



Press release

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Sustainability becoming mainstream for investors

Besides the usual financial criteria, environmental and social topics, as well as corporate governance, are becoming ever more important to institutional investors when valuing companies and making investment decisions. A study released today by Deutsches Aktieninstitut and Rothschild & Co affirms this trend.

The study “ESG from the perspective of institutional investors – what listed companies should know” is based on extensive interviews with 18 international institutional investors, managing c. €14.4 trillion in assets and includes ten of the Top 20 investors in the DAX and MDAX. “*Our study shows a unique view behind the scenes of decision-making by institutional investors,*” explains Dr Christine Bortenlänger, Executive Managing Director of Deutsches Aktieninstitut. “*It offers important insight for companies wanting to learn about the requirements and expectations of investors with regards to environmental, social and corporate governance topics.*” The study shows that it is no longer only the few investors with a particular focus on ESG that take account of these criteria. The majority of survey respondents include ESG criteria now in their decision-making process. Sustainability criteria, therefore, are en route to become the mainstream of decision-making for institutional investors.

“*Deficits in ESG criteria can already today have an effect on the quality, breadth and loyalty of the shareholder base,*” emphasises Dr Martin Reitz, Chairman of the Board of Rothschild & Co Deutschland GmbH, with regards to the possible consequences for listed companies. “*This development will continue to increase. Whoever fails to respond to it may weaken their company’s ability to defend itself against activist shareholders or may need to accept lower capital market valuations.*”

Reitz recommends that companies actively address these topics with investors, “*Investors appreciate open communication by management and supervisory board in relation to ESG topics. In order to establish a clear ESG footprint, companies should identify and define their most important ESG issues and develop respective targets. In this context it is also important to engage with investors directly to gain insights into their views and perception.*”

In addition, the study shows that a deep dialogue with investors is important, as their individual requirements relating to the ESG positioning can vary substantially. Similarly, this applies to the weighting of ESG criteria when making investment decisions. “*There is no uniform approach to the topic amongst investors,*” highlights Bortenlänger. “*To enable management and supervisory board members as well as investor relations officers to draw their own conclusions, we have decided to include a large number of original quotations in the study that reflect the wide range of prevailing opinions.*”

The study “ESG from the perspective of institutional investors – what listed companies should know” is available for download on the websites of [Deutsches Aktieninstitut](#) and [Rothschild & Co](#).

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Global Advisory, a division of the Rothschild & Co group, designs and executes strategic M&A and financing solutions, providing impartial, expert advice to large and mid-sized corporations, private equity, families and entrepreneurs, and governments.

Through its unrivalled network of 1,000 industry and financing specialists in over 40 countries, Rothschild & Co's Global Advisory business combines the breadth of its advisory offering with a high volume of transactions to achieve a unique understanding and perspective into markets and participants worldwide.

About Deutsches Aktieninstitut e.V.

Since 1953 Deutsches Aktieninstitut has represented the interests of publicly traded companies, banks, stock exchanges and investors. Our members represent 85 percent of the market capitalization of listed companies in Germany. In close dialogue with policy makers we work constructively on the development of capital markets and their parameters, because efficient capital markets are the basis for innovation and investments by companies. Capital market finance, trading of securities as well as rights and obligations of shareholders and management and supervisory boards are among the core issues we address. From the Rhine-Main-Metropolis Frankfurt we engage constantly in professional exchanges in technical expertise with our members and strive to integrate their positions into the legislative processes via our offices in Berlin and Brussels.