



The Center for Audit Quality Institutional Investor Survey

Research Findings | Q2 Survey

April 2024

About KRC Research

KRC Research is a global opinion research and insights consultancy that specializes in designing research to support effective public affairs, advocacy, engagement and communications initiatives. For over 30 years, we have helped nonprofits, governments, and corporations execute on their strategic imperatives and meet their organizational goals.

Our team draws from the worlds of global health, consumer and social marketing, journalism and academia, and public policy arenas. Not only are we passionate about the work we do for clients, but we also pride ourselves on being flexible, practical, creative, and knowledgeable, combining sophisticated research tools with real-world intelligence and communications experience.

We understand the needs and challenges of diverse target audiences and complex objectives. This breadth of experience and depth of knowledge positions KRC to deliver the highest quality insights needed to inform your organization's most pressing strategic decisions.

About the Center for Audit Quality

The Center for Audit Quality (CAQ) is a nonpartisan public policy organization serving as the voice of U.S. public company auditors and matters related to the audits of public companies. The CAQ promotes high-quality performance by U.S. public company auditors; convenes capital market stakeholders to advance the discussion of critical issues affecting audit quality, U.S. public company reporting, and investor trust in the capital markets; and using independent research and analyses, champions policies and standards that bolster and support the effectiveness and responsiveness of U.S. public company auditors and audits to dynamic market conditions.

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Objectives & Methodology

OBJECTIVES

The Center for Audit Quality is pleased to release this research to further understand capital market stakeholder information needs. Capital markets operate on trust and transparency, and understanding investor information needs as they allocate capital is necessary to build and maintain both.

To reach a broad range of institutional investors, the CAQ has partnered with KRC Research, a global public opinion research consultancy, to conduct independent quantitative and qualitative field work involving a diverse group of investor community stakeholders.

This second survey in our 2024 series focuses on two matters related to climate-related disclosures. First, we wanted to understand the role of, and confidence in, climate-related disclosures when it comes to investment decision-making. Second, we wanted to gain early insights into investor reactions to the U.S. Securities and Exchange Commission’s final rule on climate-related disclosures.

METHODOLOGY

The Q2 survey research was conducted online from April 2 – 8, 2024 among 100 U.S. institutional investors.

All qualified respondents were screened to ensure they are professional investors employed at companies with a minimum of \$500M in assets under management, have appropriate job titles, and serve at the Director level or higher with at least 5 years of experience.

RELATED RESOURCES

Prior CAQ Institutional Investor Surveys

+ [Research Findings | Q1 Survey, CAQ \(February 2024\)](#)

Additional Surveys

+ [Views on Public Company Auditors: Audit Committee Member and Institutional Investor Research Findings, CAQ \(May 2023\)](#)

+ [Perspectives on Corporate Reporting, the Audit, and Regulatory Environment: Institutional Investor Research Findings, CAQ \(November 2023\)](#)

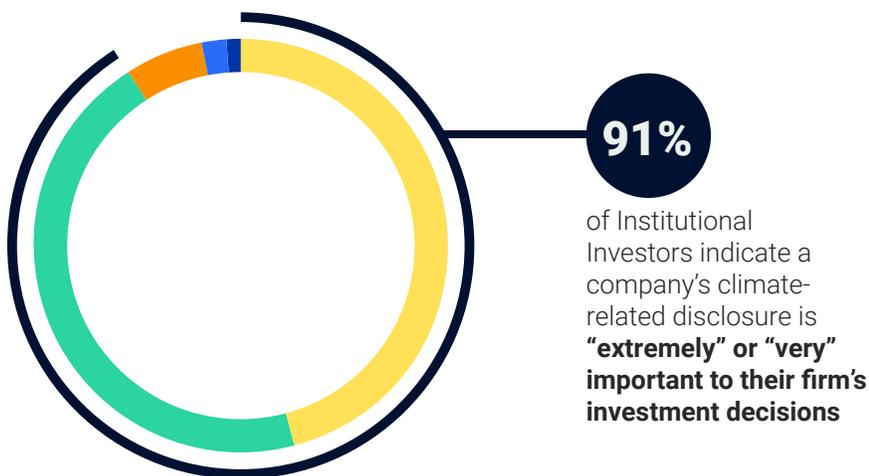
Email hello@thecaq.org for questions about this publication and its findings.

Survey Findings

A company's climate-related disclosure is important to almost all investors.



IMPORTANCE OF COMPANY CLIMATE-RELATED DISCLOSURES IN INVESTMENT DECISIONS



Extremely important (46%)

Not very important (2%)

Very important (45%)

Not important at all (1%)

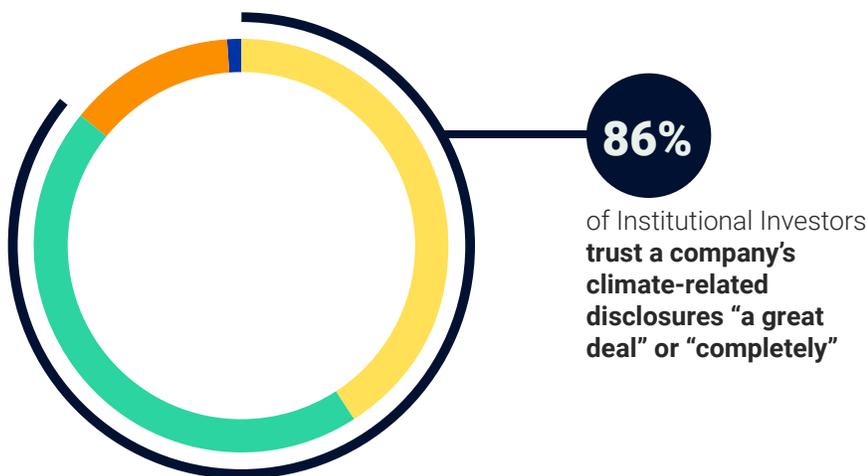
Somewhat important (6%)

Q1. How important is a company's climate-related disclosures in your firm's investment decisions?
(Base: All respondents, n=100)

Nearly nine in ten investors trust climate-related disclosures by publicly traded companies.



TRUST IN COMPANY CLIMATE-RELATED DISCLOSURES BY PUBLICLY TRADED COMPANIES



- Completely (41%)
- A great deal (45%)
- Some (13%)
- Only a little (0%)
- Not at all (1%)

Q2. How much do you trust environmental sustainability disclosures made by publicly traded companies? (Base: All respondents, n=100)

Six in ten investors say climate-related disclosures enhance a company's reputation and trustworthiness as a main reason for its consideration.

REASONS FOR CONSIDERING A COMPANY'S CLIMATE-RELATED DISCLOSURES IN INVESTMENT DECISIONS

(Multiple selections allowed)

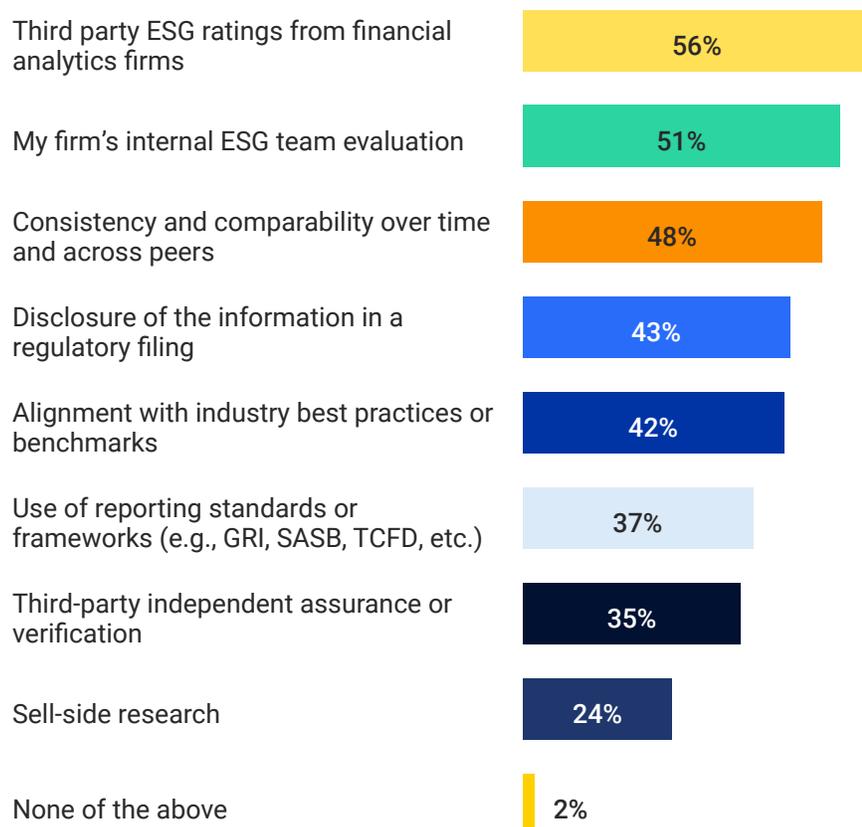


Q4. What are the main reasons for considering a company's climate-related disclosures in your investment decisions? Select all that apply. (Base: All respondents, n=100)

Third party ESG ratings are the most likely source used to evaluate climate-related disclosures. Internal research is also commonly used.

FACTORS USED TO EVALUATE THE QUALITY AND RELIABILITY OF CLIMATE-RELATED DISCLOSURES

(Multiple selections allowed)



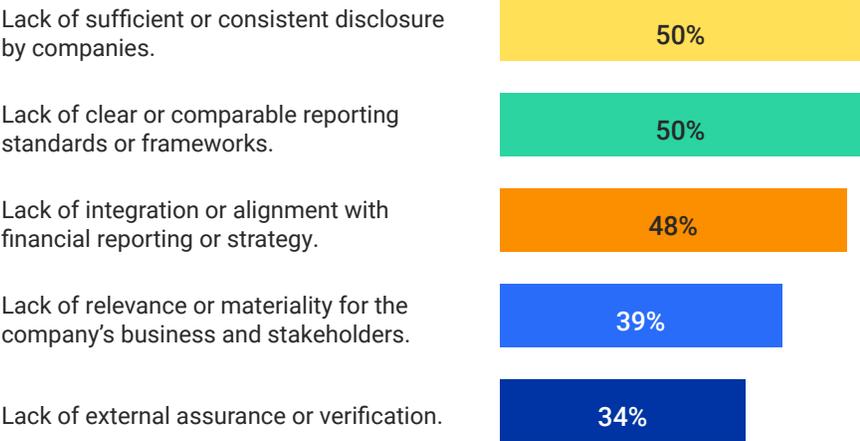
Q3. How do you evaluate the quality and reliability of climate-related disclosures made by companies? Select all that apply. (Base: All respondents, n=100)

Lack of consistent disclosure, comparable reporting standards, and alignment with financial reporting are the key challenges in evaluating climate-related disclosures.



CHALLENGES IN EVALUATING CLIMATE-RELATED DISCLOSURES BY COMPANIES

(Multiple selections allowed)

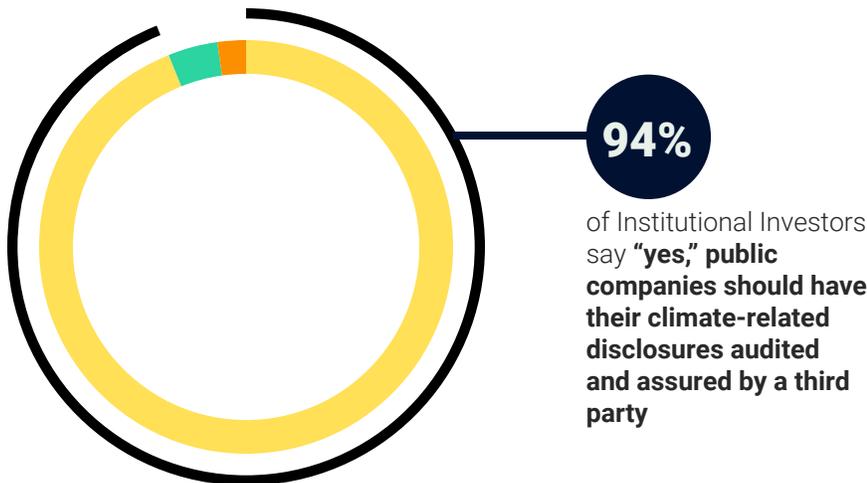


Q5. What are the main challenges you face in evaluating climate-related disclosures made by companies? Select all that apply. (Base: All respondents, n=100)

Nearly all investors want public companies to have climate-related disclosures audited and assured by a third party.



OPINION ON IF PUBLIC COMPANIES SHOULD HAVE CLIMATE-RELATED DISCLOSURES AUDITED AND ASSURED BY A THIRD PARTY



- Yes (94%)
- No (4%)
- Not sure (2%)

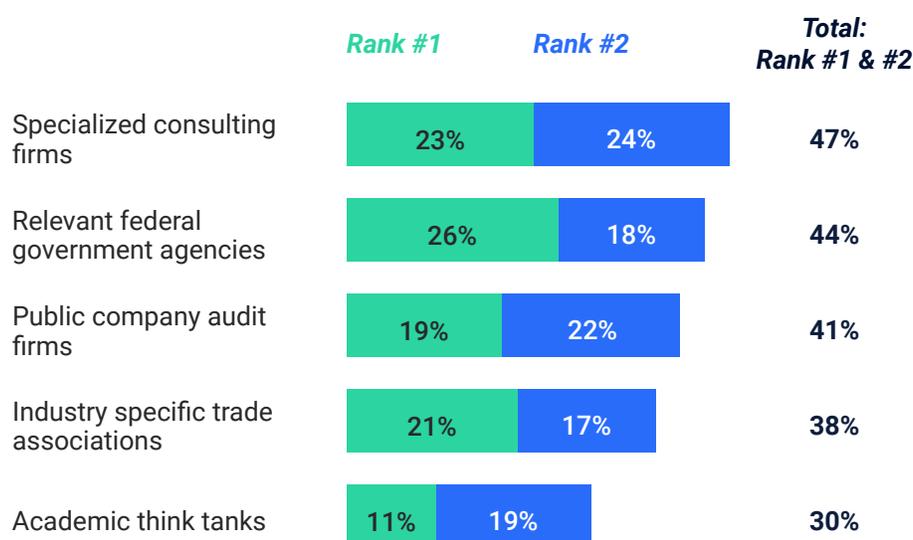
Q6. Do you think public companies should have their climate-related disclosures audited and assured by a third party? (Base: All respondents, n=100)

Specialized consulting firms and the federal government are seen as most qualified to assure climate disclosures, but no entity has a clear advantage.



MOST QUALIFIED ORGANIZATIONS TO REVIEW AND ATTEST TO A COMPANY'S CLIMATE-RELATED DISCLOSURES

(Ranked response, #1-5)

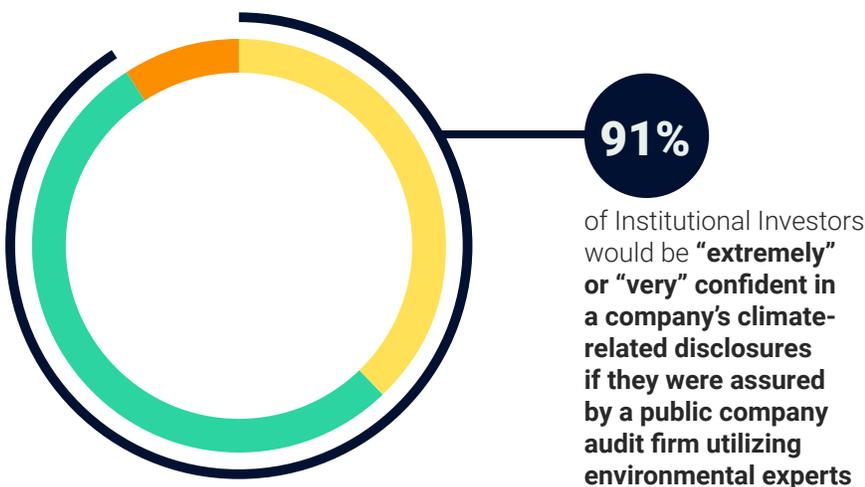


Q7. In your opinion, which of the following are most qualified to review and attest to a company's climate-related disclosures? Please rank each entity from 1 to 5, with 1 being the entity that is most qualified in that area, to 5 being the entity that is least qualified. (Base: All respondents, n=100)

Almost all investors would be confident in climate-related disclosures if companies were assured by public audit firms with environmental experts.



CONFIDENCE IN CLIMATE-RELATED DISCLOSURES IF ASSURED BY PUBLIC COMPANY AUDIT FIRM WITH ENVIRONMENTAL EXPERTS



- Extremely confident (38%)
- Very confident (53%)
- Somewhat confident (9%)
- Not very confident (0%)
- Not confident at all (0%)

Q8. How confident would you be in a company’s climate-related disclosures if they were assured by a public company audit firm utilizing its environmental experts as needed? (Base: All respondents, n=100)

Nearly seven in ten investors are confident in climate-related disclosures because of auditors' experience.



CHARACTERISTICS OF PUBLIC COMPANY AUDIT FIRMS ENGENDERING CONFIDENCE IN ASSURANCE OF CLIMATE-RELATED DISCLOSURES

(Multiple selections allowed)



Q9. What characteristics of public company audit firms gives you confidence in their assurance of company climate-related disclosures, utilizing its environmental experts? Select all that apply. (Base: Respondents confident in a company's climate-related disclosures if they were assured by a public company audit firm utilizing its environmental experts, n=100)

Public and investor skepticism along with lack of standard metrics and methodologies are the leading factors that diminish confidence in audit firms' assurance of climate disclosures.



FACTORS LESSENING CONFIDENCE IN PUBLIC COMPANY AUDIT FIRMS PROVIDING ASSURANCE OF CLIMATE-RELATED DISCLOSURES

(Multiple selections allowed)

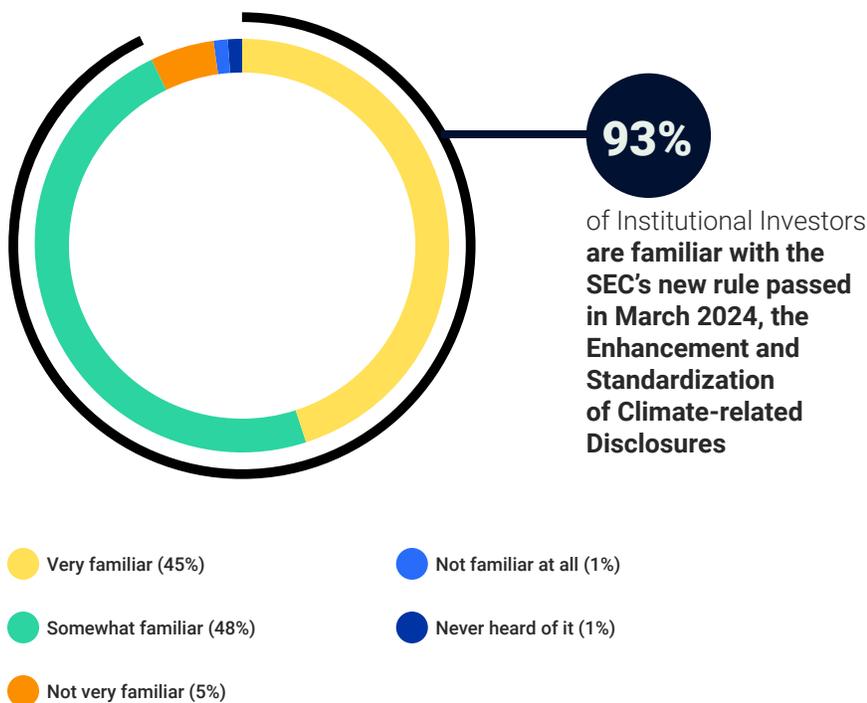


Q10. What makes you LESS confident public company audit firms providing assurance of company climate-related disclosures, utilizing its environmental experts? Select all that apply. (Base: All respondents, n=100)

Almost all investors are familiar with the SEC's recent climate-related disclosure rule.



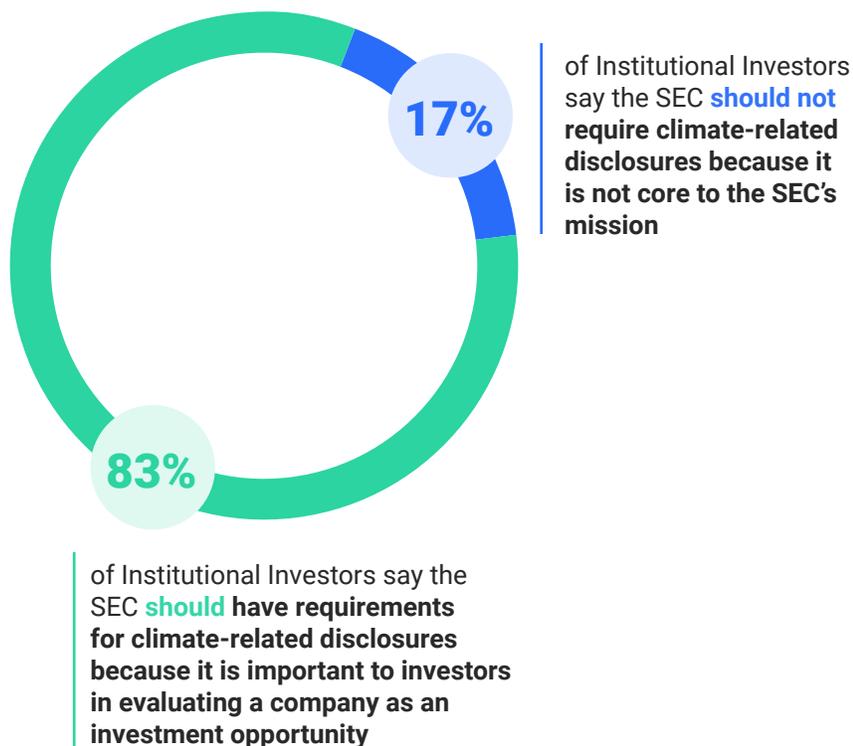
FAMILIARITY WITH THE SEC'S NEW RULE: *ENHANCEMENT AND STANDARDIZATION OF CLIMATE-RELATED DISCLOSURES*



Q11. How familiar are you with the SEC's new rule on company climate-related disclosures, Enhancement and Standardization of Climate-related Disclosures passed in March 2024?
(Base: All respondents, n=100)

More than eight in ten investors believe that the SEC should require climate-related disclosures because it is important in investment decisions.

PERCEPTIONS ON THE SEC REQUIREMENT FOR COMPANIES TO MAKE CLIMATE-RELATED DISCLOSURES

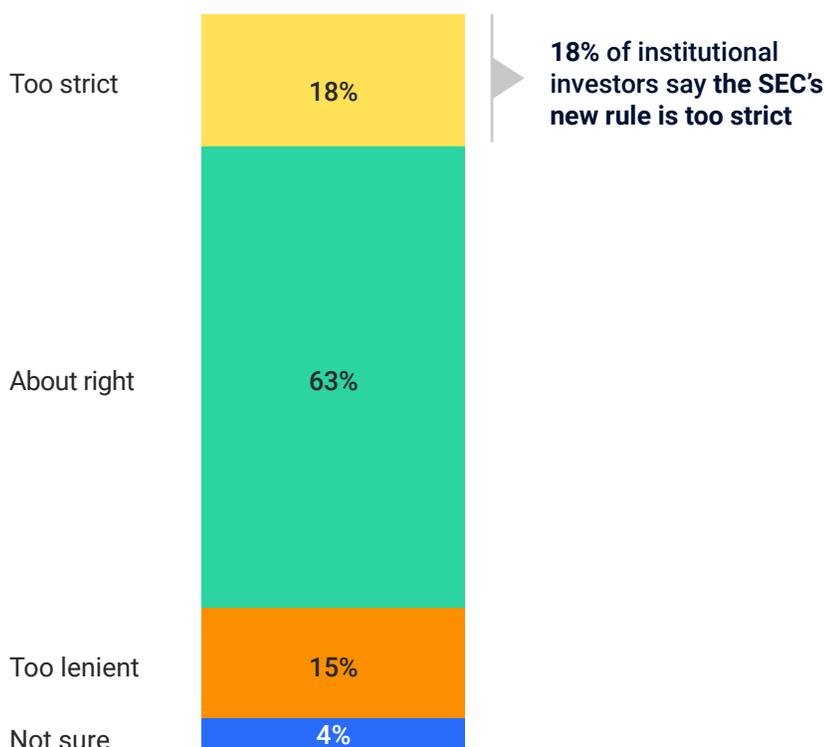


Q12. Which of the following comes closest to your opinion about the SEC requiring companies to make climate-related disclosures, even if neither perfectly matches your opinion? (Base: All respondents, n=100)

Most investors think the SEC requirement is neither too strict nor too lenient, but about right.



PERCEPTIONS ON THE SEC REQUIREMENT FOR COMPANIES TO MAKE CLIMATE-RELATED DISCLOSURES

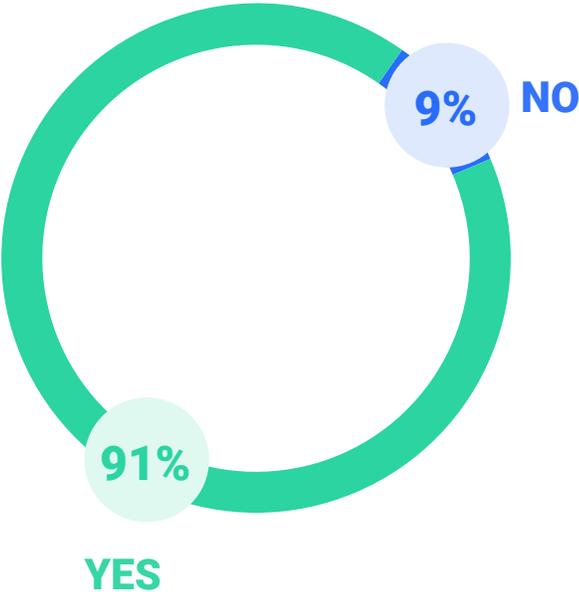


Q13. Do you think the SEC's new rule on climate disclosures is...? (Base: All respondents, n=100)

Nearly all investors think companies should be required to disclose Scope 3 GHG emissions.

PERCEPTIONS ABOUT DISCLOSURES OF SCOPE 3 GREENHOUSE GAS EMISSIONS

Do you feel that companies should be required to disclose their Scope 3 greenhouse gas emissions in the US?



Q14. Do you feel that companies should be required to disclose their Scope 3 greenhouse gas emissions in the US? (Base: All respondents, n=100)

INFORMATION SHOWN TO RESPONDENTS:

The SEC's rule did not require companies to disclose Scope 3 greenhouse gas emissions, which are required in Europe and will be required for many businesses in California under a state law enacted in 2023.

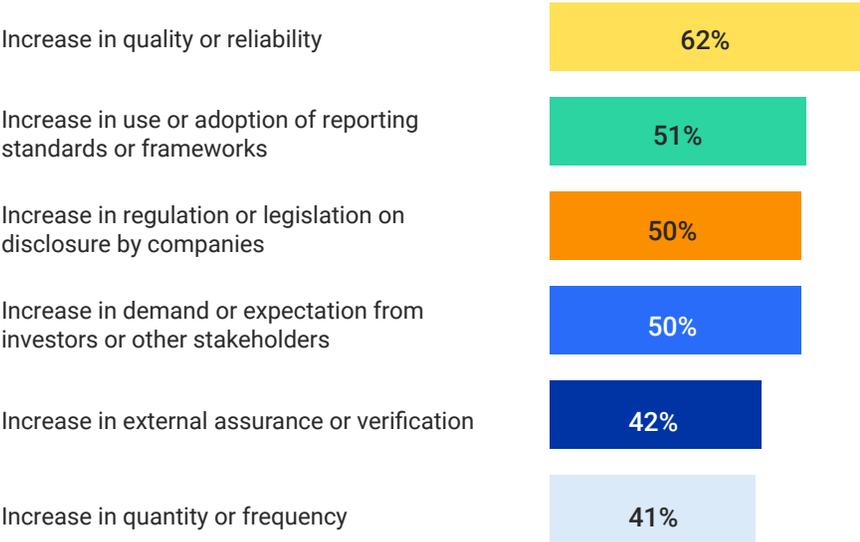
Scope 3 emissions are indirect emissions from a company's value chain, such as those from the manufacturing and transportation of materials from a sub-supplier, the transportation, storage and use of a company's products or from a company's business travel and employee commuting, among others.

Most investors expect climate-related disclosures to increase in quality or reliability in the future.



EXPECTATIONS FOR THE EVOLUTION OF CLIMATE-RELATED DISCLOSURES BY COMPANIES

(Multiple selections allowed)



Q15. How do you expect climate-related disclosures by companies to evolve or change in the future? Select all that apply. (Base: All respondents, n=100)

Appendix

Survey Respondent Profile

Assets Managed

\$500mil to less than \$1bil	19%
\$1bil to less than \$5bil	41%
\$5bil to less than \$10bil	24%
\$10bil to less than \$50bil	11%
\$50bil or more	5%

Investment Experience

6 – 10 years	47%
11 – 15 years	32%
16 – 20 years	13%
Over 20 years	8%

Primary Market of Focus

United States	100%
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Age

Under 30 years old	2%
30-39	32%
40-49	58%
50-59	7%
60+	1%

Gender

Male	60%
Female	40%

Company Representation

Commercial Bank	32%
Investment Bank	26%
Insurance Company	23%
Credit union	7%
Venture Capital Funds	4%
Real Estate Investment Trusts	2%
Family office	2%
Mutual Funds	1%
Other Investment Mgmt. Firm	3%

Job Description

Commercial Banking	39%	Insurance	23%
Investment Banking	41%	Risk Management	70%
Commercial Lending	23%	Asset Management	22%
Asset Management	13%	Compliance	9%
Risk Management	13%	Other Types of Roles	12%
Compliance	3%	Investment Analyst (Alternative Asset Class)	42%
Product Development	3%	Portfolio Manager	17%
Market Data	3%	Risk Management	8%
Data Science	3%	Compliance	8%
Investment Banking	26%	Market Data	8%
Chief Risk Officer	65%	Head of Credit Research	8%
Credit or Risk Analyst	19%	Other	8%
Senior Banker	8%		
Debt Capital Market Originator/Arranger	4%		
Other	4%		



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