

World Economic Forum ESG Metrics Consultation (Investor) Survey

Is reporting on a set of universal, industry agnostic ESG metrics/disclosures useful for investors?

Yes No Please explain why.

Investors need material ESG information in order to make informed investment decisions.

Is reporting on a set of universal, industry agnostic ESG metrics/disclosures useful for the financial markets and the economy more generally?

Yes No Please explain why. _____

Financial markets and the economy need material ESG information for the same reason that investors do, to efficiently allocate capital. _____

Please rate the following "Principles of Governance" core metrics/disclosures from decision critical to not applicable.

	Decision Critical	Useful Background Information	Not Relevant	Not Applicable
Setting Purpose	x			
Board Composition	x			
Impact of material issues on stakeholders	x			
Anti-corruption	x			
Protected ethics advice and reporting mechanisms	x			
Integrated risk and opportunity into business processes	x			

Please rate the following "Planet" core metrics/disclosures from decision-critical to not applicable.

	Decision Critical	Useful Background Information	Not Relevant	Not Applicable
Greenhouse Gas (GHG) emissions	X			
TCFD aligned reporting on material climate risks and opportunities	X			
Land use and ecological sensitivity	X			
Fresh water consumption in water stressed areas	X			

Please rate the following "People" core metrics/disclosures from decision-critical to not applicable.

	Decision Critical	Useful Background Information	Not Relevant	Not Applicable
Gender pay equality (%)	X			
Diversity and inclusion (%)	X			
Wage level (%)	X			
Risk for incidents of child, forced or compulsory labor (#,%)	X			
Health and safety (%)	X			
Training provided (#)	X			

Please rate the following "Prosperity" core metrics/disclosures from decision-critical to not applicable

	Decision Critical	Useful Background Information	Not Relevant	Not Applicable
Net number of jobs created		x		
Net Economic Contribution	x			
Net investment	x			
R&D spend ratio (%)	x			
Community investment (%)		x		
Country by country tax reporting	x			

Are any high priority metrics/disclosures missing from the current set of metrics/disclosures?

Yes No Please list any missing high priority metrics/disclosures. To the extent possible, please provide a source or reference for the metric/disclosure.

ESG metrics that are material to a sector/industry are what investors should focus on. That said, the above framework is meant to be a "one size fits all" approach to an ESG framework and therefore will be missing sector/industry specific metrics.

Also, racial pay gap may need to be addressed. <https://www.payscale.com/data/racial-wage-gap-for-men>

How important is it for the metrics/disclosures to be machine-readable?

Extremely important

Moderately important

Not at all important

To what extent will assured data elevate the quality of data used to report on these metrics/disclosures?

To a great extent

To a moderate extent

Not at all

Which one of the following do you prefer?

Quantitative measures

Ratios

Are there metrics/disclosures on this list that can be manipulated?

Yes No

Please list the metrics/disclosures that can be manipulated.

Most all metrics can be manipulated. Selective inclusion of desirable data and exclusion of undesirable data. That is why assurance by an independent third party and engagement by investors who can “verify” that a company’s actions and strategy are in line with their ESG marketing is so important.

Would you require the companies you invest in to report on the core metrics/disclosures? Yes No

If your response to the question above was “Yes”, over what time frame would you require such reporting?

If your response to the question above was “No”, please explain why not. _We are an investor association so the real answer is N/A for us. However, see that investors are gravitating to seeking answers to material ESG metrics. The materiality of metrics often depends on the sector or industry, so some of these metrics “governance” would always be applicable and some of them would be sector/industry specific.

CFA Institute is an association of investment professionals so we do not have clients in the sense that investment managers do. However, as we educate our members about ESG metrics and ESG integration, we focus on materiality. So we focus on standards and disclosures that are material. The proposed WEF standard as currently constituted is a “one size fits all” model that does not allow for the focus on what is material for a specific company or specific sector. From an investor’s perspective, we find the SASB and TCFD standards the most useful.

Would you require the companies you invest in to report on the expanded metrics/disclosures?

Yes

No

If your response to the question above was “Yes”, over what time frame would you require such reporting?

If your response to the question above was “No”, please explain why not.

CFA Institute a financial professional association comprised mainly of investment professionals so the real answer is N/A for us. However, see that investors are gravitating to seeking answers to material ESG metrics. The materiality of metrics often depends on the sector or industry, so some of these metrics “governance” would always be applicable and some of them would be sector/industry specific .

Do you have ideas for an appropriate framework to support adoption of the metrics/disclosures in the mainstream report and/or core communications to investors?

We believe that the SASB and TCFD standards are best suited to provide investors with the material information on ESG data. We believe that the SASB framework is best suited for ESG disclosures because each sector/industry will have different ESG key performance indicators. An environmental issue that is key for an oil and gas company for instance may be of little or no importance to a software company for example. Any framework has to allow for sector/industry specificity to be effective. The TCFD is the best standard for climate because it focuses management and investors into discussing the governance, strategy, risk management, and metrics and targets around climate. The TCFD standard allows companies to communicate about their unique situation and is not a long “tick the box” menu of questions, some of which will be immaterial.

Do you have any additional comments on the proposed set of core and expanded ESG metrics/disclosures?

You have reached the end of the survey. We thank you for your time. If there's anything else we should know please use the comment box below to tell us. Please press SUBMIT to finish.