

How IROs can create a green perception premium

With compliance obligations adding friction for both companies and investors, **Fabrizio Palmucci** highlights the importance of regular dialogue for maintaining a robust share register.

Regardless of the prevailing narratives in the media about environmental, social and governance (ESG) and climate, one thing is clear: when presented with two investments offering similar return profiles, institutional investors will typically favour the greener option. Also, with over £43tn in assets committed to stewardship principles and new regulatory frameworks like the Corporate Sustainability Reporting Directive (CSRD) or forthcoming International Sustainability Standards Board (ISSB) reshaping disclosure requirements, IROs find themselves at the epicenter of a transformation that demands both strategic thinking and tactical innovation.

Breaking the one-way street of climate dialogue

Too often climate-focused investor engagement resembles a one-way conversation, where institutional investors articulate demands and companies respond defensively. This dynamic creates sterile exchanges that fail to capitalise on the substantial expertise both parties bring to sustainability challenges. Leading IROs are discovering that proactive engagement – initiated by companies rather than investors – generates superior outcomes for all stakeholders.

The shift toward company-initiated dialogue reflects a broader recognition that climate finance is evolving beyond simple compliance exercises. While the much-discussed ‘greenium’ on sustainable debt remains minimal, the thematic bond market now exceeds \$5tn, indicating substantial underlying value. The key lies in unlocking this value through strategic positioning rather than relying solely on cost-of-capital benefits.

Leading IROs understand that climate finance works best when it



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supports clear strategic objectives tied to material climate risks or opportunities. Rather than treating sustainability as a standalone initiative, successful companies integrate climate considerations into their core business strategy, using, for example, climate transition planning as a competitive differentiator rather than a regulatory burden.

Snam’s collaborative blueprint: turning regulation into opportunity

Italian energy infrastructure company Snam exemplifies how forward-thinking companies can transform regulatory requirements into investor engagement opportunities. As the largest European gas regulated midstream operator facing CSRD compliance, Snam’s management team recognized that their transition plan represented more than a disclosure exercise – it was a strategic communication tool that could reshape investor perceptions and strengthen relationships.

Working with Impactivise, Snam took the unusual step of engaging several leading institutional investors before publishing their transition plan. Rather than presenting a finished

document, the company sought input on investor expectations regarding targets, metrics, scenario analysis, and technological pathways including biomethane, carbon capture and storage, and hydrogen infrastructure.

This collaborative approach yielded immediate benefits. Investors provided valuable guidance on ambition levels and disclosure frameworks while gaining deeper insights into the operational realities of energy transition. The engagement extended beyond sustainability teams to include analysts and portfolio managers across both equity and debt markets.

The success of Snam’s approach demonstrates three critical insights for IROs. First, investors are eager to engage when companies take the initiative, moving beyond traditional scheduled events to create progressive dialogue. Second, effective transition planning requires cross-functional collaboration spanning sustainability, operations, finance, and board-level teams. Third, early engagement with investors can materially improve the quality and market relevance of corporate climate strategies.

“ Climate finance works best when it supports clear strategic objectives tied to material climate risks or opportunities ”

The strategic questions IROs should be asking

The most effective IROs are transforming investor relations from a reactive function to a proactive intelligence-gathering operation. They recognise that dedicated climate investors possess deep sectoral expertise and nuanced views on transition pathways that can inform better corporate decision-making.

Critical questions that IROs should be raising with climate-focused investors include:

- What are your expectations for published data, targets, and metrics specific to our industry?
- Which scenario analysis assumptions and frameworks do you find most credible?
- How do you reconcile 1.5°C pathways with the realities of slow global decarbonisation?
- What are your views on the specific transition technologies and levers available to our sector?

“ Many ESG ratings and assessments fail to capture company-specific circumstances, making direct dialogue essential ”

These conversations are particularly valuable given the rapid evolution of transition finance, regulation, and investor preferences. Many ESG ratings and assessments fail to capture company-specific circumstances, making direct dialogue essential for

effective positioning. IROs who establish regular exchanges with climate investors are better positioned to interpret evolving market dynamics and adjust their strategies accordingly.

Build strategic alignment and a green perception premium

The companies that will thrive in the climate-conscious investment landscape are those whose IROs can effectively bridge the gap between operational realities and investor expectations. This requires acknowledgment of challenges alongside credible commitments to improvement.

IROs must also recognise that climate finance’s primary value lies not in direct cost savings but in expanding access to a broader, more stable investor base. Given similar returns, investors often prefer greener options and will hold onto them longer, even when they appear overvalued in the short term. This ‘green perception’ premium can provide meaningful competitive advantages over time. ■

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