



# The Materiality of ESG Information: Results of a Global Survey of Issuers and Investors

**Amir Amel-Zadeh**

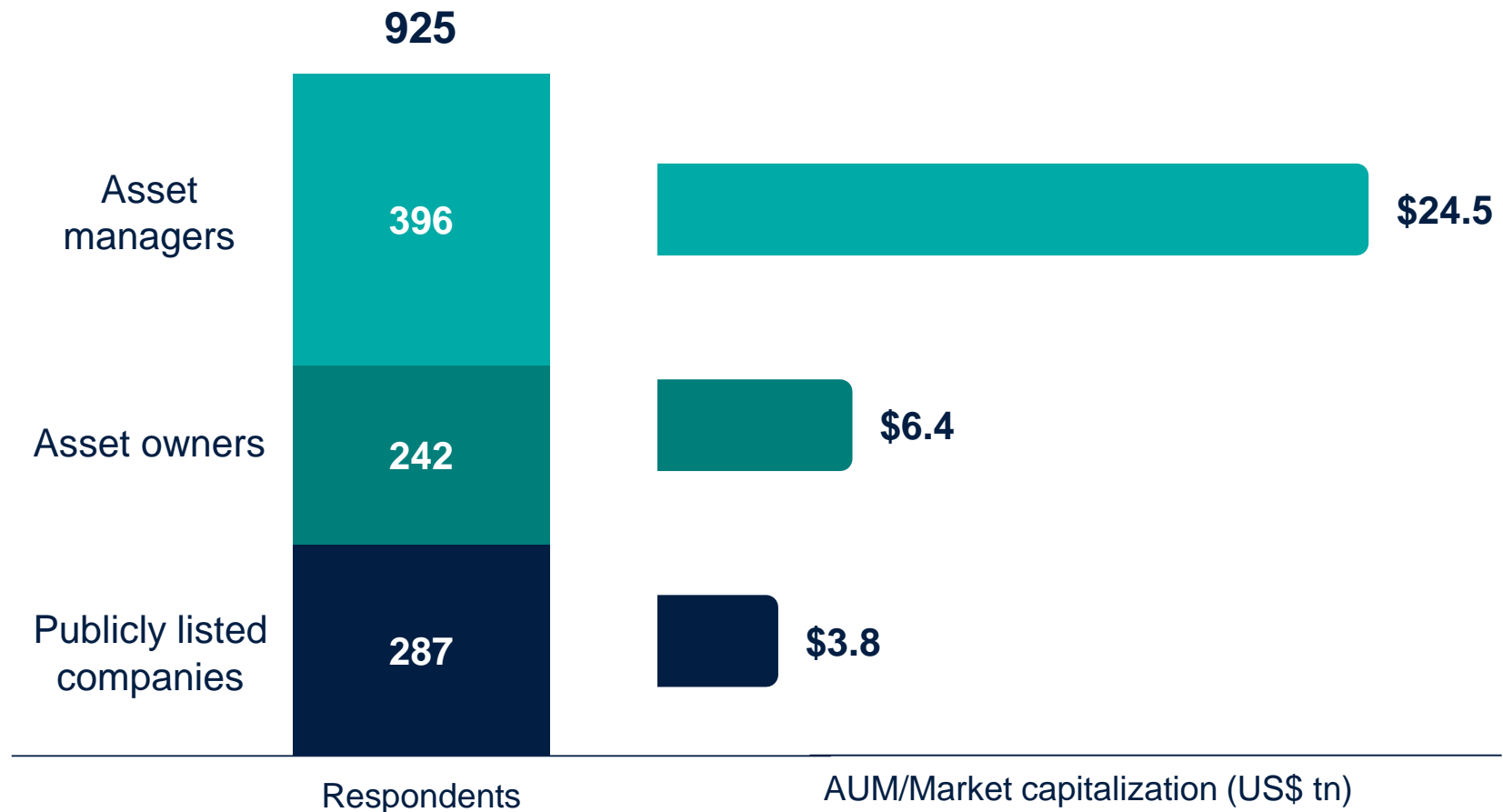
**Associate Professor of Accounting**

**Columbia Center on Sustainable Investment  
Roundtable, April 19-20, 2018, New York**



# Survey respondents

The survey captures 40% of total global assets under management.

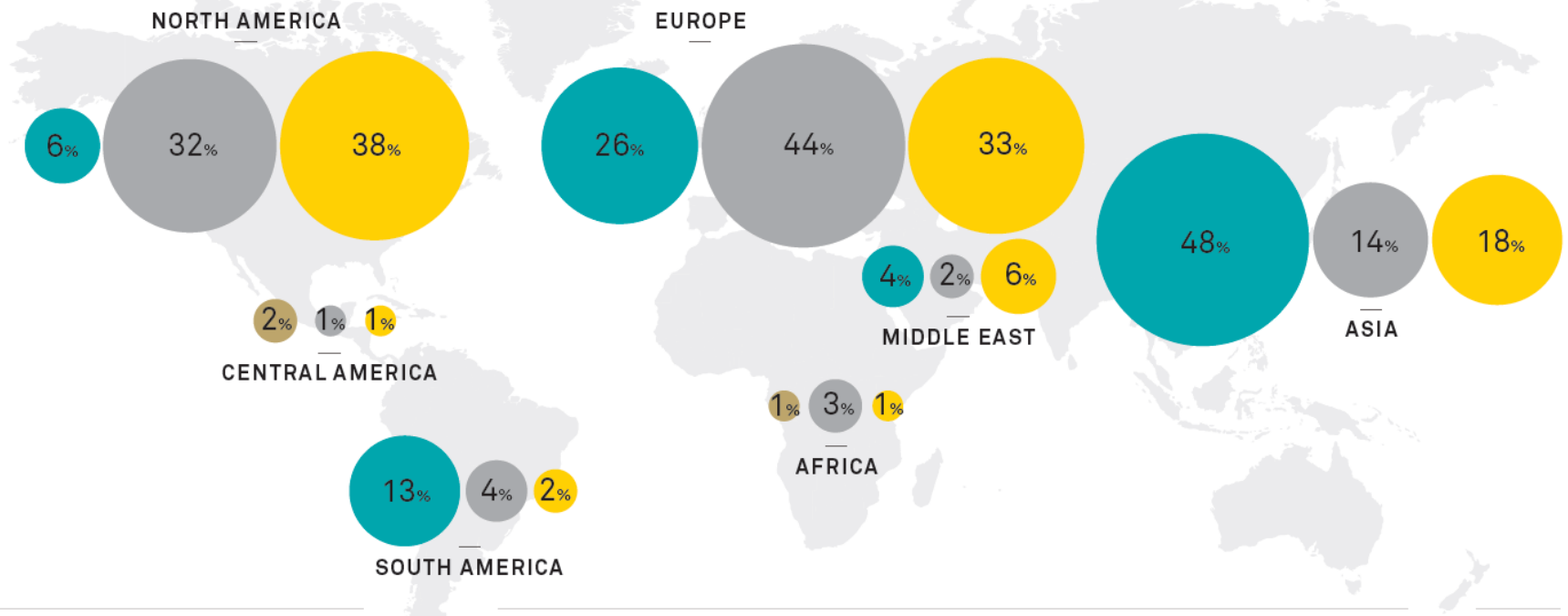


# Respondents' geography

The survey represents international companies and investors.

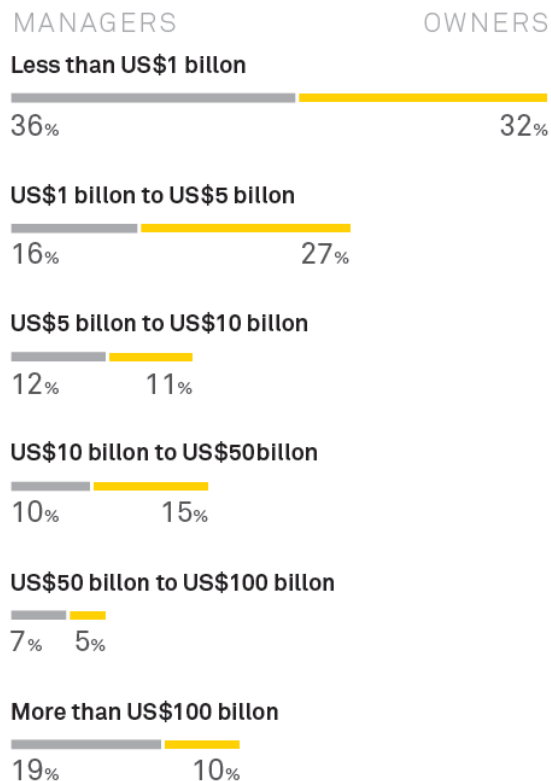
## Geography

● ISSUERS ● MANAGERS ● OWNERS



# Respondents' size & industry

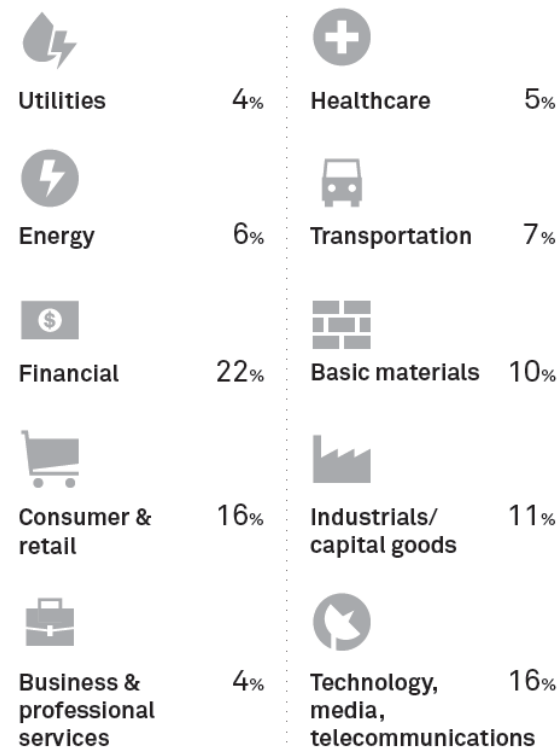
## Assets under management



## Issuers' annual revenue

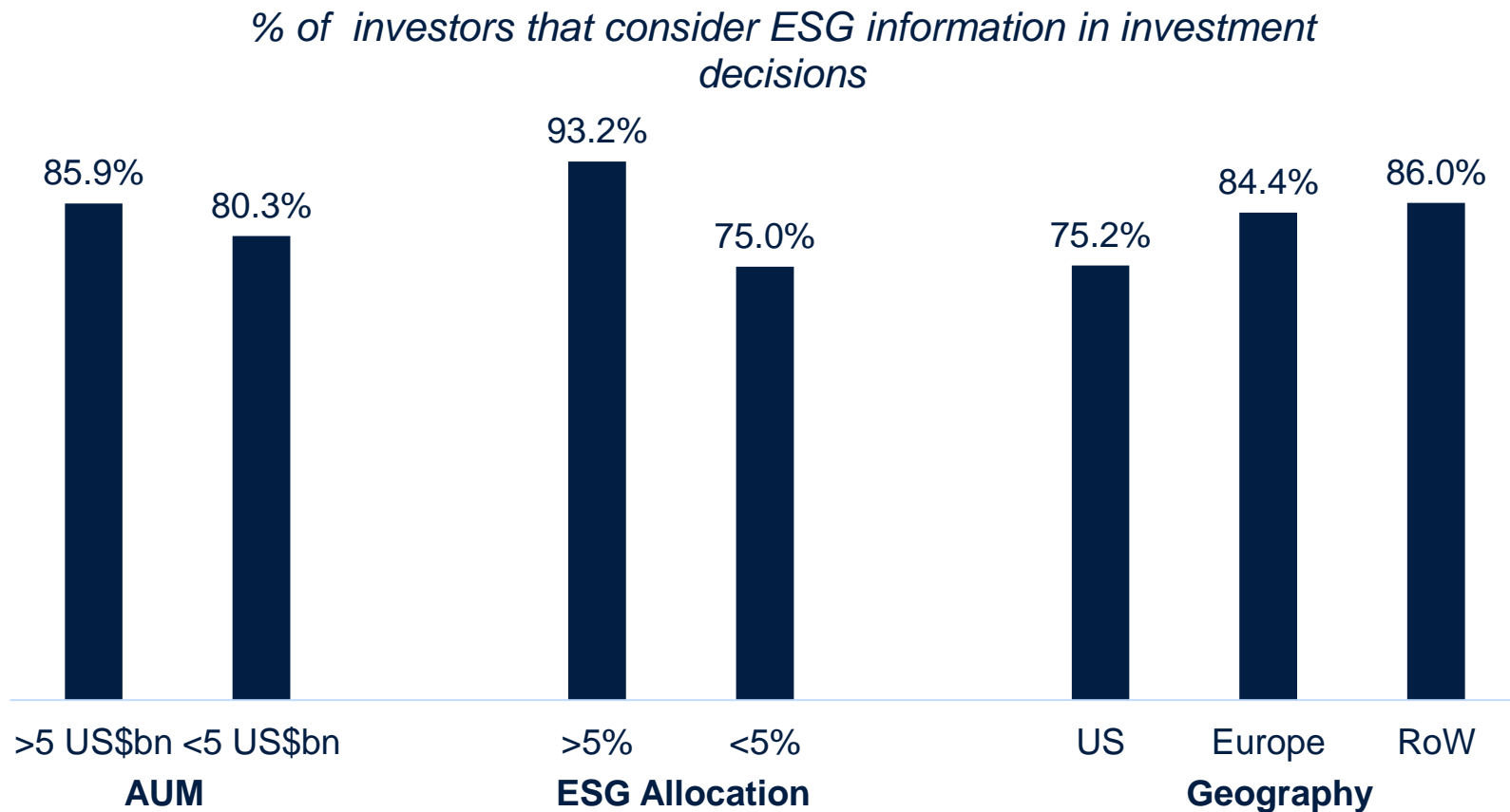


## Issuers' primary industry



# Do investors consider ESG information when making investment decisions?

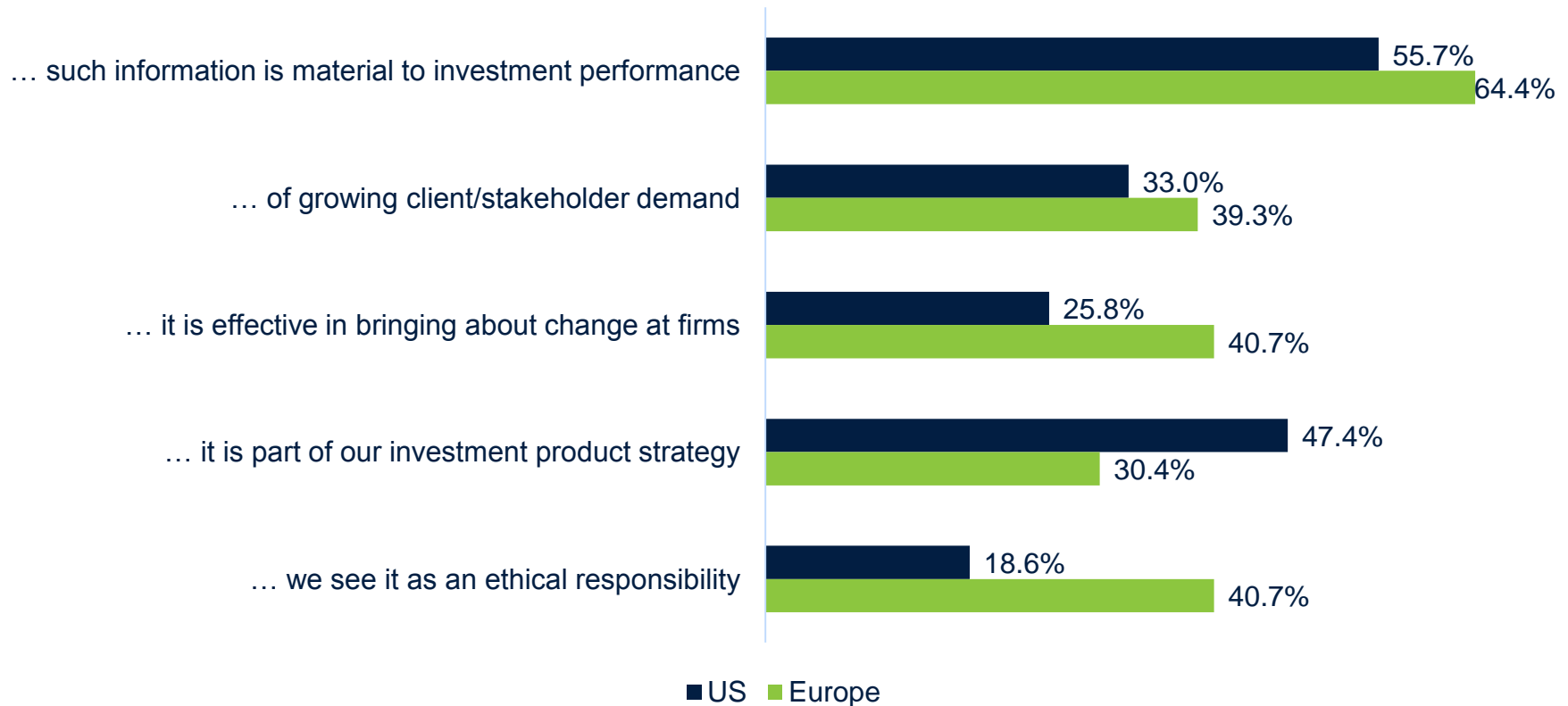
The vast majority of investors consider ESG information in investment decisions although this varies by size and geography.



# Why do investors consider nonfinancial information in investment decisions?

US and European investors agree on materiality.

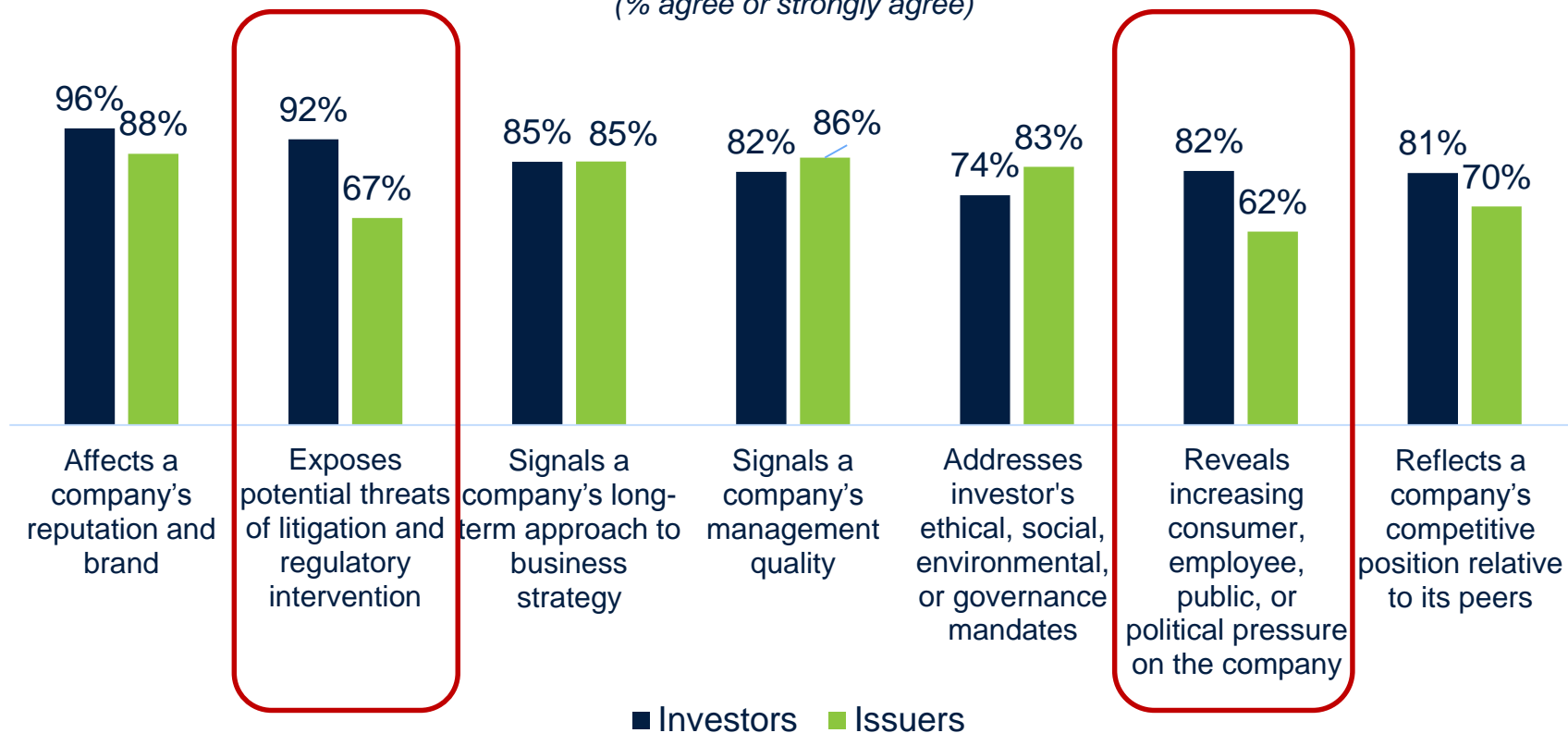
*Investors consider nonfinancial information in investment decisions, because ...*



# Why is nonfinancial information material to investment decisions?

Issuers underestimate investors' consideration of latent risks.

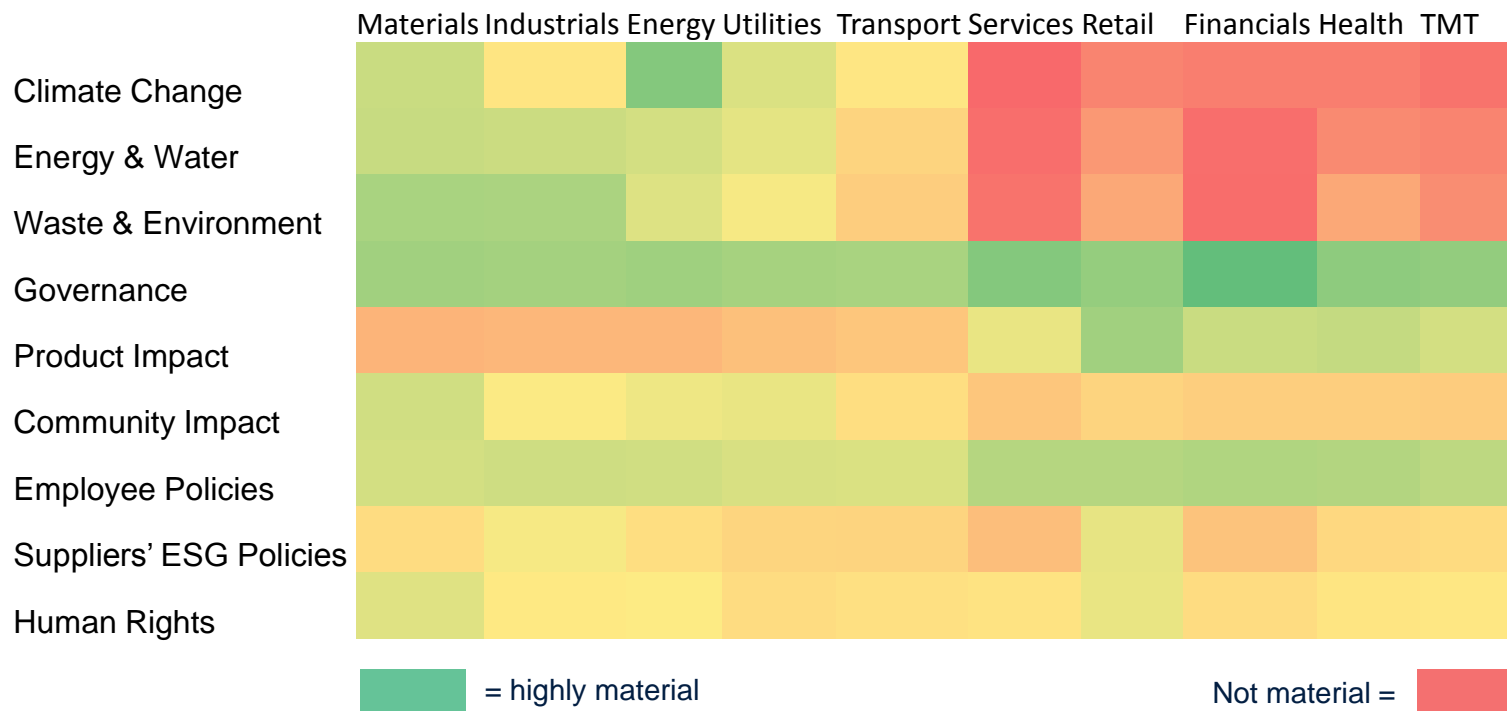
*Nonfinancial information is material to investment decisions because...*  
(% agree or strongly agree)



# Which nonfinancial information is material to issuers in which sectors?

Governance matters for all sectors, so do employee policies. The materiality of other ESG factors varies across sectors.

Materiality (ESG factor – Sector) Matrix





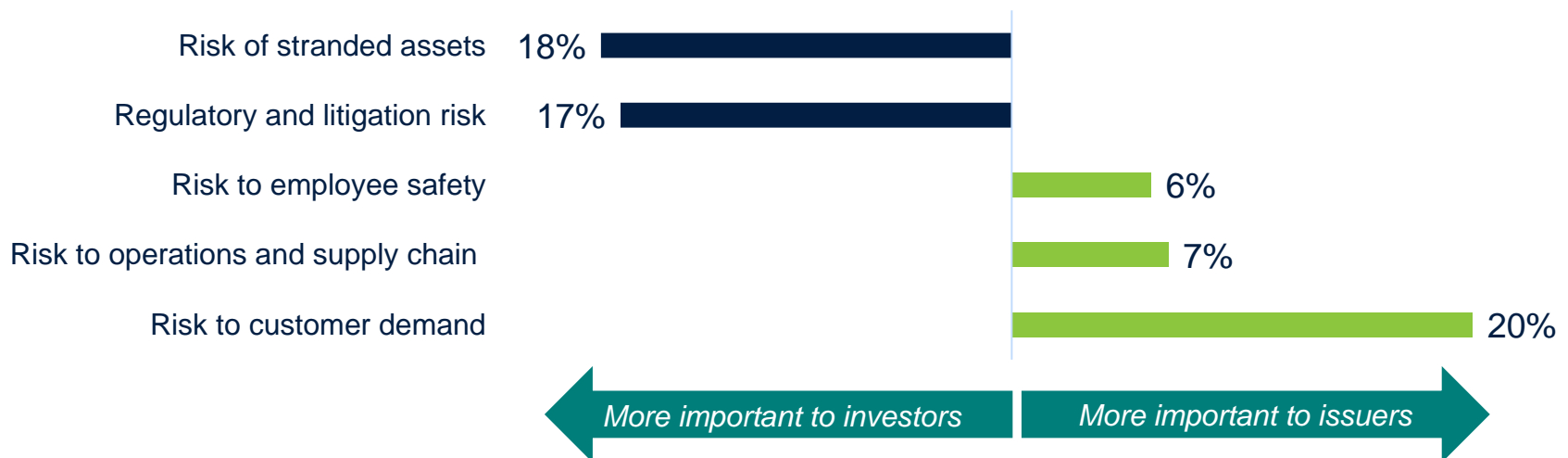
# Does climate change pose a material risk to issuers?

Climate change is a real concern for investors, in particular with respect to stranded assets and regulatory risk

*Climate change poses **little or no risk***

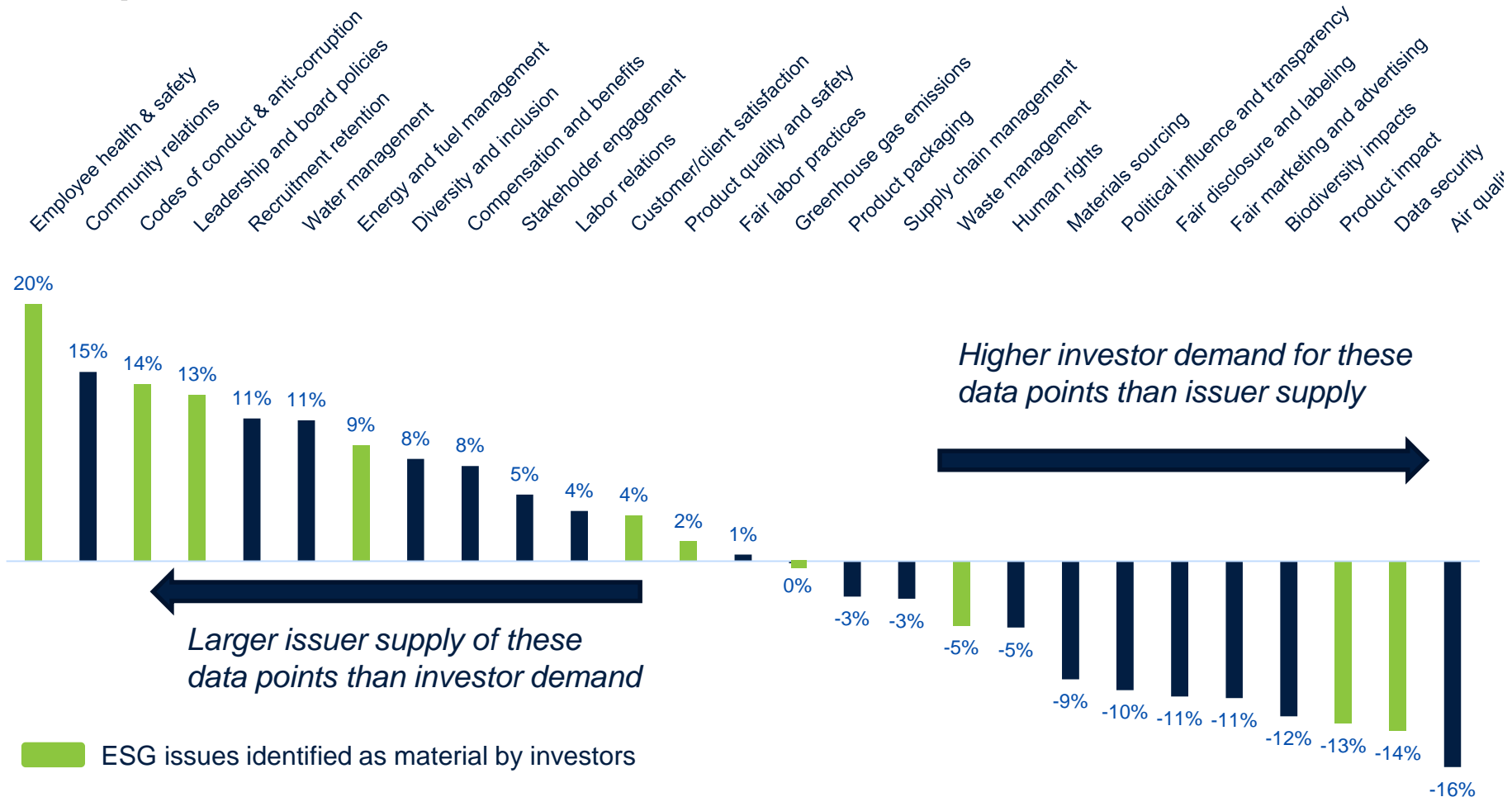


*Climate change poses the following risks  
(difference in % responses issuers vs investors)*



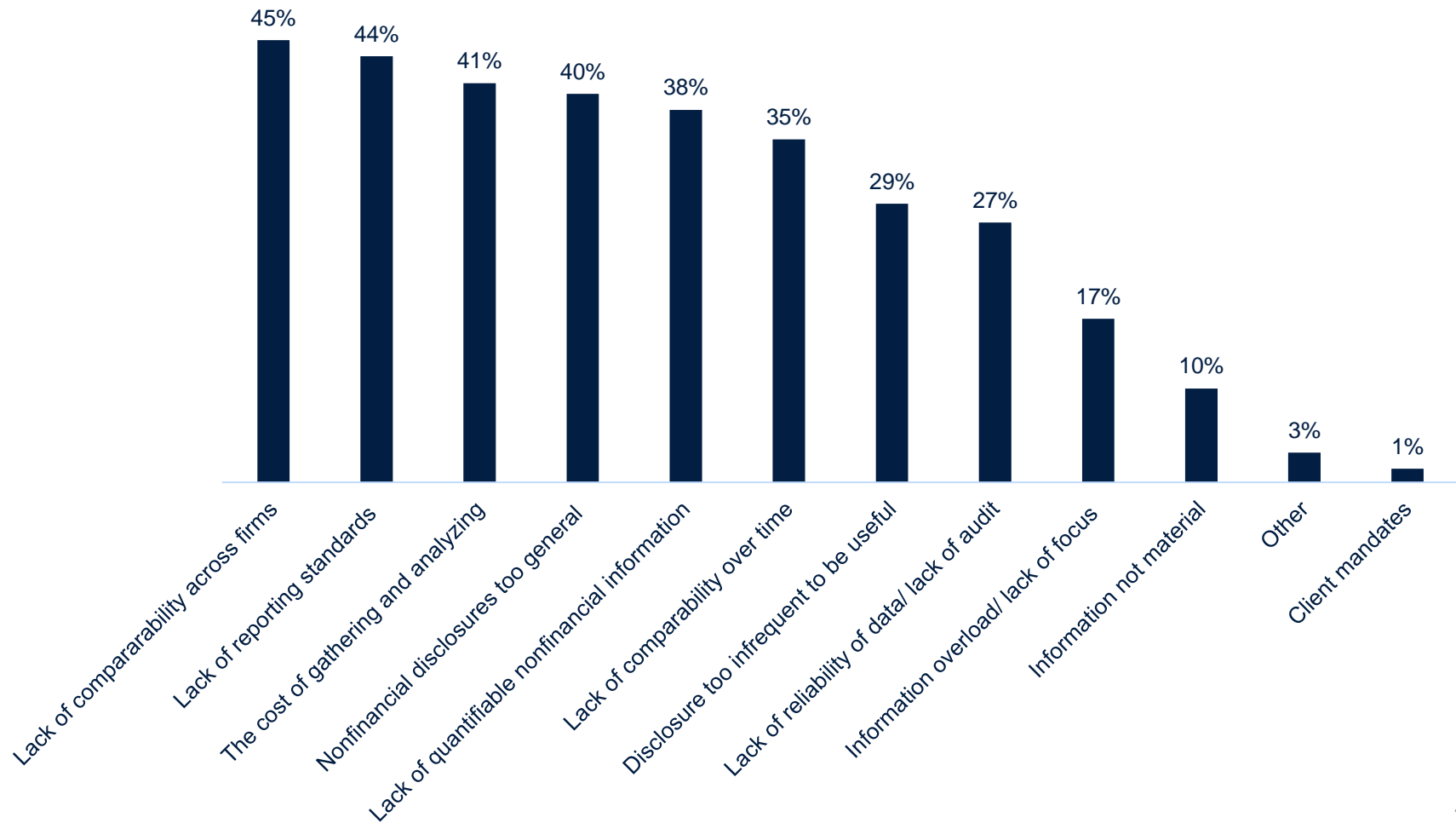
# Supply and demand of ESG information

A mismatch exists between the supply of and demand for specific ESG data points



# Challenges investors face when integrating ESG information

The lack of reporting comparability and standards are the biggest hurdle to ESG integration



# What data source do investors use?

Investors predominantly use data aggregators/third party ESG ratings for decision making

