

**Sustainability profile as a success factor:
How companies meet what growing numbers of investors expect**

February 6, 2020 – For decades, most companies considered sustainability a marginal topic at best. Those days are gone. It's not the climate-change protesters in the streets who are forcing companies to rethink their position. It's their own investors who are putting sustainability on the agenda. This is changing everything – including communications.

Around half of the total capital of professional investors in Europe, Canada and Australia is already being invested in ways that take sustainability criteria into account. And even in the USA, this figure is already no less than around a quarter – and rising. A clear sustainability profile has become a decisive success factor for corporate leaders in their ability to convince investors of the value of investing in their company.

Sustainability is moving from the margins to the core of business models. Sustainability is no longer the “hoopla” that low-level administrators and social responsibility teams handle. Wherever sustainability is not yet a matter for the C-suite, it is high time they took it up. And communications on sustainability will also change radically to match. Major investments in sustainability activities are wasted if key stakeholders and investors do not notice and understand them.

So what specific changes should companies make to their sustainability communications if they want to stay ahead in the competition for decision makers' and investors' attention?

In our study **EMBRACING SUSTAINABILITY**, we explored answers to this question – and generated ten success factors for putting your best foot forward in capital market communications on sustainability issues. We also reveal in a ranking which of the Dax 30 companies are already at the top of the game in sustainability communication.

Our findings are based on an in-depth analysis of Dax 30 companies' communications practices as well as qualitative expert interviews with investors with EUR 3 trillion in assets under management.

This comparison of status quo to target shows: “Companies must abandon the idea that it is enough to do ‘something with sustainability’,” says Dr. Brigitte von Haacke, Managing Partner in Hering Schuppener's Frankfurt office. “Pretending to up the ante in the sustainability game will no longer satisfy investors and analysts either. What they are now demanding are answers to the question of what sustainability criteria are truly mission-critical for companies and their business model.”

	Company	Score
1	BASF	34.5
2	Henkel	32
3	Covestro	29.5
4	Deutsche Telekom	25
5	Volkswagen	22.5
6	SAP	20
7	Deutsche Post	19.5
8	Munich Re	19
9	E.ON	18.5
10	RWE	17

Overall assessment of Dax 30 companies' communications (source: own research)

Companies must therefore grasp just how investors incorporate sustainability information into their decision making. In other words, they must adapt their own understanding of sustainability and their communications strategy to the investor perspective. And learn how to present sustainability as a factor influencing business risks and opportunities.

At the same time, it is important to show that sustainability is an integral part of the company's corporate strategy. It is no longer enough to produce a sustainability report separately from the annual report. Nor does it make sense for companies to formulate a sustainability strategy that is detached from the overall corporate strategy.

Brigitte von Haacke: "Wherever sustainability moves to the core of the business model, it must inevitably become a management issue. Which makes it a firm fixture in CEO and supervisory board communications." Instead of referring the matter to staff and specialist departments, top managers and supervisory board members will increasingly have to speak out on these issues themselves going forward. At roadshows, capital market events as well as in interviews with business and financial media, they should actively bring the issue of sustainability to the fore.

However, for this to succeed, it is vital to have in-depth knowledge of those being addressed by the sustainability messages, as Dr. Robert Vollrath, partner in Hering Schuppener's capital market team, knows well: "On the capital market side, the sustainability trend is also bringing about changes, new players are gaining traction. Rating agencies specializing in sustainability matters are taking on a powerful gatekeeper function." Companies must ensure that their sustainability ratings actually reflect their current activities. Robert Vollrath goes on: "There is a great need for explanation and backlog here for a lot of investor relations teams, who have to build up new contacts and establish new communications channels."



The complete study can be ordered by sending an e-mail to insights@heringschuppener.com using the keyword "Sustainability."

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About Hering Schuppener

Hering Schuppener Consulting is one of the leading communications consultancies in Continental Europe and the clear market leader in Germany, with offices in Berlin, Düsseldorf and Frankfurt as well as an office in Brussels. Hering Schuppener has specialized in strategic communications solutions for companies in mission-critical situations such as M&A transactions, IPOs, restructuring and change processes as well as crises. Moreover, the company advises its clients on a continuous basis in reinforcing their reputation and managing their brand, in management and controlling of international communications activities, in issues related to corporate campaigning and corporate affairs, CEO positioning, digital corporate communication and transformation as well as in long-term press and investor relations activities.

Hering Schuppener Consulting, Finsbury und The Glover Park Group (GPG) together form a global strategic partnership. The combination of these three market leaders is one of the few global platforms advising clients across all communication issues leveraging over 500 consultants in 16 offices around the world. The strategic partnership provides combined global practice groups in Capital Markets, Crisis, Corporate Reputation and Public Affairs to give clients greater cross-market access and the best and most relevant strategic counsel. This strategic advice includes all available communication channels including an integrated digital offering. Finsbury, Hering Schuppener and The Glover Park Group are specialized operating companies of WPP, the world's largest communications services group.

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