance of topics which might influence investment decision-making or company assessments.

Our findings suggest that there is recognition of the relevance of extra-financial information in decision-making and assessments, not only amongst SRI investors and analysts but also the mainstream investment and analyst community.

Do you consider extra-financial information in your research, analysis or investment decision-making?

Every respondent in our sample states that they assess extra-financial information as part of their research, analysis or investment decision-making. This is particularly interesting in light of the 44% of investors and 20% of analysts who classify themselves as ‘mainstream’. We conclude that investors and analysts are engaged in the use of extra-financial information, possibly for tasks such as research, screening or investment analysis – whether or not they regard themselves as working directly in the SRI field.

The next question provides more insight into the relevance of extra-financial information to those in our sample.
In order to gauge current thinking around the relevance of extra-financial factors, please indicate how relevant extra-financial factors are in your analysis.

Having established that there is widespread use of extra-financial information across our sample we also wanted to know which kinds of extra-financial information are most relevant to investment decision-making and company analysis.

We categorized five types of extra-financial information – governance, natural resources, social and community capital, human capital, and intellectual capital. Definitions for each of these categories can be found in the glossary in Appendix 1 (see page 44).

In summary, our findings show that in addition to financial considerations, investors and analysts use a broad range of extra-financial information. Furthermore, some of these considerations have become a mainstream concern for certain members of the investor and analyst community.

The findings are shown in the graph below.

**Relevance of financial and extra-financial factors for analysis**

- **Governance**
  - Very relevant
  - Relevant
  - Norther relevant/irrelevant
  - Irrelevant

- **Natural resources**

- **Social and community capital**

- **Human capital**

- **Intellectual capital**

In addition to financial considerations, investors use a broad range of extra-financial information.
Our findings show that across the five extra-financial information categories we surveyed, over 80% of our research sample believe that extra-financial information is very relevant or relevant in their investment decision-making and company analysis. Deeper analysis reveals the following:

**Relevance of extra-financial information to investment decision-making and company analysis (% of respondents stating very relevant in brackets)**

<table>
<thead>
<tr>
<th></th>
<th>Investors</th>
<th>Analysts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SRI</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Corporate governance (79%)</td>
<td>1 Corporate governance (64%)</td>
</tr>
<tr>
<td>2</td>
<td>Natural resources (79%)</td>
<td>2 Natural resources (61%)</td>
</tr>
<tr>
<td>3</td>
<td>Community and social capital (74%)</td>
<td>3 Human capital (50%)</td>
</tr>
<tr>
<td>4</td>
<td>Human capital (74%)</td>
<td>4 Community and social capital (46%)</td>
</tr>
<tr>
<td>5</td>
<td>Intellectual capital (53%)</td>
<td>5 Intellectual capital (25%)</td>
</tr>
<tr>
<td><strong>Mainstream</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Corporate governance (67%)</td>
<td>1 Corporate governance (71%)</td>
</tr>
<tr>
<td>2</td>
<td>Human capital (47%)</td>
<td>2 Natural resources (71%)</td>
</tr>
<tr>
<td>3</td>
<td>Intellectual capital (47%)</td>
<td>3 Community and social capital (57%)</td>
</tr>
<tr>
<td>4</td>
<td>Natural resources (47%)</td>
<td>4 Human capital (57%)</td>
</tr>
<tr>
<td>5</td>
<td>Community and social capital (33%)</td>
<td>5 Intellectual capital (57%)</td>
</tr>
</tbody>
</table>

Natural resources and corporate governance feature as the most relevant types of extra-financial information in company analysis for both groups of SRIs.

For mainstream investors however, there is a clear preference towards extra-financial factors such as governance and intellectual capital, rather than those related to the environment, people or community. In contrast, mainstream analysts appear to see greater relevance in extra-financial factors – notably, natural resources and corporate governance. It is also interesting to note that very few investors or analysts state that they are indifferent to extra-financial information or view extra-financial information as irrelevant.

Later questions examine the extent to which extra-financial information influences investment decisions or company assessments (see page 26).
What did investors and analysts say?

Preferred sources of financial and extra-financial information

We wanted to find out investors’ and analysts’ preferred channels to gather financial and extra-financial information. Overall, our research shows that investors and analysts are more likely to use channels which are more comprehensive and specialized.

Where do investors and analysts source their financial and extra financial information?

The sources (pre-determined by our survey) used by investors and analysts to obtain financial and extra-financial information are shown in the graph below.

<table>
<thead>
<tr>
<th>Preferred sources of financial and extra-financial information</th>
<th>0%</th>
<th>20%</th>
<th>40%</th>
<th>60%</th>
<th>80%</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental performance</td>
<td>10%</td>
<td></td>
<td></td>
<td>41%</td>
<td>48%</td>
<td>65%</td>
</tr>
<tr>
<td>Social performance</td>
<td>6%</td>
<td></td>
<td></td>
<td>25%</td>
<td>39%</td>
<td>68%</td>
</tr>
<tr>
<td>Financial performance</td>
<td>14%</td>
<td></td>
<td></td>
<td>25%</td>
<td>49%</td>
<td></td>
</tr>
<tr>
<td>Governance information</td>
<td>6%</td>
<td></td>
<td></td>
<td>30%</td>
<td>52%</td>
<td>72%</td>
</tr>
<tr>
<td>Management analysis</td>
<td>6%</td>
<td></td>
<td></td>
<td>30%</td>
<td>51%</td>
<td></td>
</tr>
</tbody>
</table>

- Corporate governance section on company websites
- Corporate sustainability reports
- Data feed/package from third-party information provider
- GRI content index
- Ratings/indices
- Regulatory sources including annual report and accounts
- Sustainability sections of corporate websites
Investors and analysts appear to use multiple sources to gather relevant financial and extra-financial information. However, they also have clear preferences for sourcing specific types of financial and extra-financial information (see also preferred formats for extra-financial information on page 24).

For example, the governance sections of corporate websites are the preferred source for governance information with 72% of our sample using this source, followed by regulatory channels such as annual reports and preliminary statements (70%).

Similarly, the corporate sustainability report and the sustainability section of corporate websites are the preferred sources for environmental and social performance information. However, investors and analysts are less likely to source this information from regulatory channels such as the annual report – suggesting a preference for sources which are more comprehensive and specialized.

The relatively low preference for sourcing environmental and social information from regulatory sources compared to other channels might be explained by the typically limited disclosure of extra-financial information in annual reports.

Information from third-party providers is identified as a preferred source for around 40% of investors and analysts, especially for financial performance and, to a slightly lesser extent, social and environmental performance. This finding suggests a broad acceptance of third-party sources – and that disclosure need not come directly from companies to be useful to investors and analysts.
What did investors and analysts say?

Least preferred sources of financial and extra-financial information

Ratings and indices feature as the least preferred source across almost all financial and extra-financial information categories – the exception being social performance. This finding is supported by the results of another question in our survey (see page 26) which asked investors and analysts to state the importance of external indices in assessing extra-financial information.

Just under a third (28%) state that indices are important or very important. Of those that list indices as important, several respondents refer to the FTSE4Good index series and the Dow Jones Sustainability Index (DJSI). However, nearly two-thirds are either indifferent (22%), or believe that indices are not very important (43%).

The fact that ratings and indices appear to be used more for social performance information also suggests that investors see more value in these for social disclosures than they do for environmental disclosures.

These findings are surprising in light of the proliferation of benchmarks, ratings and indices in recent years. The relatively low level of importance attached to these extra-financial information sources by investors and analysts suggests that further work is required to make these credible and useful.
SRI preferences for sourcing extra-financial information

The findings highlight some interesting differences between SRI and mainstream investors and analysts. For instance, SRIs have a stronger preference for accessing social and environmental performance information via data feeds than their mainstream counterparts – perhaps due to familiarity with these tools.

SRIs also appear to prefer to access environmental performance information via a GRI Content Index compared to mainstream investors and analysts. This finding suggests that reports based on the GRI Sustainability Reporting Framework are gaining traction as a credible information source for SRI analysts and investors.

Other sources of financial and extra-financial information

To conclude this question, we asked whether there are any other sources that investors and analysts use to gather financial and extra-financial performance information. The most popular information sources not listed in the question but cited by our sample were the media and NGOs. Sources which received at least one mention include:

- Blogs
- Broker and analyst research/engagement
- Community groups
- Consumers
- Corporate image surveys
- Factory or plant visits
- Government agencies/regulators
- Labor unions/trade unions
- Media
- Meetings with competitors
- NGOs
- Proxy voting agencies

Our research suggests that investors and analysts use multiple ancillary information sources to gather information on companies, possibly because there is no readily available single source of integrated information. We believe that this reinforces the importance of developing a multi-channel investor and analyst communication strategy – sometimes beyond the tried and tested channels.
Has XBRL affected the channels through which you receive financial information, or the form of this information?

A topic closely related to sources of information is the use of eXtensible Business Reporting Language (XBRL). XBRL is a computer software language that aims to help investors, analysts and other users of corporate information to exchange or source information more efficiently, through established tagging protocols for specific pieces of financial and extra-financial data.

It is suggested that XBRL is a potentially revolutionary development for corporate reporting, notably in the way that investors and analysts will be able to access financial and extra-financial information without having to search proactively for it.

The results of our research show that the majority of investors and analysts are unfamiliar with XBRL and are unsure how it may be useful in improving the accessibility and comparability of extra-financial information. Of the investors and analysts we surveyed:

- 57% of investors and analysts are not familiar with XBRL
- 36% say they are aware of it but that it has not affected the way they source information
- 7% say that they use XBRL and that it affects how they receive financial information

Furthermore, fewer than one in five investors and analysts say that they think XBRL should be integral to any future financial or extra-financial reporting standard. This finding might be explained by the relatively low awareness of XBRL amongst our sample. Those citing that it should be integral to the development of future reporting standards suggest that XBRL would improve comparability and accessibility of reported information.

These results confirm that XBRL has some way to go before being widely understood and adopted. However, the seeds of growth are present with some investors and analysts – albeit a small number – recognizing XBRL’s potential or having already embraced it.
What did investors and analysts say?

Preferred formats for financial and extra-financial information

We wanted to find out how different formats are being used by investors and analysts, specifically considering the differences between more traditional and newer digital formats.

Overall, our findings show that investors and analysts have a strong preference for linear digital formats over more sophisticated digital formats and the traditional printed report. However, it is also clear that a combination of formats is required to suit different needs and information requirements.

Which formats do you prefer to use when financial and extra-financial information is provided directly by the company?

The preferred formats for financial and extra-financial information are shown below.

### Preferred formats for financial and extra-financial information

<table>
<thead>
<tr>
<th>Format</th>
<th>Financial Information</th>
<th>Extra-Financial Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-screen PDF</td>
<td>59%</td>
<td>52%</td>
</tr>
<tr>
<td>A combination of formats depending on the type of information required</td>
<td>39%</td>
<td>42%</td>
</tr>
<tr>
<td>A dedicated website</td>
<td>23%</td>
<td>35%</td>
</tr>
<tr>
<td>Physical printed copy</td>
<td>28%</td>
<td>22%</td>
</tr>
<tr>
<td>Online reporting format (e.g. Flashbook)</td>
<td>22%</td>
<td>20%</td>
</tr>
<tr>
<td>A software tool</td>
<td>17%</td>
<td>22%</td>
</tr>
</tbody>
</table>
What did investors and analysts say?

Most preferred formats for financial and extra-financial information

The popularity of PDFs for investors and analysts may be explained by their flexibility and ease of use, either as a printed or on-screen document. This is surprising given the proliferation of microsites and other online hybrids in recent years and suggests that simple, more familiar communication formats are preferred by investors and analysts. Our research shows there is evidently demand for online communication from some investors and analysts – but the low preference for this format may be due to the usability of websites rather than an aversion to online extra-financial content per se.

Our results also show that the majority of our investors and analysts prefer to use multiple reporting formats to suit different information requirements – as our earlier findings on preferred sources of information showed (see page 19). This reinforces the importance of focusing disclosure strategies on multiple formats to suit the different information needs of investors and analysts.

Least preferred formats for financial and extra-financial information

The relatively low preference for physical printed copies – the least preferred source for analysts – suggests that there may no longer be an expectation amongst the investment and analyst community to receive physical printed copies.

Other online reporting formats such as Flashbooks and software tools are amongst the least popular for both groups – perhaps because these formats are perceived to be more difficult to use and due to lack of familiarity.

We found no major disparities in preferred formats between the SRI and mainstream sample.

Investors and analysts have a strong preference for linear digital formats over more sophisticated digital formats and the traditional printed report.
Credibility and effect of communication channels on investment decision-making or company assessments

We wanted to find out whether certain sources were perceived to be more credible than others by investors and analysts. Overall, our research suggests that the most credible sources – and therefore most likely to influence investors and analysts – are formal corporate reporting channels and direct dialogue with senior decision-makers.

How do you rate reporting sources in terms of their likelihood to affect your view on whether to invest in or divest from a company/give a positive assessment of a company?

The most influential sources are shown in the graph below.

**Reporting sources most likely to affect decision to invest or divest/give a positive assessment of a company?**

- Dialogue with CEO and/or CFO
- Integrated report
- Sustainability report
- Annual report
- Dialogue with Investor Relations team
- Dialogue with sustainability/corporate communications/CSR team
- An assurance statement covering non-financial data
- The sustainability section of the corporate website
- Data feed/package from third-party
- An assurance statement covering financial data
- Investor relations event
- Prelims or interim results
- The corporate governance section of the corporate website
- Index ranking/awards
- Press release
- Social media channels

Legend:
- Very likely
- Likely
- Neither likely/unlikely
- Unlikely
- Not applicable
Sources most likely to influence decision-making or company assessments

Seemingly, dialogue and formal corporate reports such as the integrated report, annual report and sustainability report are the most credible sources for extra-financial information. Furthermore, it is apparent that only a small number of extra-financial information sources have a significant influence on investors or analysts, notably dialogue with the company or formal reporting channels.

Our research suggests that investors and analysts recognize the potential of integrated reports \(^3\) to influence investment decisions and company assessments – more so than other established reporting channels.

Another interesting finding is that online extra-financial information is less likely to influence investors and analysts than formal corporate reports. This supports an earlier finding relating to preferences for on-screen PDFs over dedicated sustainability websites (see page 24) and reinforces the idea that investors and analysts have a strong preference at the present time for simple, linear digital report formats than more sophisticated channels, such as microsites. The issue of permanence and trust may explain this since downloadable PDFs, unlike websites, are fixed formats.

Sources least likely to influence decision-making or company assessments

Social media, press releases and index rankings/awards are identified as least likely to influence investment decisions or company assessments. Although there is undoubtedly value in these forms of communication to serve specific communication goals, our findings suggest that investors and analysts prefer more formal communication channels.

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3 Survey respondents were left to interpret ‘integrated reporting’ on their own terms. Consequently, there may not be total consistency in the meaning of integrated reporting across our sample.
What did investors and analysts say?

Influence of assurance statements

Our research shows that assurance statements are influential for a number of investors and analysts, perhaps because they add to the credibility of extra-financial information. However, they are less influential than formal reporting channels or dialogue with the company. A later question looks at the assurance preferences of investors and analysts (see page 38).

Influence of channels on SRI and mainstream audiences

Our research shows that the most influential sources for mainstream investors and analysts are:

- Dialogue with the CEO or CFO (91% likely or very likely)
- Integrated report (73% likely or very likely)
- Dialogue with the investor relations team (68% likely or very likely)
- Annual report (68% likely or very likely)

In contrast, SRIs appear to be influenced first and foremost by formal corporate reporting formats:

- Integrated report (81% likely or very likely)
- Annual report (79% likely or very likely)
- Sustainability report (79% likely or very likely)
- Direct engagement with sustainability or corporate communications team (72% likely or very likely)

Influence of channels on analyst and investor audiences

Both groups state that they are most influenced by formal corporate reporting channels and direct dialogue with the company. The sustainability section of the corporate website also surfaces as an influential source for analysts (69% likely or very likely), supporting an earlier finding regarding analysts’ preference for using dedicated sustainability websites (see page 24).
Comparability and accessibility of information

Comparability is vital for investors and analysts wanting to differentiate companies operating within similar sectors or markets.

The main insight from our research regarding comparability is that investors and analysts find it hard to benchmark extra-financial – and particularly social performance – information.

What does comparability mean in the context of your role?

We asked our sample for their insights on what they understand by the term comparability. A range of themes were identified, including:

- Benchmarking qualitative or quantitative performance
- Focusing comparability on material issues
- Standardizing methodologies for reporting performance
- Comparing similar companies within the same sector or asset classes on a like-for-like basis

These themes demonstrate that comparability has a number of facets, beyond simply finding a common basis for assessing performance across a group of similar companies.

How easy do you find it to compare financial and extra-financial information?

The comparability of financial and extra-financial information can be seen in the graph below.

Ease of comparability of financial and extra-financial information

<table>
<thead>
<tr>
<th>Category</th>
<th>Easy</th>
<th>Moderate</th>
<th>Difficult</th>
<th>Not applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial information</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governance information</td>
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<tr>
<td>Environmental information</td>
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<td></td>
</tr>
<tr>
<td>Management narratives</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Social information</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

0% 20% 40% 60% 80% 100%
The majority of our sample describes financial information as being easy or moderate to compare across companies (90%). Given the increasingly standardized nature of financial reporting this is unsurprising. Similarly, the increasing emergence of best practice governance disclosure could explain why 87% of investors and analysts agreed that governance information is easy or moderate to compare.

In contrast, over half of the sample (61%) state that social information is difficult to compare, while 41% expressed the same view in respect of environmental information. In both cases, our sample points towards a lack of accountability and a lack of standardized guidelines and performance metrics as reasons for comparability challenges.

Our research also shows that mainstream investors and analysts find environmental information more difficult to compare than their SRI counterparts, with 36% of SRIIs stating that it is difficult to use compared to 50% of mainstream investors and analysts. This may be due to lack of familiarity arising from a limited understanding of environmental data sets, and how they can be manipulated to make meaningful comparison.

These findings suggest a need to standardize reporting of environmental and social performance information to aid comparability for investor and analyst benchmarking, ideally applying the same level of rigour as in financial reporting. This is particularly important in light of the increasing use of extra-financial data in investment modelling by investors and analysts. The challenge of accurately benchmarking social performance may be hindering the use of social information in investment analysis.
How could the comparability of extra-financial performance information be improved?

Anticipating the difficulty the sample might face in comparing extra-financial information, we asked for insight into how the comparability of extra-financial information could be improved.

The overriding message from our sample is that a combination of the continuing voluntary efforts of industry and regulatory action on behalf of governments would be most likely to improve the comparability of extra-financial information.

Broadly speaking, suggestions that could improve comparability include:

- **Development of standards**: Through the further development of standards and guidelines (e.g. GRI and ISO 26000)
- **Alignment with rigour of accounting standards**: Developing extra-financial reporting standards with the same robustness as financial reporting
- **Education**: By engaging with companies and investors to explain how comparable, meaningful performance reporting can be achieved
- **Mandatory reporting**: By legally requiring greater levels of disclosure
- **Improved accountability**: By holding businesses more accountable for the information they publish, enforcing sanctions for misrepresentation
- **Integrated research**: Through the integration of ESG research into the financial research discipline
- **Integrated reporting**: Momentum for improved comparability could be achieved through integrated reporting
What did investors and analysts say?

Do you use software or digital tools to compare extra-financial information?

Our findings suggest that for a small number of investors and analysts – but especially analysts – software and data tools aid comparability. However, it also appears that there is no strong consensus on the best tools to use for comparing performance. Nearly two-thirds (61%) of our sample state that they do not use software or digital tools to compare extra-financial information. Analysts are identified as being more likely to use software or digital tools than investors. Those who do use such tools typically use in-house proprietary tools or one of a broad mix of third-party tools and software. Bloomberg received slightly more mentions than other tools and software. Aside from in-house proprietary tools and Excel, which was mentioned a number of times, commercial tools cited include:

- Asset4
- Bloomberg
- Factiva
- FactSet
- MSCI- ISS/Risk Metrics
- The Corporate Library
- W Financial
What did investors and analysts say?

The impact of integrated reporting

We wanted to understand how important it is for investors and analysts that companies should demonstrate linkages between strategy, governance and financial performance and the social, environmental and economic context within which businesses operate. We were also interested in gauging investor and analyst opinions on what benefits integrated reporting might deliver.

How important is it in your investment decision-making/research or analysis that companies clearly articulate linkages between different aspects of performance (e.g. strategy, remuneration, KPIs, ESG data and financial performance)?

The majority of our sample (84%) state that it is either very important or important for companies to display linkages between different aspects of performance.

Importance of clearly articulating linkages between different aspects of performance

Interestingly, investors and analysts demonstrate broadly the same level of support on this issue (86% and 83% respectively). In both cases, SRIs felt slightly more strongly than their mainstream counterparts about the importance of clearly articulating linkages.

This finding is a strong endorsement of an integrated approach to reporting, in particular the connection of financial and non-financial factors when assessing corporate performance. Coupled with our earlier findings on sourcing and format preferences (see pages 19 and 24), integrated reporting may have a potentially significant role to play in the future of financial and extra-financial disclosure.

The next question aimed to gauge the benefits that might result from integrated reporting.
What did investors and analysts say?

To what extent do you think integrated reporting would be useful in your decision-making or analysis?

Our research shows there is strong consensus that integrated reporting will be very useful or useful across each of the criteria we assessed. In particular, it offers the potential to increase the usefulness of extra-financial information through improved reliability, accessibility, relevance and comparability of information and ultimately assessment of future performance.

The possible benefits of integrated reporting for investors and analysts are shown in the graph below.

Our research shows there is strong consensus that integrated reporting will be very useful or useful across each of the criteria we assessed.

Usefulness of integrated reporting in decision-making or analysis

- Demonstrate the relevance of extra-financial performance to financial performance
- Improve your ability to assess future performance
- Improve the comparability of information provided
- Improve the timeliness of reporting
- Increase the reliability of information provided
- Increase the accessibility of information, reducing time taken to mine data

Around a third or more of investors and analysts stated that integrated reporting will be very useful in providing multiple benefits – but especially in demonstrating the relevance of extra-financial performance to financial performance which scored highest in terms of perceived usefulness.

Looking more closely at the data, there is some evidence of divergent investor and analyst viewpoints on the usefulness of integrated reporting. In particular, analysts typically express greater indifference over the benefits of comparability that might be achieved through integrated reporting (although they are supportive of its other benefits).
Effective regulatory and voluntary frameworks

The following questions asked about investor and analyst perspectives on the use and usefulness of regulatory and voluntary standards, frameworks and guidelines, and which of these represent best practice.

What did investors and analysts say?

The majority of our sample agree that the existence and application of standards and guidelines increases the usefulness of information.

Overall, the majority of our sample agree or strongly agree that the existence and application of standards and guidelines increases the usefulness of information across a range of financial and extra-financial information dimensions.

While all of our sample largely supports more standards, SRI investors in particular are keen to see more guidelines for environmental and social performance information.
What did investors and analysts say?

When considering the form, format and content of extra-financial information, which national, regional or international regulatory and voluntary frameworks represent best practice?

This question aimed to determine which regulatory and voluntary frameworks are considered current best practice.

The GRI Sustainability Reporting Framework is by far the most cited regulatory or voluntary framework by analysts and investors in our sample, with 30% highlighting it as representing current best practice on an unprompted basis.

The IFC guidelines, AA1000, UNPRI, UNEP-FI, ISO 26000 and the UK Stewardship Code are also cited as best practice voluntary standards by at least one of our sample — but none to the same extent as GRI.

In terms of regional best practice, Australia, France, Germany, Japan, South Africa and the United Kingdom are mentioned as having effective regulatory frameworks promoting extra-financial disclosure — but none significantly more so than the others.

These findings suggest that voluntary frameworks — especially GRI — are considered current best practice, supported in some countries by national regulatory frameworks such as the King Report on Corporate Governance (King III) in South Africa (integrated reporting and governance) and the ASX Corporate Governance Guidelines in Australia (governance).

Which of the following standards or guidelines do you use to help make investment decisions/analyze extra-financial information?

Having established which standards and guidelines are considered best practice, we were also keen to understand which were most commonly used. Our findings suggest that voluntary standards play an important role not only in developing best practice but also in informing investment decisions and company analysis.
The graph below shows which standards and guidelines are most used by investors and analysts.

**Standards and guidelines used in investment decision making/analysis of extra-financial information**

<table>
<thead>
<tr>
<th>Standard and Guideline</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI Reporting Framework (GRI Guidelines and supplements)</td>
<td>70%</td>
</tr>
<tr>
<td>Carbon Disclosure Project</td>
<td>94%</td>
</tr>
<tr>
<td>KPI-set created by an industry association</td>
<td>32%</td>
</tr>
<tr>
<td>AA1000</td>
<td>32%</td>
</tr>
<tr>
<td>OECD Guidelines for Multinational Enterprises</td>
<td>39%</td>
</tr>
<tr>
<td>UNGC Communication on Progress</td>
<td>22%</td>
</tr>
<tr>
<td>IFC Guidelines</td>
<td>19%</td>
</tr>
<tr>
<td>ISO 26000</td>
<td>14%</td>
</tr>
<tr>
<td>None of the above</td>
<td>10%</td>
</tr>
<tr>
<td>ETHOS</td>
<td>10%</td>
</tr>
<tr>
<td>DVFA</td>
<td>9%</td>
</tr>
<tr>
<td>EFFAS: DVFA-KPIs for ESG 3.0</td>
<td>6%</td>
</tr>
<tr>
<td>Earth Charter</td>
<td>4%</td>
</tr>
<tr>
<td>ISAE3000</td>
<td>0%</td>
</tr>
</tbody>
</table>

A large percentage of our sample uses at least one standard or guideline to inform investment decisions or their analysis of companies. The guidelines most commonly used by investors and analysts include the GRI Sustainability Reporting Framework (70%), the Carbon Disclosure Project (CDP) (94%) and Key Performance Indicators (KPIs) created by industry associations (32%).

Our results show that analysts (74%) are slightly more likely to use the GRI guidelines than investors (65%). Furthermore, the SRIs (analyst and investors) in our sample are more likely to use the GRI guidelines, CDP and industry KPIs than their mainstream counterparts.
Assurance of financial and extra-financial information

In recent years, more and more companies have sought external assurance on aspects of their extra-financial performance as well as reporting processes to define report content.

Given the importance of assurance and audit within financial reporting, we were interested in gauging investor and analyst opinions on assurance of extra-financial information. Specifically, we were interested in discovering whether a positive assurance statement (i.e. reasonable assurance that information reported is free from material misstatement) or limited assurance statement (i.e. a moderate level of assurance below that of positive assurance) would affect an investor’s or analyst’s assessment of a company. We were also interested in identifying who the investors and analysts view as leading authorities for delivering external assurance.

How important to you is external assurance in financial and extra-financial reporting?

Overall, these findings offer strong support for the provision of assurance statements in financial and extra-financial reporting, which suggests that assurance represents an important part of the disclosure jigsaw.

The graph below shows the extent to which investors and analysts believe assurance to be important.

Importance of external assurance in financial and extra-financial reporting

The majority of investors and analysts in our research (88%) rate external assurance as very important or important for financial reporting, with 77% sharing this view on extra-financial reporting.

Interestingly, our findings show there is no significant difference between SRI and mainstream investors and analysts regarding how important they perceive assurance statements to be.
What did investors and analysts say?

How does a positive or limited corporate assurance statement affect your assessment of the business when regarding the narrative, financial and extra-financial information provided?

Our findings suggest that some investors and analysts place significant value on assurance statements – perhaps indicating that assurance statements build trust in reported content. However, the content of an external assurance statement alone does not seemingly deliver the information that investors and analysts require.

The graph below shows the impact of positive or limited assurance on investor and analysts’ assessments of companies.

**Effect of positive or limited assurance statements on company assessments**

<table>
<thead>
<tr>
<th>Information Type</th>
<th>Positive Assurance</th>
<th>Limited Assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial information</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governance information</td>
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<tr>
<td>Environmental information</td>
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<tr>
<td>Social information</td>
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<tr>
<td>Management narratives</td>
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</table>

The majority of respondents indicate that a positive assurance statement is likely to significantly or somewhat affect their assessment of a business, especially in respect of financial, governance, environmental and social information.

Our survey shows that limited assurance statements generally have a less significant influence than positive assurance statements.
Who would you say are the leading authorities for executing external assurance on issues not currently covered by statutory assurance (such as extra-financial issues)?

Given the growth of assurance for extra-financial issues, we wanted to gauge who our sample view as the leading authorities for delivering voluntary external assurance. The authorities mentioned by our sample include:

- Audit and accounting firms (most frequently mentioned)
- Industry associations
- Non-profit global bodies (e.g., the UN)
- Specialist assurance providers
- Stakeholder panels
- Regulatory bodies

This finding supports the role of accounting firms as the primary provider of assurance on extra-financial issues. However, it also suggests that there may be specific roles for other organizations, to add further value to the assurance process beyond that which accounting and specialist audit firms provide.

What do you think external assurance on extra-financial reporting needs to be effective?

We asked our sample for their insights on how assurance of extra-financial reporting could be made more effective. A range of suggestions to make assurance of extra-financial reporting more effective were cited, including:

- Focusing assurance on material issues
- Increased consistency and transparency around assurance scope and processes
- Improving the quality of data and data integrity
- Enhancing the comparability of data through improved measurement methodologies
- Incorporating assessments of stakeholder feedback into assurance
- Ensuring assurance is executed by impartial and credible organizations

In summary, improving data quality and disclosure of material issues, supported by robust assurance processes and stakeholder feedback, would appear to be necessary in order to achieve more effective assurance of extra-financial information.
Radley Yeldar’s conclusions

The insight in this report, while derived from a relatively small sample of investors and analysts, can be used by organizations seeking to improve their understanding of, and engagement with, investors and analysts on extra-financial issues.

Summarized below are some of the key implications of this research. The views expressed are those of Radley Yeldar.

Develop a multi-channel communication strategy to target investors and analysts

Our research shows that while there are many aspects of similarity between investors and analysts, there are also important differences relating to how they source, use and are influenced by extra-financial information. A communication strategy should play on these similarities and differences, using various channels and tools to target specific groups. In particular, it is important to focus on direct engagement and formal corporate reporting channels which appear to be those preferred by investors and analysts – but other channels can be used creatively to impart the right message and information.

Focus on quality disclosure not quantity

The old maxim concerning quality over quantity is truer than ever in terms of extra-financial reporting. Our research consistently found that investors and analysts want quality data and information that supports comparison and benchmarking. Assurance undoubtedly plays a role in ensuring quality data, but the starting point should be the robust application of reporting standards and methodologies to improve data rigour. This is especially the case for social information which our survey shows is the most challenging to benchmark and compare – and consequently the least likely to be used in quantitative investment analysis.
Develop a considered and targeted approach to online communication

Our research clearly shows that investors and analysts have yet to be wholly won over by sophisticated digital channels. There is undoubtedly a place for online communications, but the on-screen PDF is the clear favorite amongst our sample, which goes to show that more traditional means of communication are – for the time being at least – the most relevant and useful for investors and analysts. Companies that pursue an online strategy should be mindful not only of content but the usability of websites.

Improve comparability of extra-financial information through industry-wide effort

It is clear that investors and analysts would benefit from industry-wide efforts to increase the comparability of extra-financial information, especially social information – through standardized benchmarks and methodologies. Co-operation across multiple disciplines, sectors and standard setting organizations will be required to achieve this end. Corporate involvement is essential to test and refine methodologies.

Consider the opportunities arising from an integrated reporting approach

Our research shows that integrated reporting has strong support from most investors and analysts and also that it has the potential to be one of the most influential sources of extra-financial information. It is clear that integrated reporting could bring significant benefits to reporters and report readers alike – especially to improve disclosure on material extra-financial risks and opportunities.
The following terms are used in this document and in the investor and analyst survey.

**Analyst**
An individual or organization that provides information and research to help traders, brokers or asset/fund managers make decisions about investments. Analysts research companies, markets or themes with the aim of highlighting investment opportunities or to show when a client or fund may lose money. Analysts may also be providers of financial or extra-financial news, information providers or ratings agencies.

**Asset manager**
A financial services company that manages a client’s investments. An asset manager makes investment decisions on behalf of clients based on a clearly defined mandate (i.e. allocation of funds to be managed with a specific goal or for a specific purpose).

**Asset owner (institutional)**
An organization which pools large sums of money and invests those sums in equities, real estate or other investment assets. Institutional investors may include investment banks, insurance companies, pension funds, hedge funds, mutual funds, endowment funds, investment advisors, mutual funds and sovereign wealth funds.

**Asset owner (private)**
An organization which pools sums of money from private sources and invests those sums in equities, real estate or other investment assets. Private investors range from small savers to high net worth individuals and family trusts.

**Banking**
A financial institution and financial intermediary that accepts deposits and channels those deposits into lending activities, either directly or through capital markets. Investment banking is aimed at helping companies and governments raise capital by underwriting and issuing securities. It may also help companies involved in mergers and acquisitions, and provide services such as market making, trading of derivatives, fixed income instruments, foreign exchange, commodities and equity securities.

**Community and social capital**
The institutions and relationships established within and between each community, group of stakeholders and other networks to enhance individual and collective wellbeing. Source: Adapted from the IIRC Discussion Paper.

**Extra-financial information**
Information incorporating a wide range of issues which are likely to have a short, medium and long-term effect on business performance. Extra-financial issues typically exist beyond the traditional range of variables that are considered as part of investment decision-making processes. Extra-financial factors can be quantitative or qualitative and include, but are not limited to:

- Corporate governance
- Intellectual capital management
- Human rights
- Occupational health and safety
- Human capital practices
- Innovation, research and development (R&D)
- Customer satisfaction
- Climate change
- Natural resource management
- Consumer and public health
- Reputational risk
- The broader environmental and social impacts of corporate activity such as biodiversity impacts and community impacts.

Source: Based on Universities Superannuation Scheme definition of extra-financial information
www.uss.co.uk/UssInvestments/Responsibleinvestment/BackgroundRationale/Pages/Extra.aspx
Appendix 1

Financial information
Information incorporating a range of issues which are likely to have an impact on business performance. Financial issues typically include core variables that are considered as part of investment decision-making processes. Financial factors are largely quantifiable and include, but are not limited to:

**Market based variables**
- Stock (e.g. price volatility, price to book ratio, total investment return)

**Accounting variables**
- Measures of profitability (e.g. EBIT, EPS, equity growth, net income growth, net margin)
- Measures of distribution (e.g. dividend payout, dividend per share, dividend yield)
- Measures of debt (e.g. total capital/total assets, total debt/equity)
- Other measures such as total assets, capital expenditure, intangibles, employee salaries, sales per employee and tax rate

Financial media
Providers of financial or extra-financial news. Financial media companies include real-time news services, general and financial media providers and specialist trade media.

Human capital
People’s skills, experience and their motivations to innovate. Source: Adapted from the IIRC Discussion Paper.

Information provider
Organizations providing financial and extra-financial data, news and analysis to aid investor decision making processes.

Insurance provider
A financial institution that sells insurance.

Intellectual capital
Intangibles that provide competitive advantage including intellectual property and intangibles that are associated with the brand and reputation. Source: Adapted from the IIRC Discussion Paper.

Investor
An individual or organization that makes investments of money with the expectation of financial return. An investor can act on behalf of others, for example, as a broker or asset/fund manager; or they can make investments directly for their own gain as an asset owner.

Mainstream analyst
An analyst who operates predominantly with a focus on financial issues and objectives with limited or no specific focus on SRI or ESG factors.

Mainstream investor
An investor who operates predominantly with a focus on financial issues and objectives with limited or no specific focus on SRI or ESG factors.

Natural capital
An input to the production of goods or the provision of services including water, land, minerals, forests, biodiversity and eco-systems. Source: Adapted from the IIRC Discussion Paper.

Limited assurance
A moderate level of assurance below that of positive assurance (see below). Assurance is provided by an external assurance provider.

Positive assurance
Reasonable assurance that information reported is free from material misstatement. Assurance is provided by an external assurance provider.

Ratings agency
A third-party research organization that evaluates companies using financial and extra-financial information, against a predetermined benchmarking methodology.

Socially Responsible Investment (SRI)
SRI is a generic term covering any type of investment process that combines investors’ objectives with their core concerns about environmental, social and governance (ESG) issues. Source: Eurosif European SRI study.

**SRI analyst**
An analyst who combines financial objectives with a concern for SRI or ESG factors which may impact investment performance.

**SRI investor**
An investor who combines financial objectives with a concern for SRI or ESG factors which may impact investment performance. An SRI investor may choose to invest according to a range of strategies, including:

- **Best-in-class rankings:** Companies in each industry are ranked on sustainability criteria and portfolios are based on relative sustainability performance. This approach is sometimes used as an ‘overlay’ on traditional stock selection, with companies’ attractiveness being based on financial analysis.
- **Thematic investment:** Positive screening, where selections can be made on the basis of specific ethical or ESG criteria.
- **Weighted screening or over/under-weighting:** Allowing businesses, industries or countries to be overweighted or under-weighted in the portfolio on the basis of their sustainability performance and disclosure.
- **Passive screening or index tracking:** The Dow Jones Sustainability Index (DJSI) and the FTSE4Good are indices which may be followed as a means of relating fund performance to an objective measure.
- **Sustainability leaders:** Where companies are only eligible for investment if they show a high level of commitment to work toward a sustainable future.
- **Pioneers only:** These companies are in problem-tackling industries, such as alternative energy and organic food. They tend to be smaller companies.

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**Table:**

<table>
<thead>
<tr>
<th>Accounting variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measures of profitability (e.g. EBIT, EPS, equity growth, net income growth, net margin)</td>
</tr>
<tr>
<td>Measures of debt (e.g. total capital/total assets, total debt/equity)</td>
</tr>
</tbody>
</table>

---
Appendix 2: Understanding the investment process

The investor and analyst community and its processes of decision-making are complex. It is important to acknowledge the role of each participant in the investment process in the context of our sample because this has a large influence on how each might source and use financial and extra-financial information.

Beneficial owners

Investment decision-making follows the understanding of the risk/reward appetite of the ‘beneficial owner’ of the investment. Beneficial owners may include:

- Asset managers or fund managers
- Insurance companies
- Individual investors
- Pension funds
- Sovereign wealth funds

These different groups of beneficial owners divide into two: those who manage the decision-making and strategy processes themselves, and those who appoint professional managers of those funds.

By some estimates, there are more than 30,000 fund management firms globally, each managing funds from the groups above. Whether defined as the wealth management arm of a large bank, the fund management arm of a broker, a hedge fund or specialist, their function is to achieve returns for the beneficial owner of the assets.

The mandate

The mandate (i.e. allocation of funds to be managed with a specific goal or for a specific purpose) agreed between the beneficial owner and the fund manager aims to lay out the objectives that will be achieved through management of the fund or investment.

Mandates may be very general with an objective to achieve a targeted return on investment and fees based on achieving or exceeding that target. They can also be very specific, with the fund appointed to invest only in areas such as real estate, or particularly in funds aimed at achieving income, a geographic reach, or a conviction specialist – including Socially Responsible Investment (SRI) objectives.

Decision-making – whether the fund is managed in-house or externally mandated – is also wide ranging and can be influenced by such an approach as:

- **Asset allocation:** What proportion of the assets should be invested in different asset classes – equity, debt, cash, foreign exchange, derivatives and real estate.
- **Orientation:** Is the fund active or passive, are they seeking to match the market indices, or achieve alpha (a measure of performance on a risk adjusted basis).
- **Opportunity research:** Fundamental research into ideas, sectors, macro-economic changes.
- **The stock selection process:** Identification of a long list of companies to be watched and met, followed by investment when conditions are right.
- **Portfolio management:** The process of stewardship of existing investments, and the building of financial and strategic, non-financial data models.
Conviction investors

As noted above, the mandate from the asset owner may include requirements for a specific SRI strategy. These can take many different forms including:

- Best-in-class rankings
- Passive screening or index tracking
- Pioneers only
- Sustainability leaders
- Thematic investment
- Weighted screening or over/under-weighting

The role of research and analysis

This decision-making process also needs a flow of data, news and analysis, both internal and from third-parties. Company sourced data lies at the heart of investor decision making. The business valuation is driven by a systematic flow of financial and extra-financial insights and by updates on the company’s business model. This disclosure process ranges from real-time updates of unexpected events, through financial calendar announcements and filings, to regularly updated statistics on what the company regards as the drivers of its business. Investors also rely on formal corporate reports such as the annual report, especially for insight into directors’ thinking on the future and on governance issues.

Aside from the above broadcast approach to telling investors a story, companies also take a targeted approach. Over and above the mandatory disclosure process, companies benefit from telling their story to investors directly, by updating on market statistics, product announcements and the array of corporate public relations stories which help build an understanding of the company and its prospects.

Together, this range of data and news helps third-parties analyze companies, as well as macro and sector issues, across a range of financial and extra-financial issues. Third-party sources of information include:

- **Media**
  - **General and financial media**: Both online and offline.
  - **Real-time financial news services**: Thomson Reuters, Bloomberg, Dow Jones and others.
  - **Social media**: Being adopted at different rates in different countries, as are social media pages for companies, and the use of Twitter for announcements.
  - **Specialist trade media**: Often focused on a market sector.

Research

As noted, institutional investors maintain a company data model on those companies in their portfolio as well as on their watch list. To complement internal sources, investors look to:

- **Independent research**: Created by specialist firms of which there are two business models. First, institutional investors may commission an independent research firm to research a company, a sector or – most usually – an idea. Second, a company with no analyst coverage from the sell-side may commission an independent research report (although clearly without an ‘independence’ tag).

- **Sell-side**: The research departments at investment banks have long produced opinion on companies, ranging from estimates of earnings, through analysis of announcements to full analysis of the company’s business model and complete valuation schedule.

- **Third-party**: There are numerous research firms, ranging from organizations such as Datamonitor, that produce volumes of research on market sectors, to boutiques focused on individual markets.

Ratings agencies

There are several kinds of ratings organizations:

- **Credit ratings agencies**: The proprietary analytical systems of credit rating agencies S&P, Moody’s and others use (largely financial) data to create a ratings score. This score is used by banks and other buyers of corporate bonds to price the debt issued by companies. Thus, the ratings agencies have focused on company balance sheets, rather than on the P&L or the equity or SRI story.

- **Proxy agencies**: The principle of ‘rating’ has now been applied to other areas including corporate governance, by the proxy voting agencies (to whom institutional investors are increasingly outsourcing advice and process on voting on governance matters). One example is the CERES Proxy Voting Guidelines for Environmental and Social Issues, introduced in 2011.

- **Sustainability ratings**: A growing number of sustainability ratings agencies have come into existence in recent years to provide analysis on extra-financial information as required by investors.
Appendix 3: Survey questions

The following table provides an overview of all key questions and optional responses where appropriate. For consistency and comparability, we asked investors and analysts the same questions, with only slight variations in wording to reflect the differences in how each might use extra-financial information i.e. for investment decision-making (investors) or company assessment (analysts).

<table>
<thead>
<tr>
<th>About you</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Q1</strong> Please enter your name and the name of your company in the boxes provided (Please note that all personal details will be kept private and will not be disclosed as part of the findings)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Q2</strong> Do you consider extra-financial information in your investment decision-making research and analysis?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investor</strong></td>
</tr>
<tr>
<td>☐ Yes, I do assess extra-financial factors as part of my investment decision-making.</td>
</tr>
<tr>
<td>☐ No, I don’t assess extra-financial factors as part of my investment decision-making.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Q3</strong> In order to gauge current thinking around the relevance of extra-financial factors, please indicate how relevant the below statements are for the inclusion of extra-financial factors in your analysis.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investor</strong></td>
</tr>
<tr>
<td>☐ Incorporating an assessment of a company’s corporate governance into investment decisions is essential.</td>
</tr>
<tr>
<td>☐ Incorporating an assessment of a company’s access to and use of human capital into investment decisions is essential.</td>
</tr>
<tr>
<td>☐ Incorporating an assessment of a company’s access to and use of intellectual capital into investment decisions is essential.</td>
</tr>
<tr>
<td>☐ Incorporating an assessment of a company’s access to and use of natural resources into investment decisions is essential.</td>
</tr>
<tr>
<td>☐ Incorporating an assessment of a company’s access to social and community capital into investment decisions is essential.</td>
</tr>
</tbody>
</table>
### Q4  How would you classify the type of work your organization does?

- [ ] Asset managers
- [ ] Asset owners (institutional)
- [ ] Asset owners (private)
- [ ] Banking
- [ ] Financial media
- [ ] Information providers
- [ ] Insurance
- [ ] Ratings agencies
- [ ] Other, please specify

### Q5  Do you consider yourself to work primarily in the SRI field?

- [ ] Yes
- [ ] No

### Q6  How long have you worked in your current field?

- [ ] 0-2 years
- [ ] 2-5 years
- [ ] 5-10 years
- [ ] 10-20 years
- [ ] 20 years +

### Q7  Where is your head office located?

- [ ] Africa
- [ ] Asia
- [ ] Europe
- [ ] Middle East
- [ ] North America
- [ ] Oceania
- [ ] South & Central America

### Q8  In which regions do you, in your individual capacity, invest? (Select all that apply)

#### Africa
- [ ] Central Africa
- [ ] Eastern Africa
- [ ] Northern Africa
- [ ] Southern Africa
- [ ] Western Africa

#### Asia
- [ ] Eastern Asia
- [ ] South-Central Asia
- [ ] South-Eastern Asia
- [ ] Western Asia

#### Europe
- [ ] Eastern Europe
- [ ] Northern Europe
- [ ] Southern Europe
- [ ] Western Europe

#### Latin America
- [ ] Caribbean
- [ ] Central America
- [ ] South America
- [ ] North America

#### Oceania
- [ ] Australia and New Zealand
- [ ] Melanesia
- [ ] Polynesia

#### Global
- [ ] Global
Sources of information

**Q9** Which of the following sources do you use to gather information on governance arrangements (structure, policy, remuneration, etc.)? (Please select your top three sources from the list below)

- [ ] Data feed/package from third-party information provider (e.g. Bloomberg, Thomson Reuters)
- [ ] Dialogue (talk directly to the company)
- [ ] Governance section on company websites
- [ ] GRI Content Index
- [ ] Investor roadshows/management presentations
- [ ] Primary regulatory filing (e.g. 10-K, annual report and accounts)
- [ ] Ratings/indices
- [ ] Regulatory sources – publicly available databases e.g. SEC
- [ ] Sustainability reports
- [ ] Sustainability sections of corporate websites
- [ ] Other, please specify

**Q10** When looking for disclosure on governance information/management analysis/financial performance/environmental performance/social performance which sources do you use most? (Please select your three most used sources for each of the options below)

- [ ] Corporate governance section on company websites
- [ ] Corporate sustainability reports
- [ ] Data feed/package from third-party information provider (e.g. Bloomberg, Thomson Reuters)
- [ ] Ratings/indices
- [ ] Regulatory sources – publicly available databases e.g. SEC
- [ ] Sustainability sections of corporate websites
- [ ] Via GRI content index (if available)
- [ ] Other sources, specify

Comparability and accessibility

**Q11** What does comparability mean in the context of your role?

**Q12** How easy do you find it to compare the following types of information?

- [ ] Easy
- [ ] Moderate
- [ ] Difficult
- [ ] Not applicable
### Q13 To what extent do you agree with the statements (strongly disagree/disagree/neither agree or disagree/agree/strongly agree):

<table>
<thead>
<tr>
<th>Statement</th>
<th>Agreement Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Having applied standards or guidelines increases the usefulness of governance information</td>
<td></td>
</tr>
<tr>
<td>Having applied standards or guidelines increases the usefulness of market context, strategy, business model and risk information</td>
<td></td>
</tr>
<tr>
<td>Having applied standards or guidelines increases the usefulness of remuneration information</td>
<td></td>
</tr>
<tr>
<td>Having applied standards or guidelines increases the usefulness of financial performance information</td>
<td></td>
</tr>
<tr>
<td>Having applied standards or guidelines increases the usefulness of environmental performance information</td>
<td></td>
</tr>
<tr>
<td>Having applied standards or guidelines increases the usefulness of social performance information</td>
<td></td>
</tr>
</tbody>
</table>

### Q14 Please list the standards and guidelines that are particularly useful for gathering the information listed in Q13

### Q15 How important is the role of external indices in accessing the information you need?

<table>
<thead>
<tr>
<th>Importance Level</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Very important</td>
<td></td>
</tr>
<tr>
<td>Important</td>
<td></td>
</tr>
<tr>
<td>Neither important or unimportant</td>
<td></td>
</tr>
<tr>
<td>Not very important</td>
<td></td>
</tr>
<tr>
<td>Unimportant</td>
<td></td>
</tr>
<tr>
<td>Not applicable</td>
<td></td>
</tr>
</tbody>
</table>

### Q16 Do you use software and/or digital tools to compare extra-financial information?

<table>
<thead>
<tr>
<th>Tool Use</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

### Q17 How could the comparability of extra-financial performance information be improved? Do you believe there are tools which are currently unavailable which would aid comparability?
### Credibility and effect of communication channel

**Q18** How do you rate the following sources in terms of their likelihood to affect your view on whether to invest in or divest from a company give a positive assessment of a company?

<table>
<thead>
<tr>
<th>Source</th>
<th>Likelihood to affect view</th>
</tr>
</thead>
<tbody>
<tr>
<td>An assurance statement covering financial data</td>
<td></td>
</tr>
<tr>
<td>An assurance statement covering non-financial data</td>
<td></td>
</tr>
<tr>
<td>Annual report</td>
<td></td>
</tr>
<tr>
<td>Data feed/package from third-party</td>
<td></td>
</tr>
<tr>
<td>Dialogue with CEO and/or CFO</td>
<td></td>
</tr>
<tr>
<td>Dialogue with Investor Relations team</td>
<td></td>
</tr>
<tr>
<td>Dialogue with sustainability/corporate communications/CSR/etc team</td>
<td></td>
</tr>
<tr>
<td>Index ranking/Awards</td>
<td></td>
</tr>
<tr>
<td>Integrated report</td>
<td></td>
</tr>
<tr>
<td>Investor relations event</td>
<td></td>
</tr>
<tr>
<td>The corporate governance section of the corporate website</td>
<td></td>
</tr>
<tr>
<td>The sustainability section of the corporate website</td>
<td></td>
</tr>
<tr>
<td>Prelims or interim results</td>
<td></td>
</tr>
<tr>
<td>Press release</td>
<td></td>
</tr>
<tr>
<td>Social media channels</td>
<td></td>
</tr>
<tr>
<td>Sustainability report</td>
<td></td>
</tr>
<tr>
<td>Other sources, specify</td>
<td></td>
</tr>
</tbody>
</table>

**Q19** Are there any other sources you feel add value to your assessment of an organization's strategy, risks, business model and financial/extra-financial performance?

**Report assurance**

**Q20** How important to you is external assurance in financial and extra-financial reporting?

<table>
<thead>
<tr>
<th>Importance</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial reporting</td>
<td>Extra-financial reporting</td>
</tr>
</tbody>
</table>

**Q21** How does a positive corporate assurance statement affect your assessment of the business when regarding the narrative, financial and extra-financial information provided?

<table>
<thead>
<tr>
<th>Information Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental information</td>
<td>Social information</td>
</tr>
<tr>
<td>Governance information</td>
<td>Financial information</td>
</tr>
<tr>
<td>Management narratives</td>
<td></td>
</tr>
</tbody>
</table>

**Q22** How does a limited corporate assurance statement affect your assessment of the business when regarding the narrative, financial and extra-financial information provided?

<table>
<thead>
<tr>
<th>Information Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental information</td>
<td></td>
</tr>
<tr>
<td>Financial information</td>
<td></td>
</tr>
<tr>
<td>Governance information</td>
<td></td>
</tr>
<tr>
<td>Management narratives</td>
<td></td>
</tr>
<tr>
<td>Social information</td>
<td></td>
</tr>
</tbody>
</table>

**Q23** What do you think external assurance on extra-financial reporting needs to address in order for it to be effective?

**Q24** Who would you say are the legitimate authorities for executing external assurance on issues not currently covered by statutory assurance (such as extra-financial issues)?
## Reporting formats

**Q25** Which format(s) do you prefer to use when financial information is provided directly by the company? (Please select between 1 and 3 of the following options)

- [ ] A combination of the above depending on the type of information required
- [ ] A dedicated website
- [ ] A software tool
- [ ] Online reporting format (e.g. Flashbook)
- [ ] On-screen PDF
- [ ] Physical printed copy
- [ ] Other, please specify

**Q26** Which format(s) do you prefer when extra-financial information is provided directly by the company? (Please select between 1 and 3 of the following options)

- [ ] A combination of the above depending on the type of information required
- [ ] A dedicated website
- [ ] A software tool
- [ ] Online reporting format (e.g. Flashbook)
- [ ] On-screen PDF
- [ ] Physical printed copy
- [ ] Other, please specify

**Q27** Which of the following standards or guidelines do you use to analyze extra-financial information? (Please select all the answers which apply to you from the list below)

<table>
<thead>
<tr>
<th>Investor</th>
</tr>
</thead>
<tbody>
<tr>
<td>[ ] AA1000</td>
</tr>
<tr>
<td>[ ] Carbon Disclosure Project</td>
</tr>
<tr>
<td>[ ] Earth Charter</td>
</tr>
<tr>
<td>[ ] DVFA</td>
</tr>
<tr>
<td>[ ] EFFAS: DVFA-KPIs for ESG 3.0</td>
</tr>
<tr>
<td>[ ] ETHOS</td>
</tr>
<tr>
<td>[ ] GRI Reporting Framework (GRI Guidelines and supplements)</td>
</tr>
<tr>
<td>[ ] IFC Guidelines</td>
</tr>
<tr>
<td>[ ] ISAE3000</td>
</tr>
<tr>
<td>[ ] ISO 26000</td>
</tr>
<tr>
<td>[ ] KPI sets created by an industry association</td>
</tr>
<tr>
<td>[ ] OECD Guidelines for Multinational Enterprises</td>
</tr>
<tr>
<td>[ ] UNGC Communication on Progress</td>
</tr>
<tr>
<td>[ ] None of the above</td>
</tr>
<tr>
<td>[ ] Other instrument (please list)</td>
</tr>
</tbody>
</table>
### Integration

**Q28** How important is it to your investment decision-making/research or analysis that companies clearly articulate linkages between different aspects of performance (e.g. strategy, remuneration, KPIs, environmental, social, governance and financial performance)?

**Q29** To what extent do you think integrated reporting would be more useful in your decision-making or analysis in respect of the following:

- [ ] Improve the timeliness of reporting
- [ ] Improve your ability to assess future performance
- [ ] Improve the comparability of information provided
- [ ] Increase the reliability of information provided
- [ ] Increase the accessibility of information, reducing time taken to mine data
- [ ] Demonstrate the relevance of extra-financial performance to financial performance

### XBRL

**Q30** Has XBRL affected the channels through which you receive financial information, or the form of this information? If yes, please describe how.

**Q31** How do you anticipate XBRL will affect the channels through which you receive extra-financial information, or the form of this information in future?

**Q32** Do you believe XBRL should be an integral part of any financial standard?

**Q33** Do you believe XBRL should be an integral part of any extra-financial standard?

### Effective regulatory formats

**Q34** When considering the form or format of extra-financial information which national, regional or international regulatory frameworks represent best-practice?

**Q35** When considering the content of extra-financial information which national, regional or international regulatory frameworks represent best-practice?
Acknowledgements

We would like to thank all the organizations and people who contributed to shaping and delivering this research project including Marjella Alma, Jessica Fries, Mike Reid, Matty Yates, Nelmara Arbex, Lucy Goodchild, Asthildur Hjaltadottir, Ben Richards, Jonny McCaig, Daniel Jones, Oliver Dudok van Heel, Mark Hynes, Keith Cullen, Mark Errington and Peter Garrett.

We also would like to thank the following organizations that participated in this research. Please note that the list below does not represent a full list of participants since some chose to respond anonymously.

Abraaj Capital
Apimec Brazil
Arisaig Partners (Asia)
Australian Ethical Investment
Barrios
Bloomberg
Bloomberg, L.P.
BM&FBOVESPA SA
Cadiz Asset Management
CAER
CalPERS
Calvert Investments
Carbon Tracker
Centre for Australian Ethical Research
CFSGAM
Christopher Reynolds
Colonial First State Global Asset Management
Corporate Context
CRD Analytics
Cumpetere
Daiwa Institute of Research
Deutsche Bank
Domini Social Investments
EcoFrontier
Element Investment Managers
Emergent Capital Partners
Emerging Markets
ESG
Eucomedion
Eurosif
Henderson Global Investors
Hermes Fund Managers
DFC Ltd
IDS Institute for Sustainable Development
Japan Research Institute
MAQASSAR
NEI Investments
oekom research AG
OMIGSA
Pax World Management LLC
PGGM
PRUPIM
Railpen Investments
RBI-Responsible Business Initiative
RepRisk AG
Responsible Research
Robeco
Rockefeller & Co.
SinCo
Spring Water Asset Management
SRI-CONNECT
Sustainalytics
The Co-operative Asset Management
The Environmental Investment partnership LLP
Thomson Reuters
Triodos Investment Management
Trucost
UCA Funds Management
Vancity Investment Management
Vancity Investment Management Ltd.
VicSuper
Vigeo
Winter Gestao e Desempenho
Contacts

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E-mail: hello@ry.com
About the research partners

The survey was commissioned by the Global Reporting Initiative (GRI) and The Prince’s Accounting for Sustainability Project (A4S), with research, analysis and document design carried out by the sustainability practice at Radley Yeldar, a London-based communications agency.

The report collectively refers to the research partners as ‘we’ throughout. However, the conclusions contained in this report reflect the views of Radley Yeldar only.

Accounting for Sustainability (A4S)
www.accountingforsustainability.org

The Prince’s Accounting for Sustainability Project works with businesses, investors, the public sector, accounting bodies, NGOs and academics to develop practical guidance and tools for embedding sustainability into decision-making and reporting processes. To date, the project has involved the collaboration of more than 150 public and private sector organizations. Accounting for Sustainability (A4S) has been instrumental in the formation of the International Integrated Reporting Council (IIRC).

Global Reporting Initiative (GRI)
www.globalreporting.org

The Global Reporting Initiative (GRI) produces a comprehensive Sustainability Reporting Framework that is widely used around the world, to enable greater organizational transparency. The Framework, including the Reporting Guidelines, sets out the Principles and Indicators organizations can use to report their economic, environmental, and social performance. GRI is committed to continuously improving and increasing the use of the Guidelines, which are freely available to the public.

Radley Yeldar
www.ry.com

Radley Yeldar is a London-based creative communications business that helps its clients tell their story simply, in one clear voice, by whatever means works best. Radley Yeldar’s dedicated financial and sustainability reporting specialists have clients in the UK, Europe and North America and have helped to shape the reporting landscape through their advice and thought leadership projects (namely the well-established How Does It Stack Up? best practice report) since 1986.
The value of extra-financial disclosure

What investors and analysts said