

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) SURVEY

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# ABOUT THE SURVEY

## **Background & Purpose**

The purpose of this survey is to better understand the perceptions of CFA Institute membership concerning ESG issues and ESG data, as well as how members use such information in their investing processes in addition to understanding trends in ESG analysis and point to what best practices are being established.

## **Methodology**

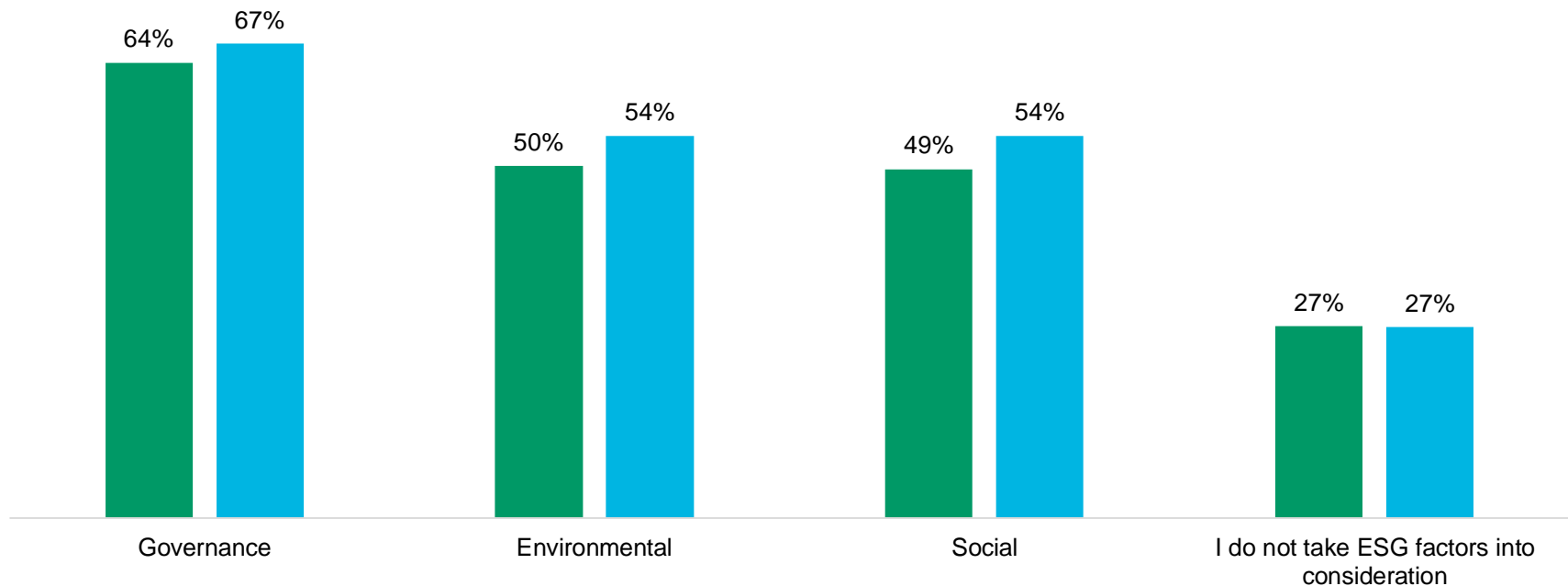
On 9 May 2017, 47,208 CFA Institute members that are portfolio managers and research analysts were invited via email to participate in an online survey. The survey closed on 23 May 2017. 1,588 valid responses were received, for a response rate of 3% and a margin of error of  $\pm 2.4\%$ .

# GLOBAL RESULTS

**73% OF SURVEY RESPONDENTS TAKE ESG ISSUES INTO ACCOUNT IN THEIR INVESTMENT ANALYSIS AND DECISIONS, WITH GOVERNANCE BEING THE MOST COMMON, THE SAME AS 2015.**

**WHICH, IF ANY, OF THE FOLLOWING ESG (ENVIRONMENTAL, SOCIAL, GOVERNANCE) ISSUES DO YOU TAKE INTO ACCOUNT IN YOUR INVESTMENT ANALYSIS OR DECISIONS?  
SELECT ALL THAT APPLY**

■ 2015 ■ 2017

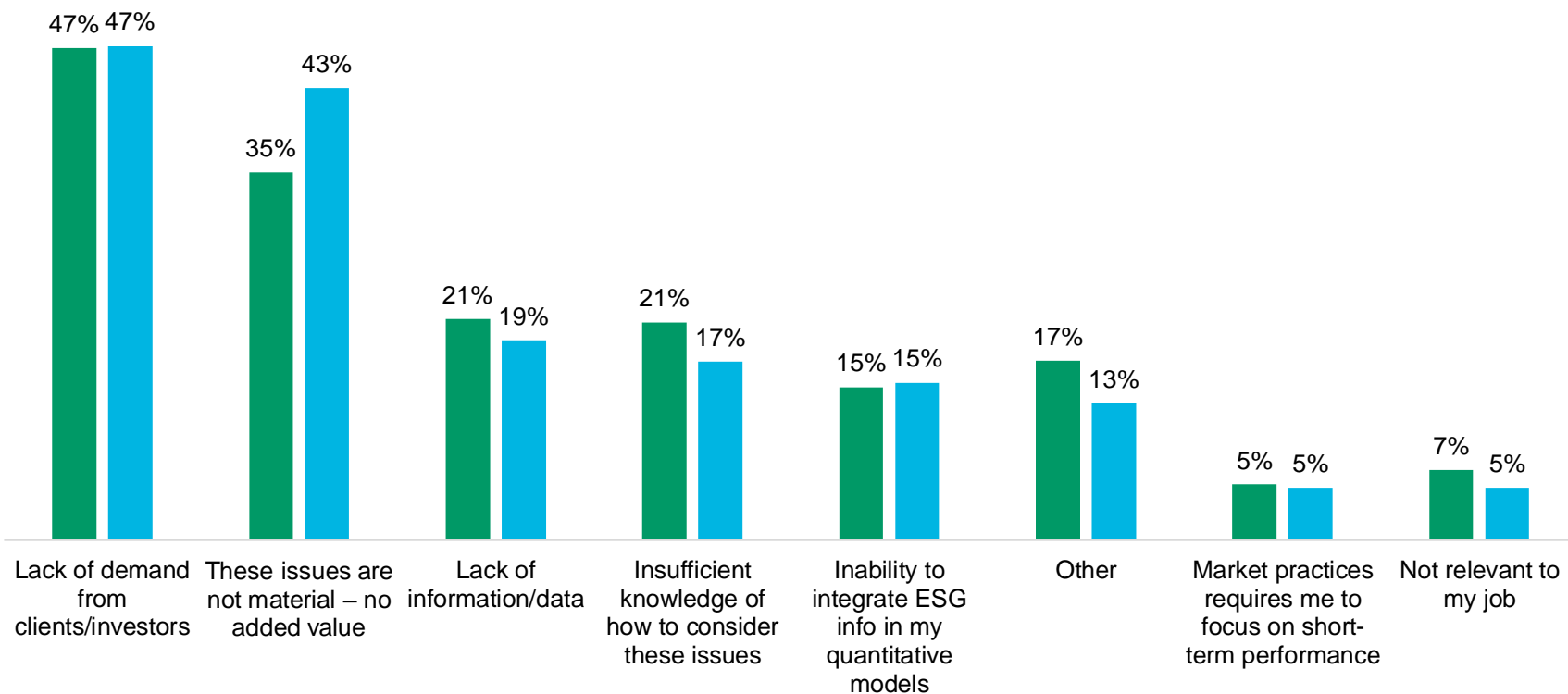


# THE MAIN REASON SURVEY RESPONDENTS DO NOT TAKE ESG ISSUES INTO CONSIDERATION IN THEIR INVESTMENT ANALYSIS/DECISIONS IS A LACK OF DEMAND FROM CLIENTS AND/OR INVESTORS.

## WHY DO YOU NOT TAKE ANY ESG ISSUES INTO CONSIDERATION IN YOUR INVESTMENT ANALYSIS/DECISIONS?

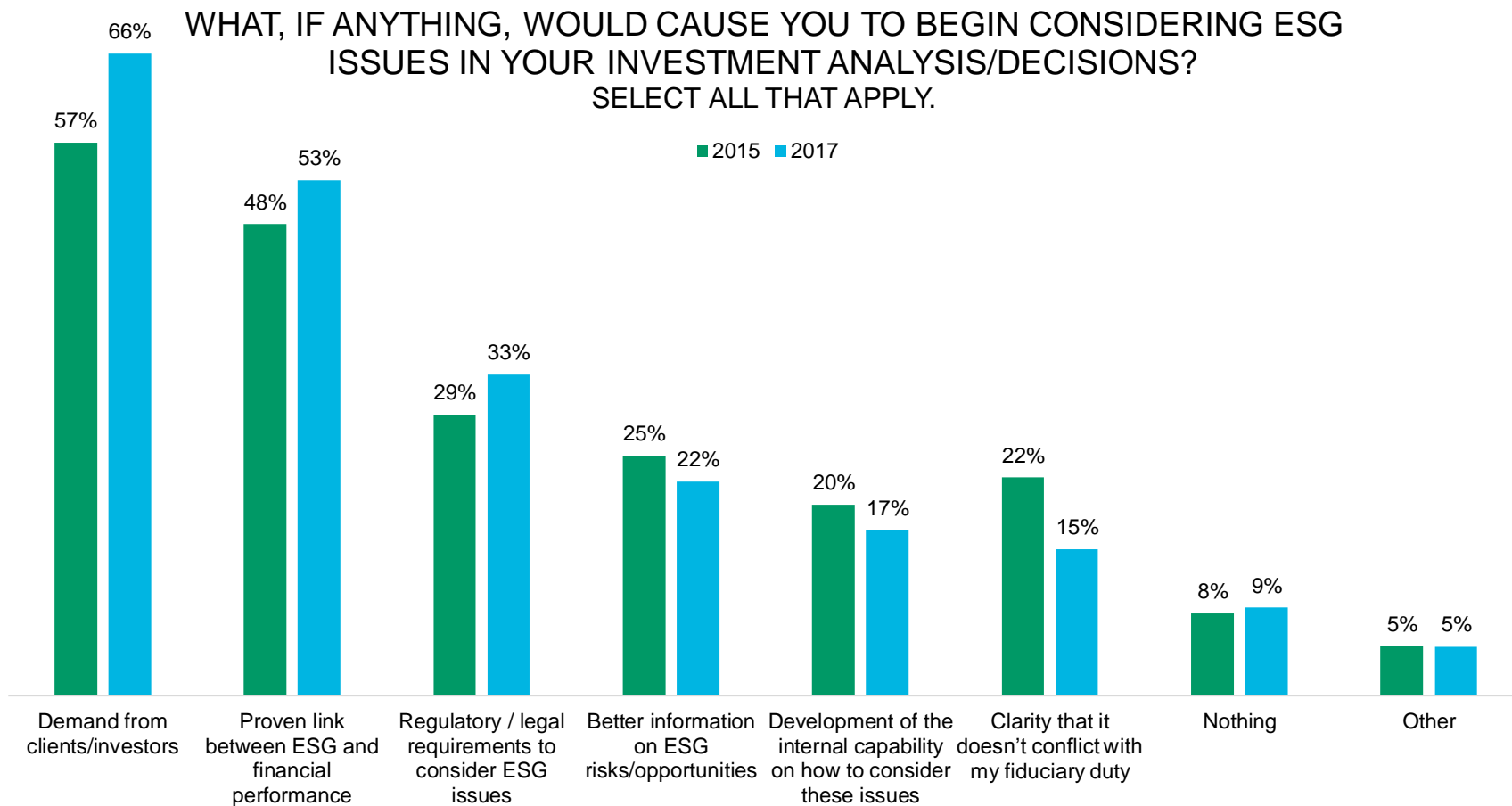
SELECT ALL THAT APPLY.

■ 2015 ■ 2017



Only asked of those who do not take ESG factors into consideration

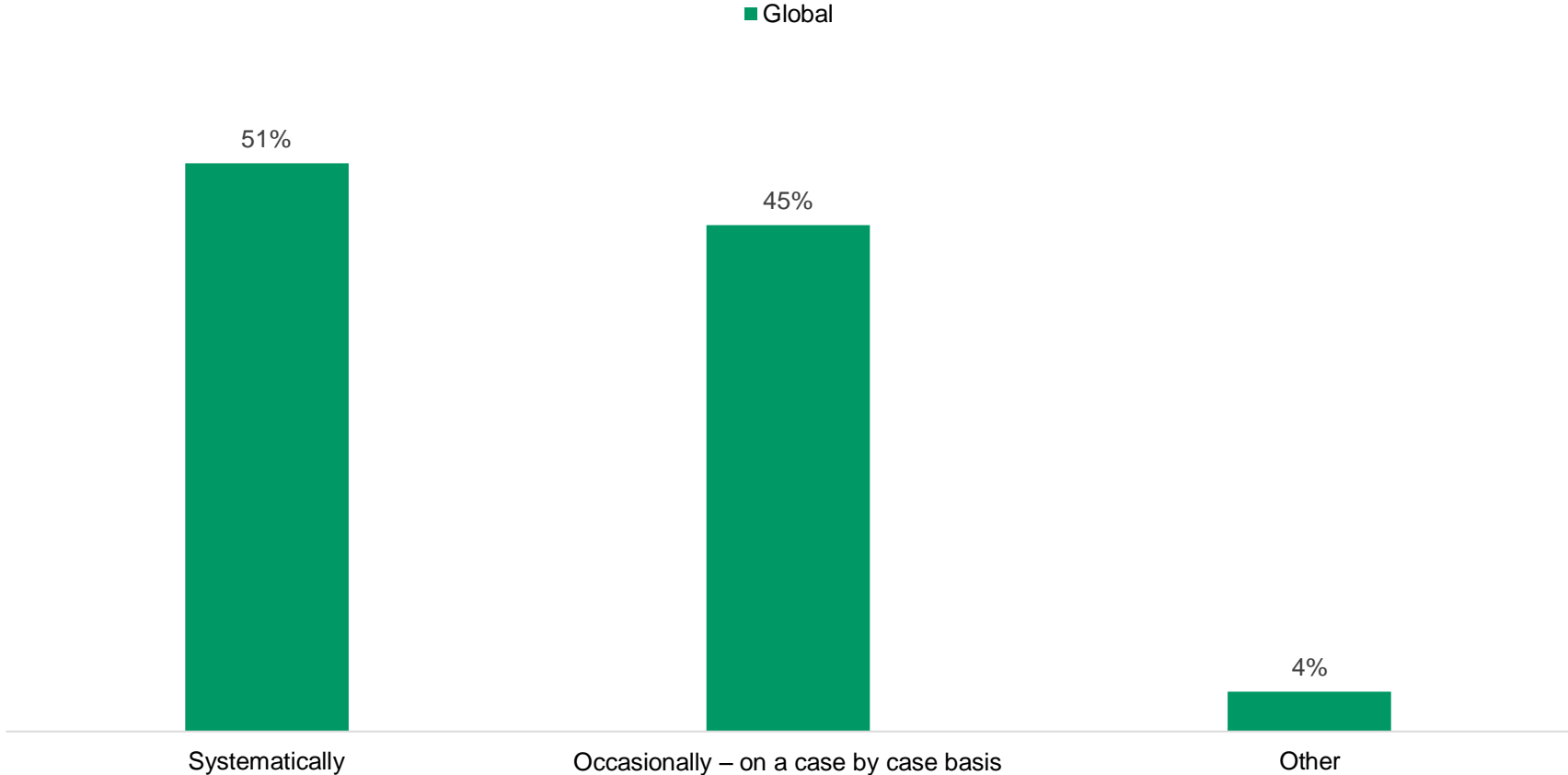
DEMAND FROM CLIENTS AND/OR INVESTORS AND A PROVEN LINK BETWEEN ESG MATTERS AND FINANCIAL PERFORMANCE ARE THE TWO FACTORS MOST LIKELY TO CAUSE RESPONDENTS TO BEGIN CONSIDERING ESG ISSUES IN THEIR INVESTMENT ANALYSES/DECISIONS.



*Only asked of those who do not take ESG factors into consideration*

51% OF RESPONDENTS SYSTEMATICALLY CONSIDER ESG ISSUES WITHIN THEIR INVESTMENT ANALYSES, AND 45% CONSIDER THEM OCCASIONALLY.

### HOW REGULARLY DO YOU CONSIDER ESG ISSUES WITHIN YOUR INVESTMENT ANALYSIS?

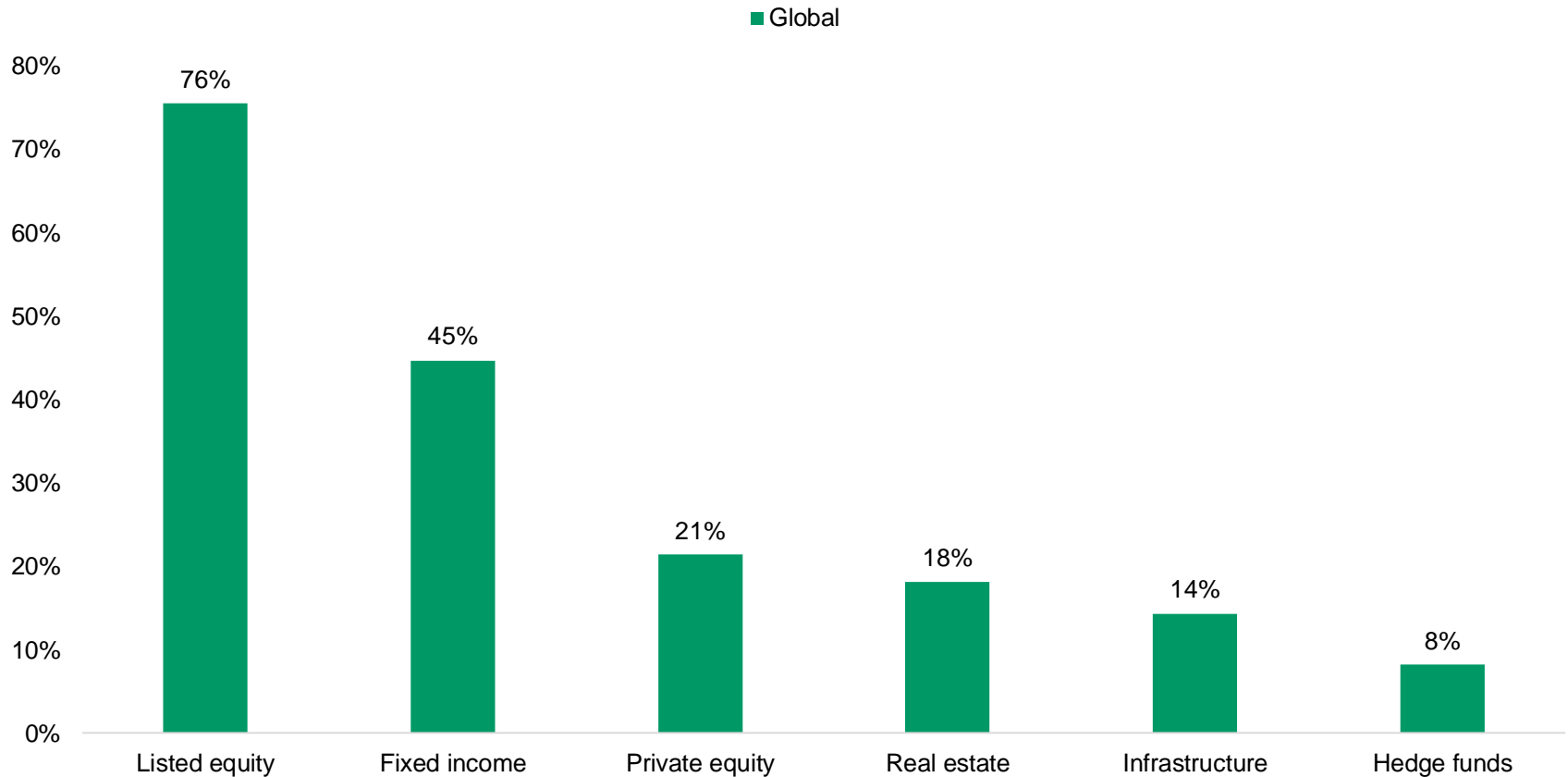


*Only asked of those who take at least one ESG issue into consideration; not asked in 2015*



THE ASSET CLASSES MOST COMMONLY INTEGRATED WITH ESG ANALYSIS ARE **LISTED EQUITY (76%)** AND **FIXED INCOME (45%)**.

FOR WHAT ASSET CLASSES DO YOU INTEGRATE ESG ANALYSIS?  
SELECT ALL THAT APPLY.



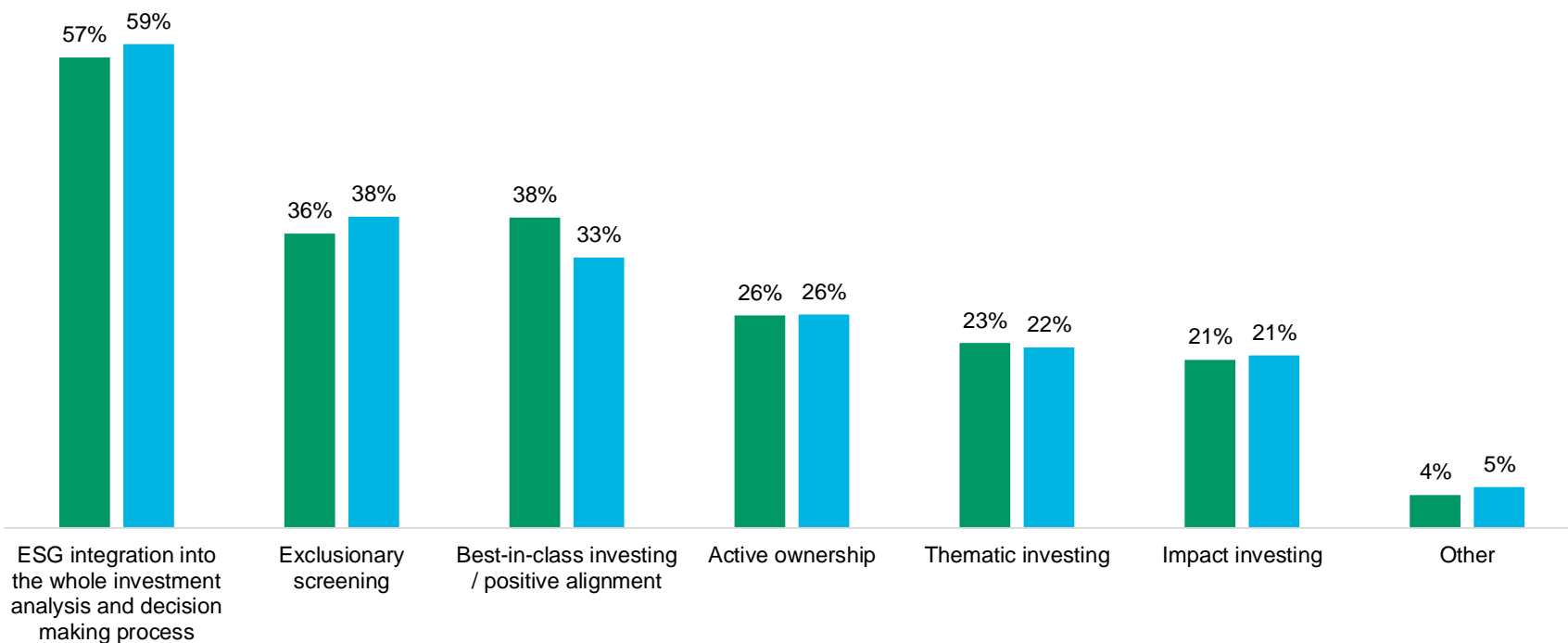
*Only asked of those who take at least one ESG issue into consideration; not asked in 2015*

# 59% OF RESPONDENTS INTEGRATE ESG INTO THEIR ENTIRE INVESTMENT ANALYSIS AND DECISION MAKING PROCESS.

## HOW DO YOU TAKE ESG ISSUES INTO CONSIDERATION IN YOUR INVESTMENT ANALYSIS/DECISIONS?

SELECT ALL THAT APPLY.

■ 2015 ■ 2017



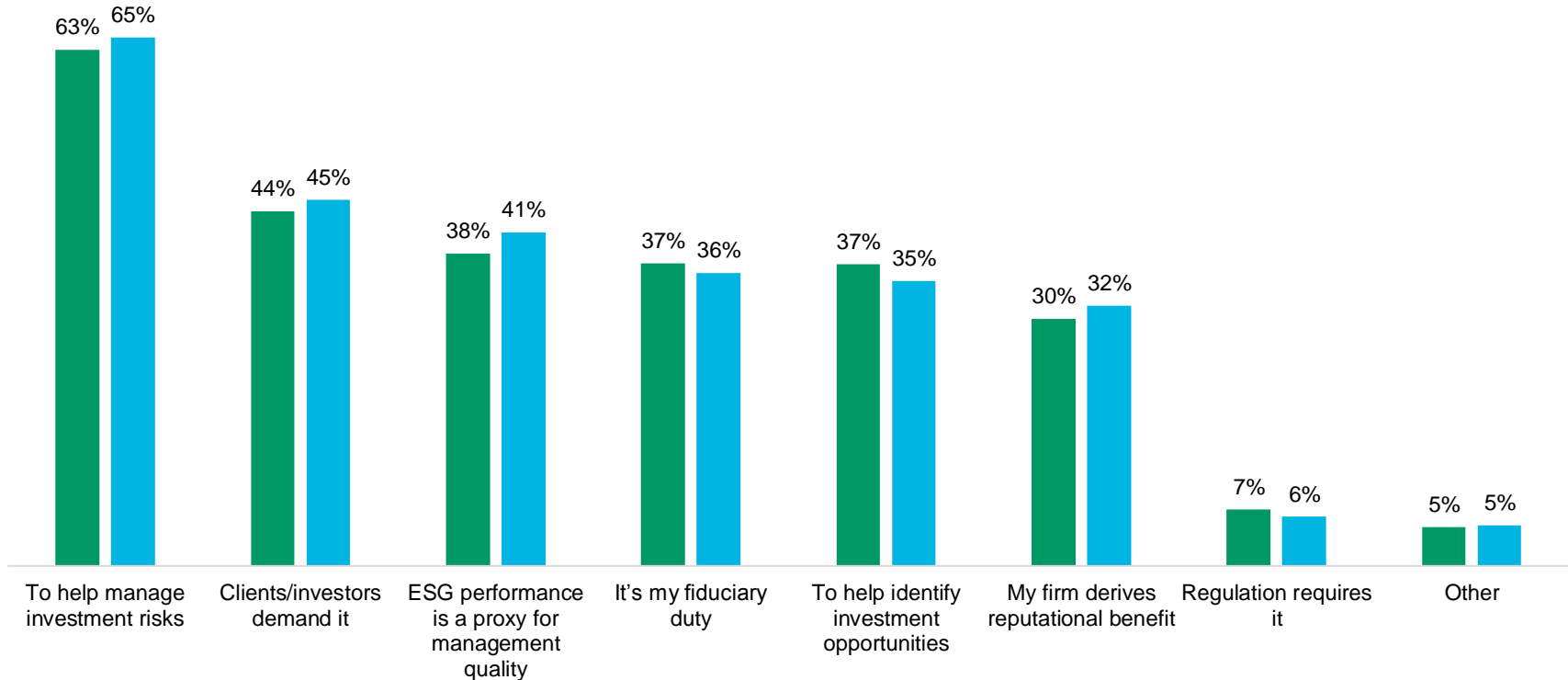
*Only asked of those who take at least one ESG issue into consideration*

65% OF RESPONDENTS TAKE ESG ISSUES INTO CONSIDERATION TO HELP MANAGE INVESTMENT RISKS, AND 45% BECAUSE CLIENTS/INVESTORS DEMAND IT.

## WHY DO YOU TAKE ESG ISSUES INTO CONSIDERATION IN YOUR INVESTMENT ANALYSIS/DECISIONS?

SELECT ALL THAT APPLY.

■ 2015 ■ 2017

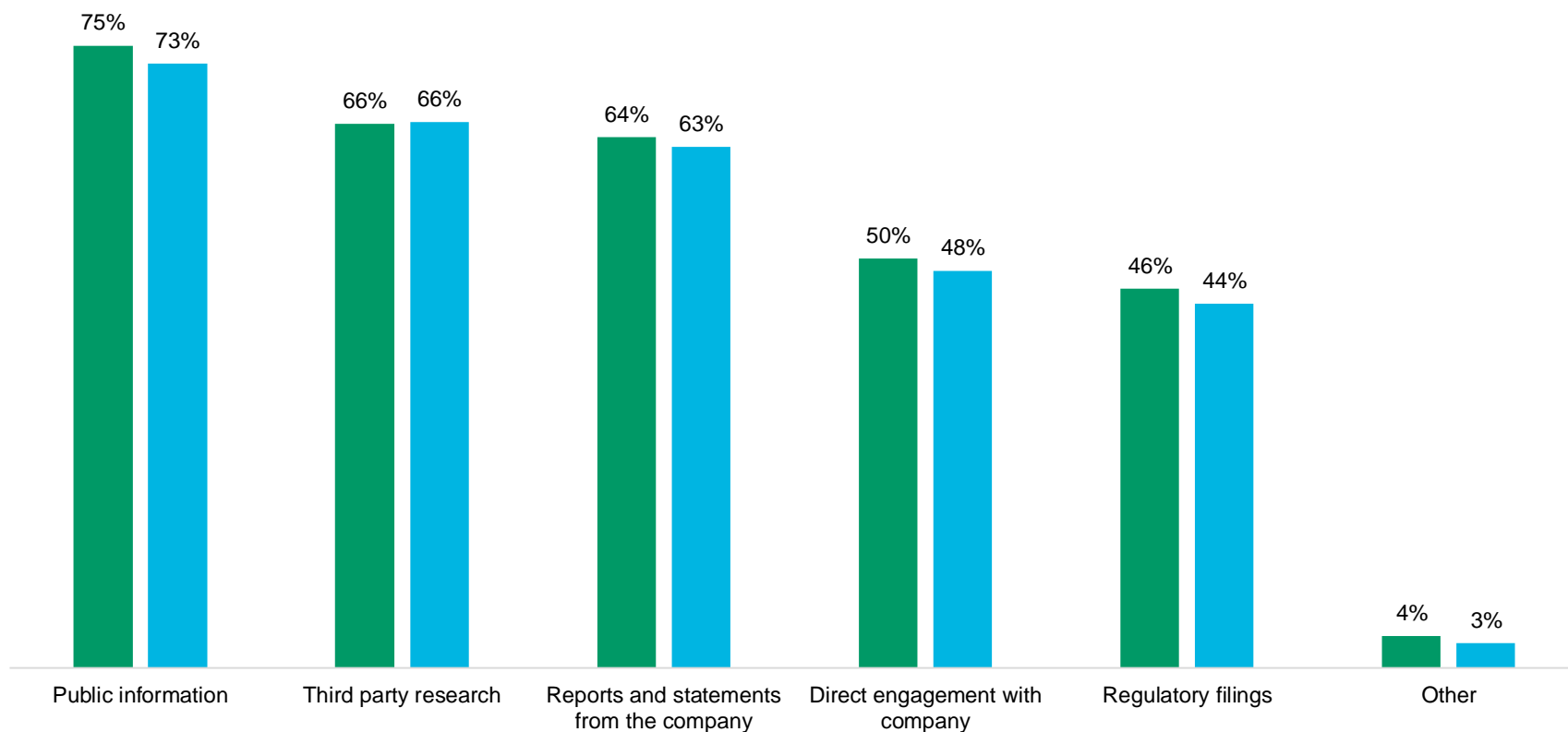


*Only asked of those who take at least one ESG issue into consideration*

MOST RESPONDENTS PULL ESG INFORMATION/DATA FROM PUBLICLY AVAILABLE INFORMATION (73%), THIRD PARTY RESEARCH (66%), AND REPORTS/STATEMENTS FROM THE COMPANY (63%).

### HOW DO YOU GET ESG INFORMATION/DATA? SELECT ALL THAT APPLY.

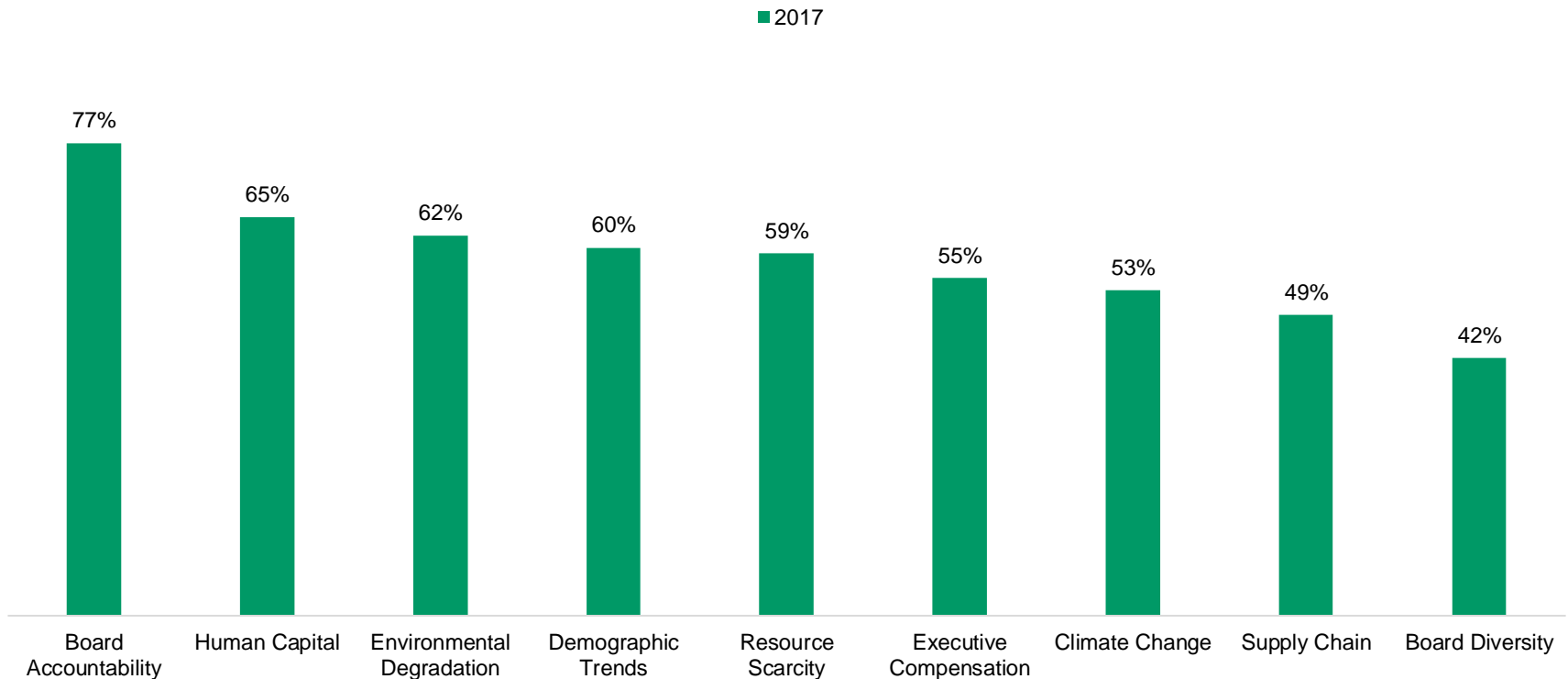
■ 2015 ■ 2017



*Only asked of those who take at least one ESG issue into consideration*

RESPONDENTS INDICATE THAT BOARD ACCOUNTABILITY (77%) AND HUMAN CAPITAL (65%) ARE THE MOST IMPACTFUL ESG ISSUE ON FINANCIAL MARKETS.

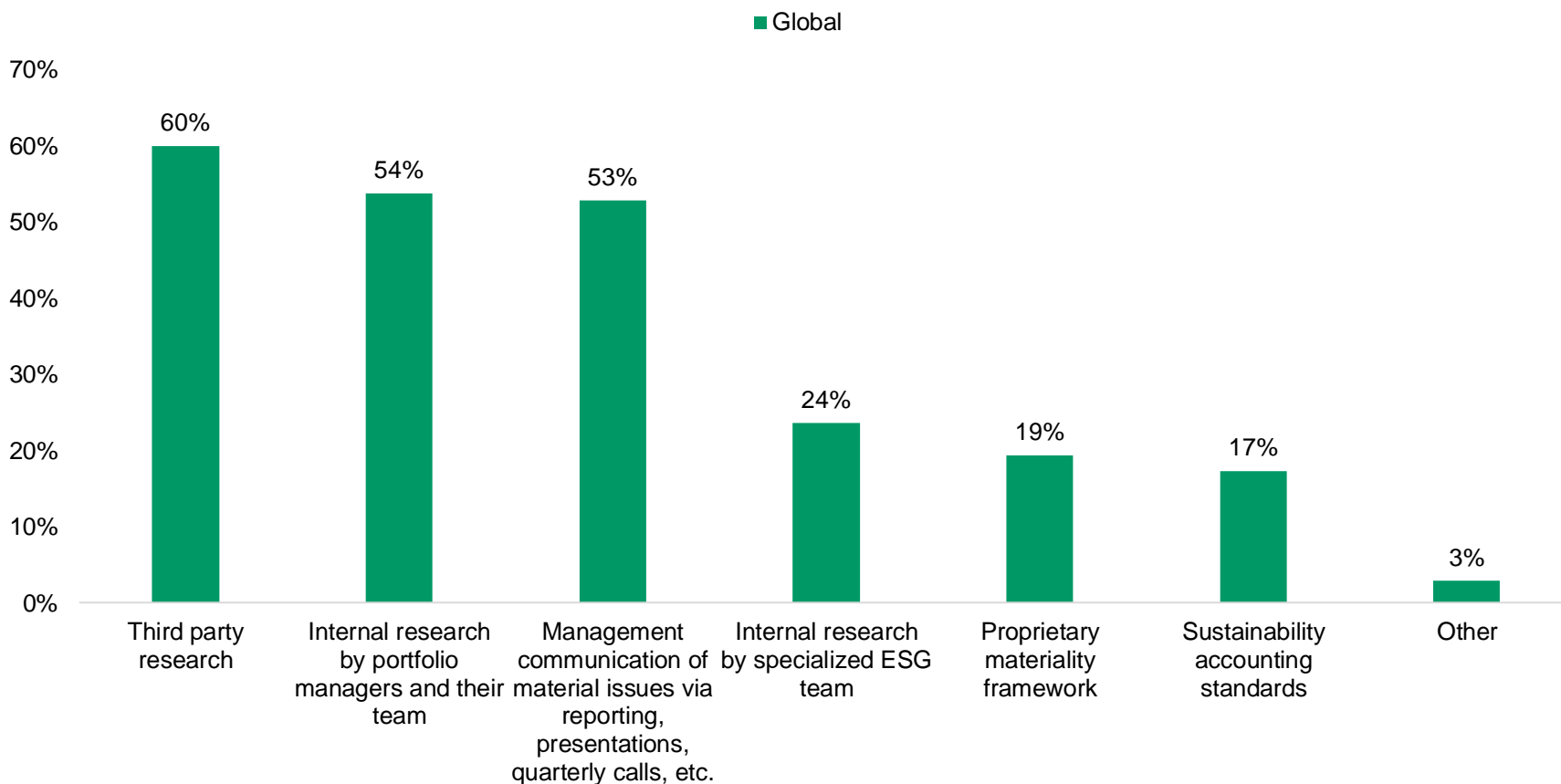
PLEASE RATE THE FOLLOWING ESG ISSUES BETWEEN 1 AND 5 ON THEIR SHORT TERM AND LONG TERM IMPACT ON FINANCIAL MARKETS.  
SCALE: 1 (LITTLE OR NO IMPACT) TO 5 (SIGNIFICANT IMPACT)  
CHART SHOWS TOP 2 BOX (4+5)



*Only asked of those who take at least one ESG issue into consideration – data from 2015 is not included due to the changing of the wording of the question and scale*

RESPONDENTS MOST COMMONLY IDENTIFY MATERIAL ESG ISSUES THROUGH THIRD PARTY RESEARCH, FOLLOWED BY INTERNAL RESEARCH BY PORTFOLIO MANAGERS AND THEIR TEAM(S) AND MANAGEMENT COMMUNICATION OF MATERIAL ISSUES.

### HOW DO YOU IDENTIFY MATERIAL ESG ISSUES? SELECT ALL THAT APPLY.

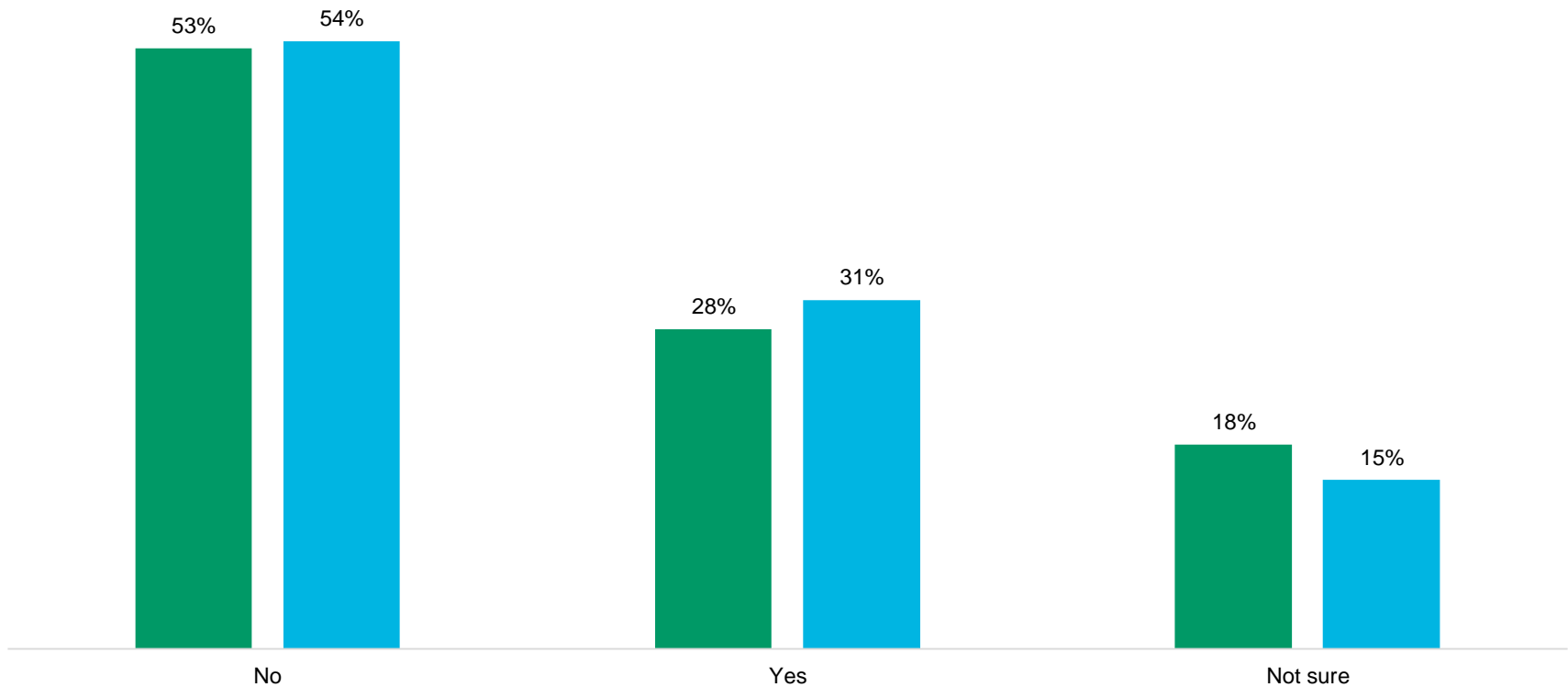


*Only asked of those who take at least one ESG issue into consideration; not asked in 2015*

# 31% OF RESPONDENTS INDICATE EMPLOYEES AT THEIR FIRM RECEIVE TRAINING ON HOW TO CONSIDER ESG ISSUES IN INVESTMENT ANALYSIS/DECISIONS.

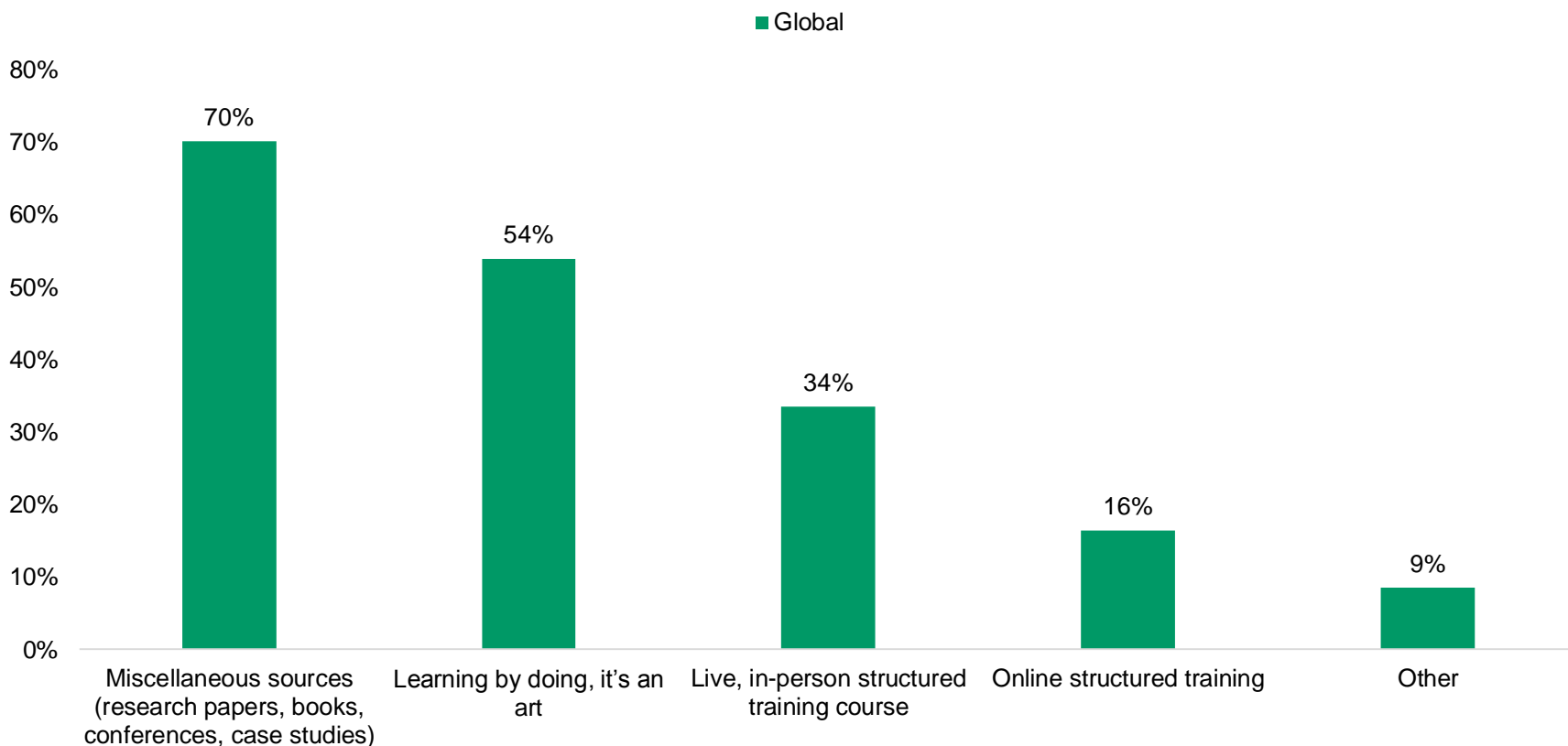
DO ANY EMPLOYEES AT YOUR FIRM RECEIVE TRAINING ON HOW TO CONSIDER ESG ISSUES IN INVESTMENT ANALYSIS/DECISIONS?

■ 2015 ■ 2017



OF THE RESPONDENTS WHOSE FIRMS PROVIDE TRAINING ON HOW TO CONSIDER ESG ISSUES, 70% PROVIDE THIS TRAINING THROUGH MISCELLANEOUS SOURCES, INCLUDING RESEARCH PAPERS, BOOKS, CONFERENCES, AND CASE STUDIES.

HOW DO EMPLOYEES AT YOUR FIRM RECEIVE TRAINING ON HOW TO CONSIDER ESG ISSUES IN INVESTMENT ANALYSIS/DECISIONS?  
SELECT ALL THAT APPLY.



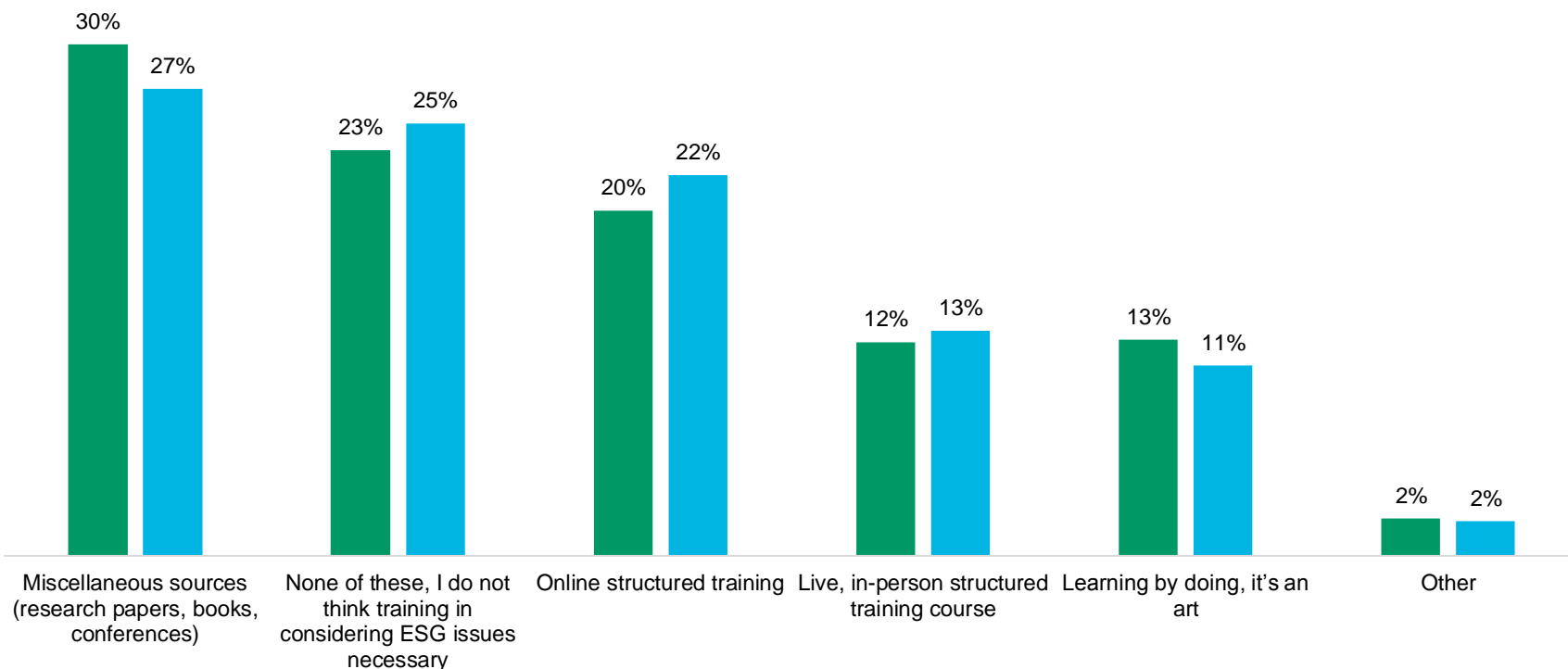
Only asked of those whose employees receive ESG training



75% OF RESPONDENTS WOULD LIKE EMPLOYEES AT THEIR FIRM TO RECEIVE TRAINING ON ESG ISSUES, WITH MISCELLANEOUS SOURCES (27%) AND ONLINE STRUCTURED TRAINING (22%) BEING THE MOST PREFERRED MODES.

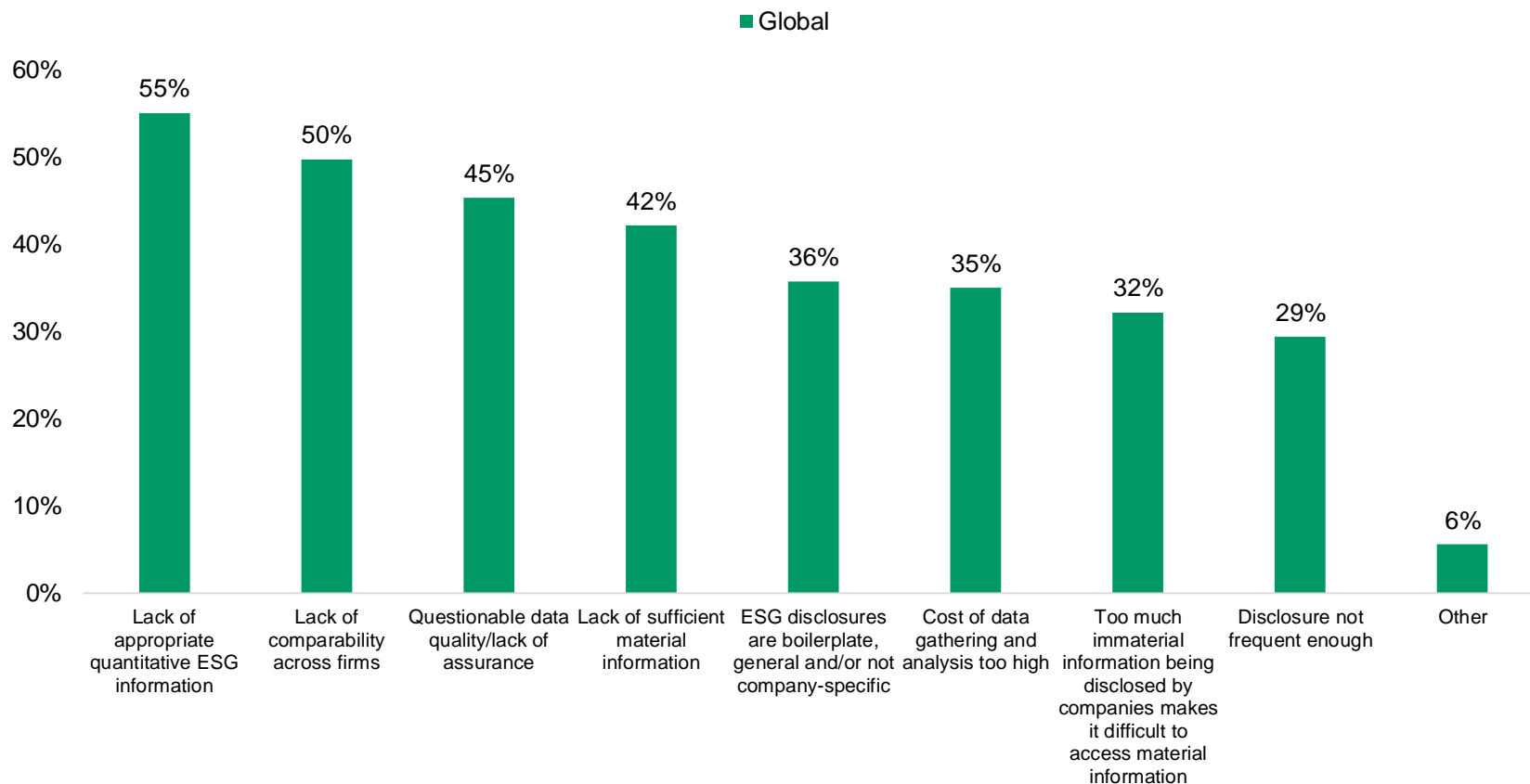
### IF YOU WOULD LIKE EMPLOYEES AT YOUR FIRM TO RECEIVE TRAINING IN CONSIDERING ESG ISSUES, WHAT WOULD BE YOUR PREFERRED MODE?

■ 2015 ■ 2017



THE THREE FACTORS THAT MOST LIMIT RESPONDENTS' ORGANIZATION'S ABILITY TO USE NONFINANCIAL INFORMATION IN INVESTMENT DECISIONS ARE A LACK OF APPROPRIATE QUANTITATIVE ESG INFORMATION, A LACK OF COMPARABILITY ACROSS FIRMS, AND QUESTIONABLE DATA QUALITY/LACK OF ASSURANCE.

**WHAT FACTORS LIMIT YOUR ORGANIZATION'S ABILITY TO USE NONFINANCIAL INFORMATION IN YOUR INVESTMENT DECISIONS?  
SELECT ALL THAT APPLY.**

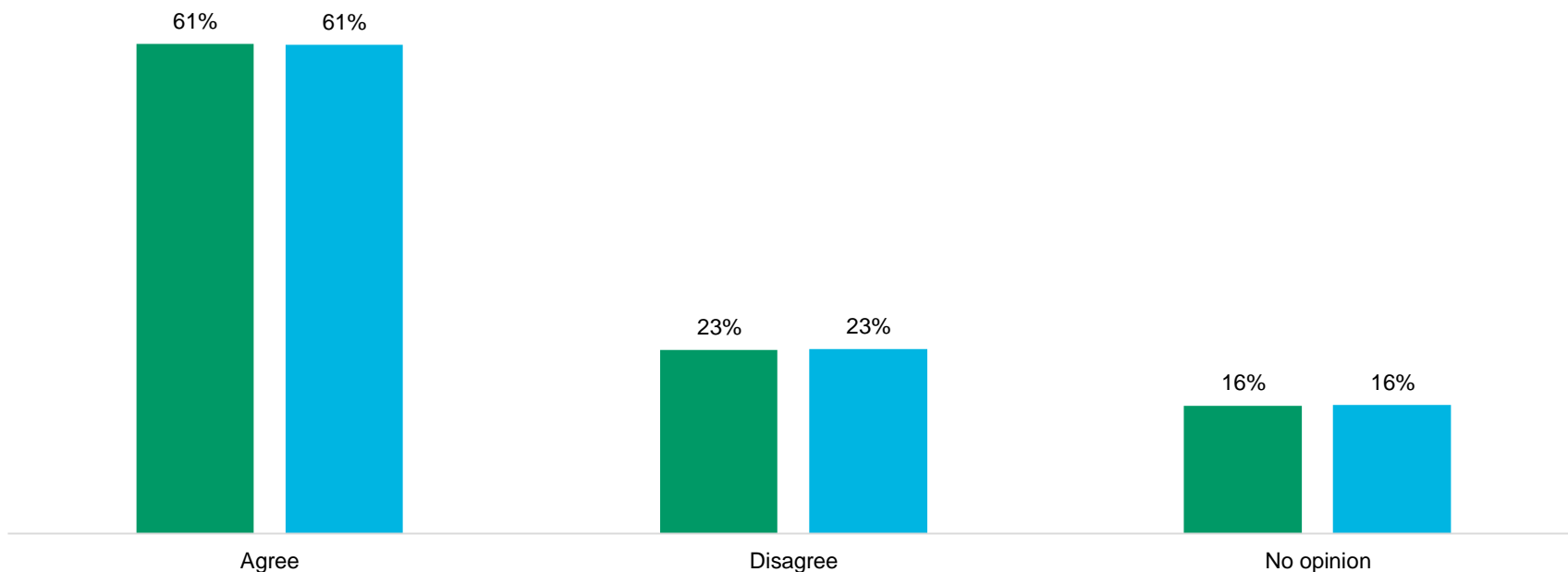


*Only asked of those who take at least one ESG issue into consideration; not asked in 2015*

61% AGREE THAT PUBLIC COMPANIES SHOULD BE REQUIRED TO REPORT AT LEAST ANNUAL ON A COHESIVE SET OF SUSTAINABILITY INDICATORS, THE SAME AS 2015.

DO YOU AGREE OR DISAGREE THAT PUBLIC COMPANIES SHOULD BE REQUIRED TO REPORT AT LEAST ANNUALLY ON A COHESIVE SET OF SUSTAINABILITY INDICATORS IN ACCORDANCE WITH THE MOST UP-TO-DATE REPORTING FRAMEWORK (GLOBAL REPORTING INITIATIVE, INTEGRATED REPORTING FRAM

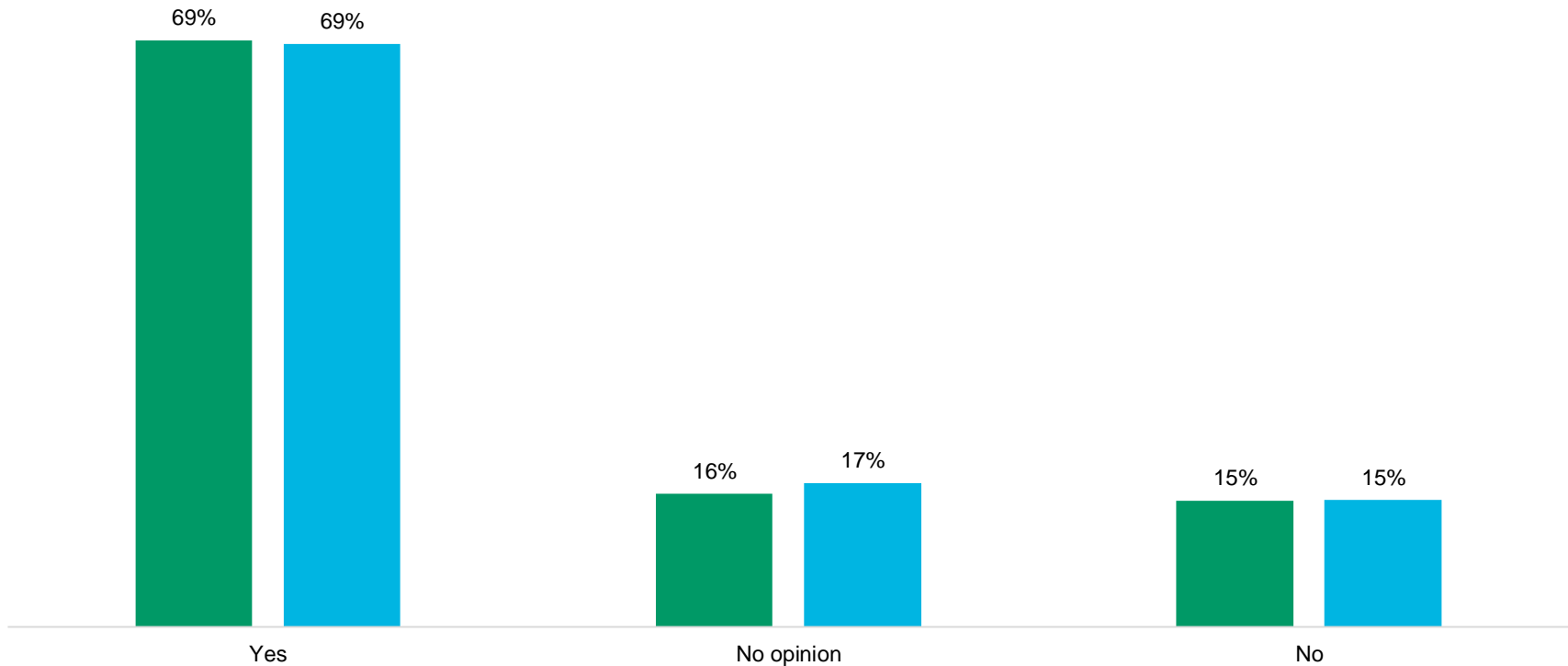
■ 2015 ■ 2017



69% THINK IT IS IMPORTANT FOR ESG DISCLOSURES TO BE SUBJECT TO SOME LEVEL OF INDEPENDENT VERIFICATION, THE SAME AS 2015.

DO YOU THINK IT IS IMPORTANT THAT ESG DISCLOSURES BE SUBJECT TO SOME LEVEL OF INDEPENDENT VERIFICATION?

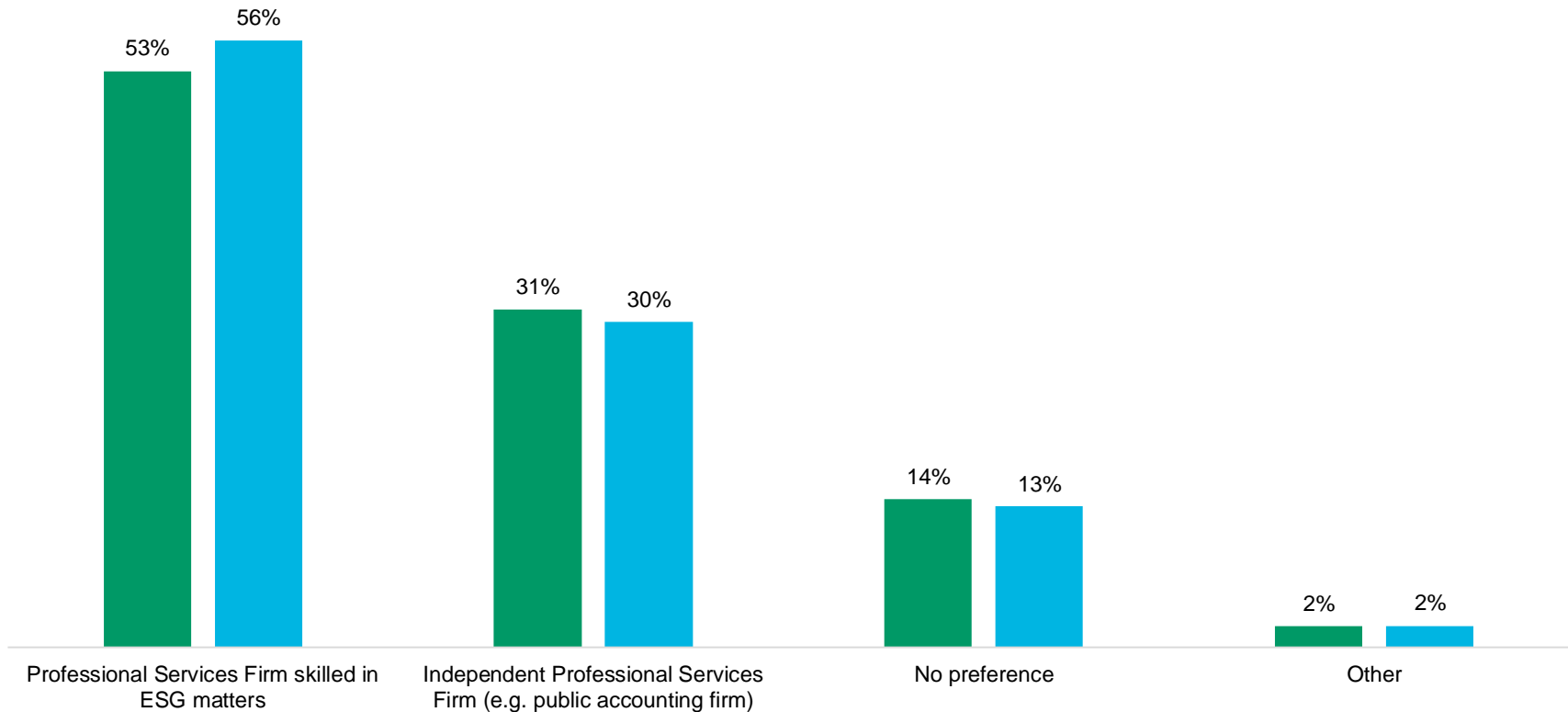
■ 2015 ■ 2017



RESPONDENTS THINK PROFESSIONAL SERVICES FIRMS SKILLED IN ESG MATTERS ARE BEST POSITIONED TO PROVIDE INDEPENDENT VERIFICATION OF ESG DISCLOSURES, THE SAME AS 2015.

### WHO DO YOU THINK IS BEST POSITIONED TO PROVIDE INDEPENDENT VERIFICATION OF ESG DISCLOSURES?

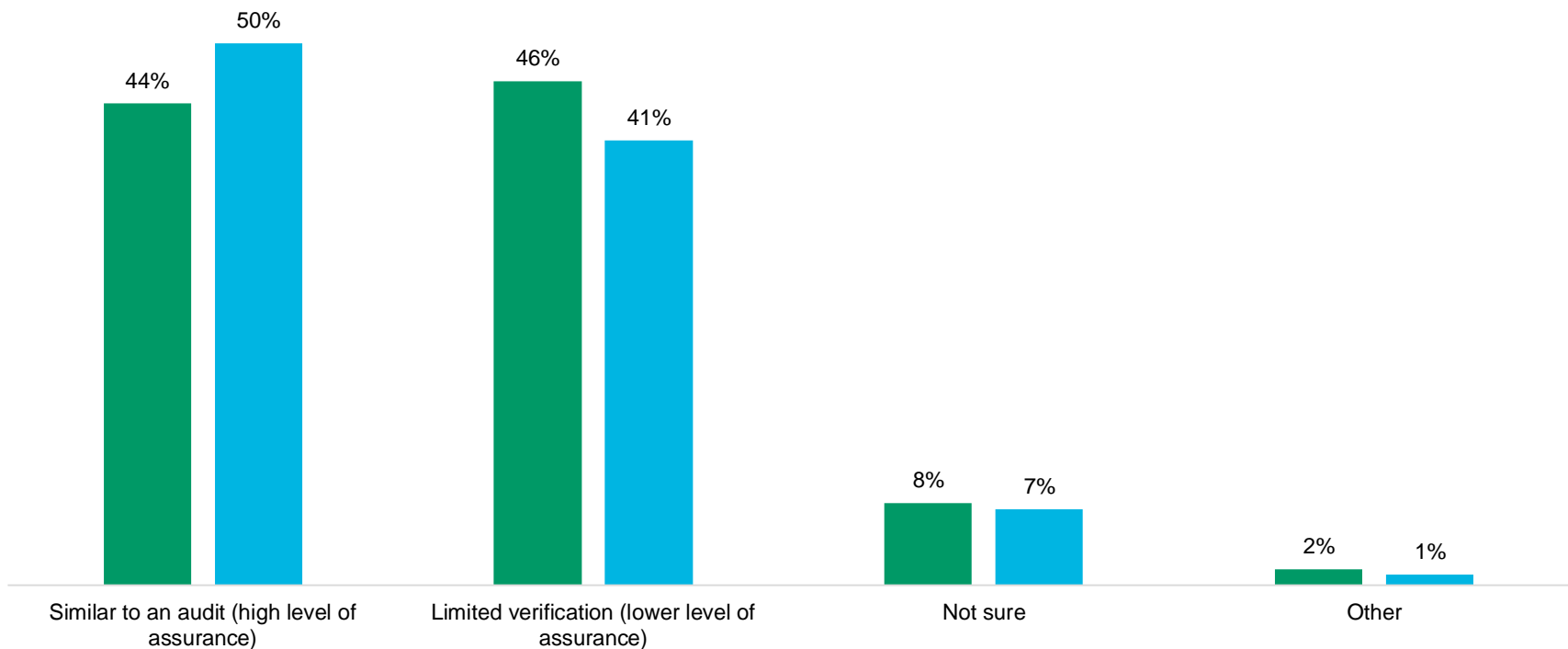
■ 2015 ■ 2017



50% OF RESPONDENTS THINK THE LEVEL OF INDEPENDENT VERIFICATION SHOULD BE SIMILAR TO AN AUDIT (A HIGH LEVEL OF ASSURANCE).

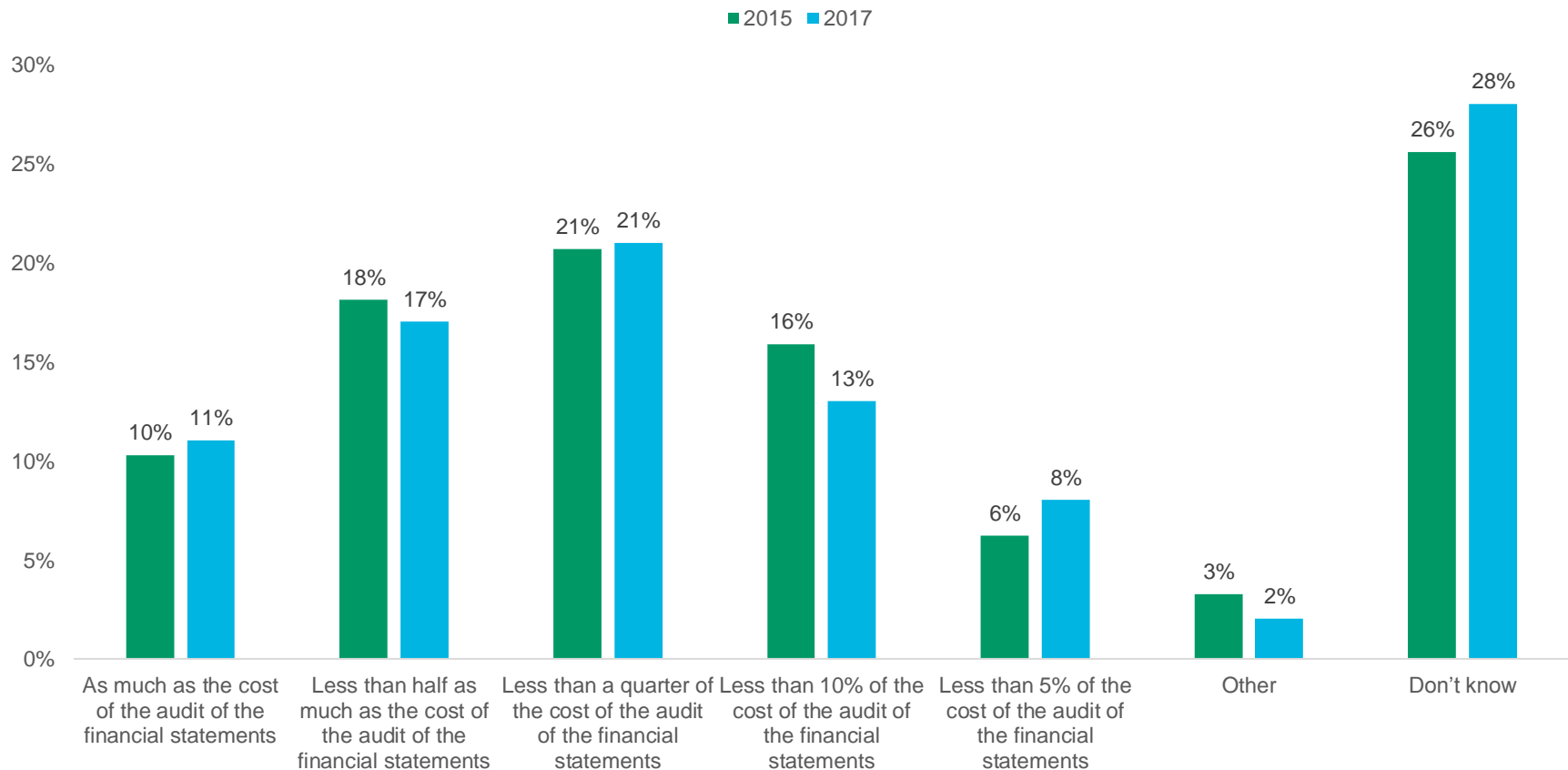
### WHAT LEVEL OF INDEPENDENT VERIFICATION DO YOU BELIEVE IS NECESSARY?

■ 2015 ■ 2017



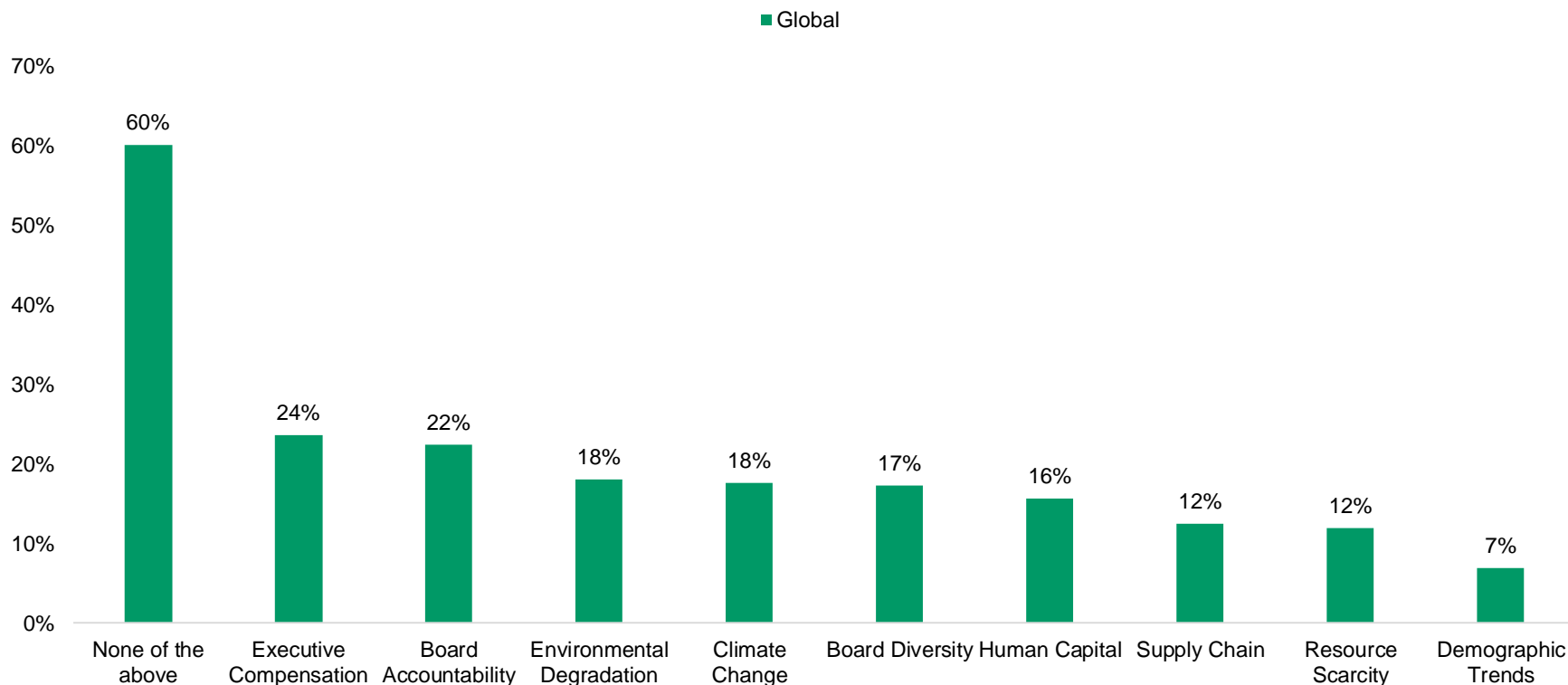
RESULTS FOR HOW MUCH SHOULD BE SPEND TO OBTAIN INDEPENDENT VERIFICATION ARE SIMILAR TO 2015, WITH RESPONDENTS HAVING DIFFERING VIEWS ON THE MATTER. THE MOST COMMON SELECTION IS “LESS THAN A QUARTER OF THE COST OF THE AUDIT OF FINANCIAL STATEMENTS,” BUT ONLY REPRESENTS 21% OF RESPONDENTS.

### WHICH BEST REPRESENTS YOUR VIEW ON HOW MUCH SHOULD BE SPENT TO OBTAIN INDEPENDENT VERIFICATION?



60% OF RESPONDENTS HAVE NOT ENGAGED COMPANIES OR SUBMITTED SHAREHOLDER RESOLUTIONS ON ANY OF THE SURVEYED ISSUES. 24% HAVE ENGAGED COMPANIES OR SUBMITTED SHAREHOLDER RESOLUTIONS ON EXECUTIVE COMPENSATION AND 22% ON BOARD ACCOUNTABILITY.

IN THE PAST THREE YEARS, HAVE YOU ENGAGED COMPANIES OR SUBMITTED SHAREHOLDER RESOLUTIONS ON ANY OF THE FOLLOWING ISSUES?  
SELECT ALL THAT APPLY.



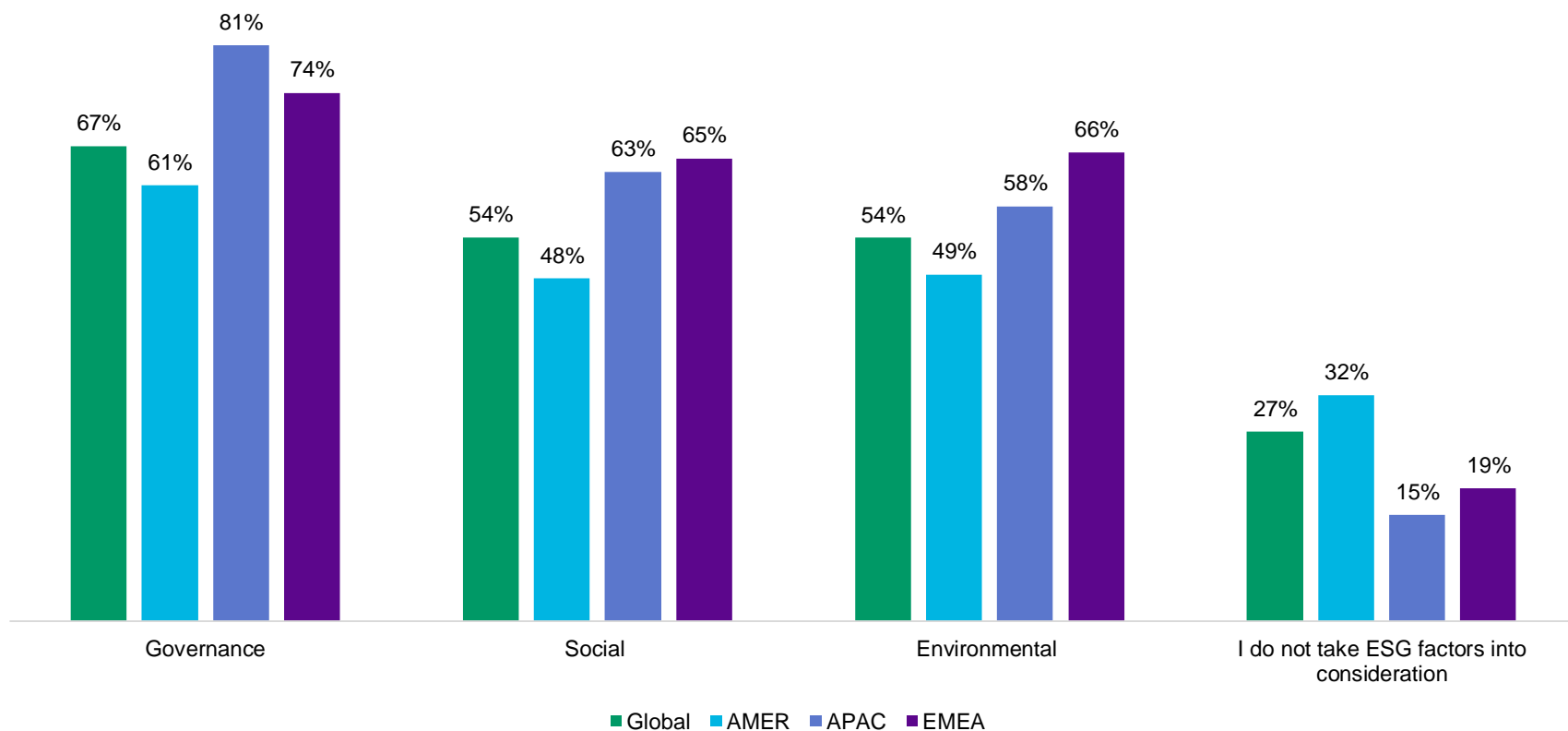
Not asked in 2015



# 2017 REGIONAL RESULTS

A SIGNIFICANTLY HIGHER PROPORTION OF MEMBERS IN APAC AND EMEA THAN IN AMER TAKE ESG ISSUES INTO ACCOUNT IN THEIR INVESTMENT ANALYSIS/DECISIONS.

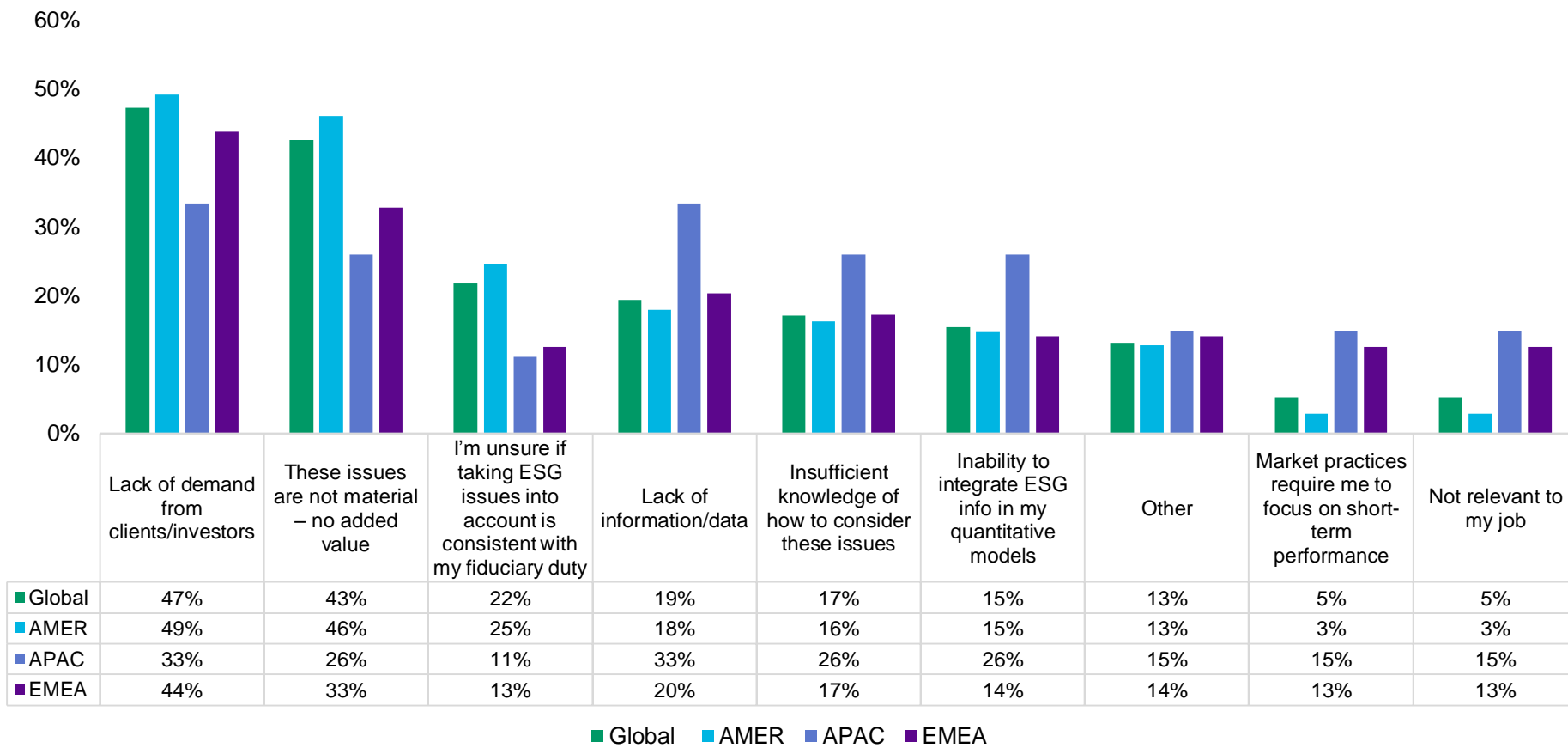
### Which, if any, of the following ESG issues do you take into account in your investment analysis or decisions?



N=1,585

SEVERAL REGIONAL DIFFERENCES EXIST FOR WHY RESPONDENTS DO NOT CONSIDER ESG ISSUES. THOSE IN APAC ARE MORE LIKELY TO SAY LACK OF INFORMATION, INSUFFICIENT KNOWLEDGE OF HOW TO CONSIDER ISSUES, AND INABILITY TO INTEGRATE ISSUES INTO QUANT MODELS, AND LESS LIKELY TO SAY THERE IS A LACK OF DEMAND OR THAT THE ISSUES ARE NOT MATERIAL.

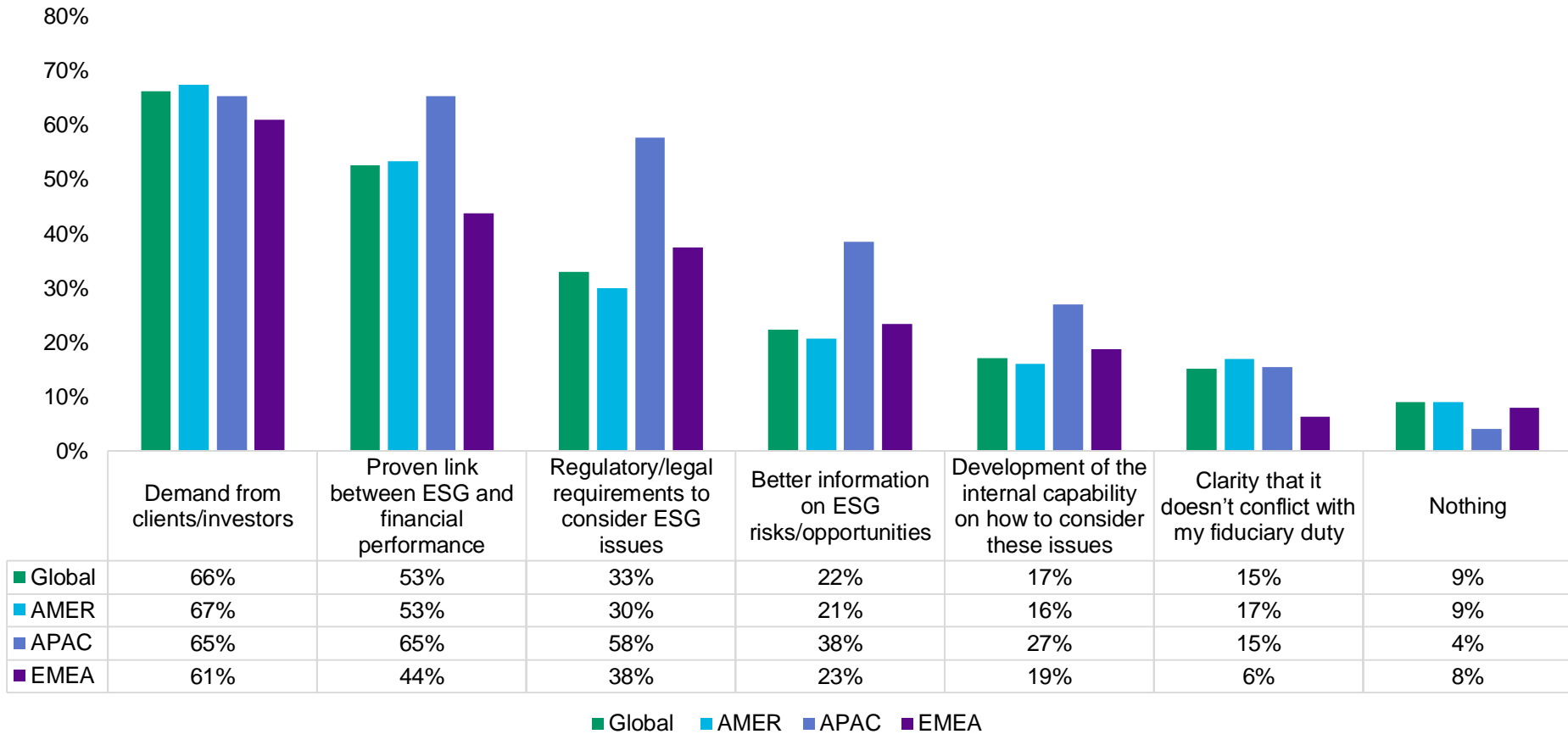
### Why do you not take ESG issues into consideration in your investment analysis/decisions?



N=404

A HIGHER PROPORTION OF RESPONDENTS IN APAC THAN OTHER REGIONS SAID A PROVEN LINK BETWEEN ESG AND FINANCIAL PERFORMANCE AND REGULATORY/LEGAL REQUIREMENTS WOULD CAUSE THEM TO BEGIN CONSIDERING ESG ISSUES.

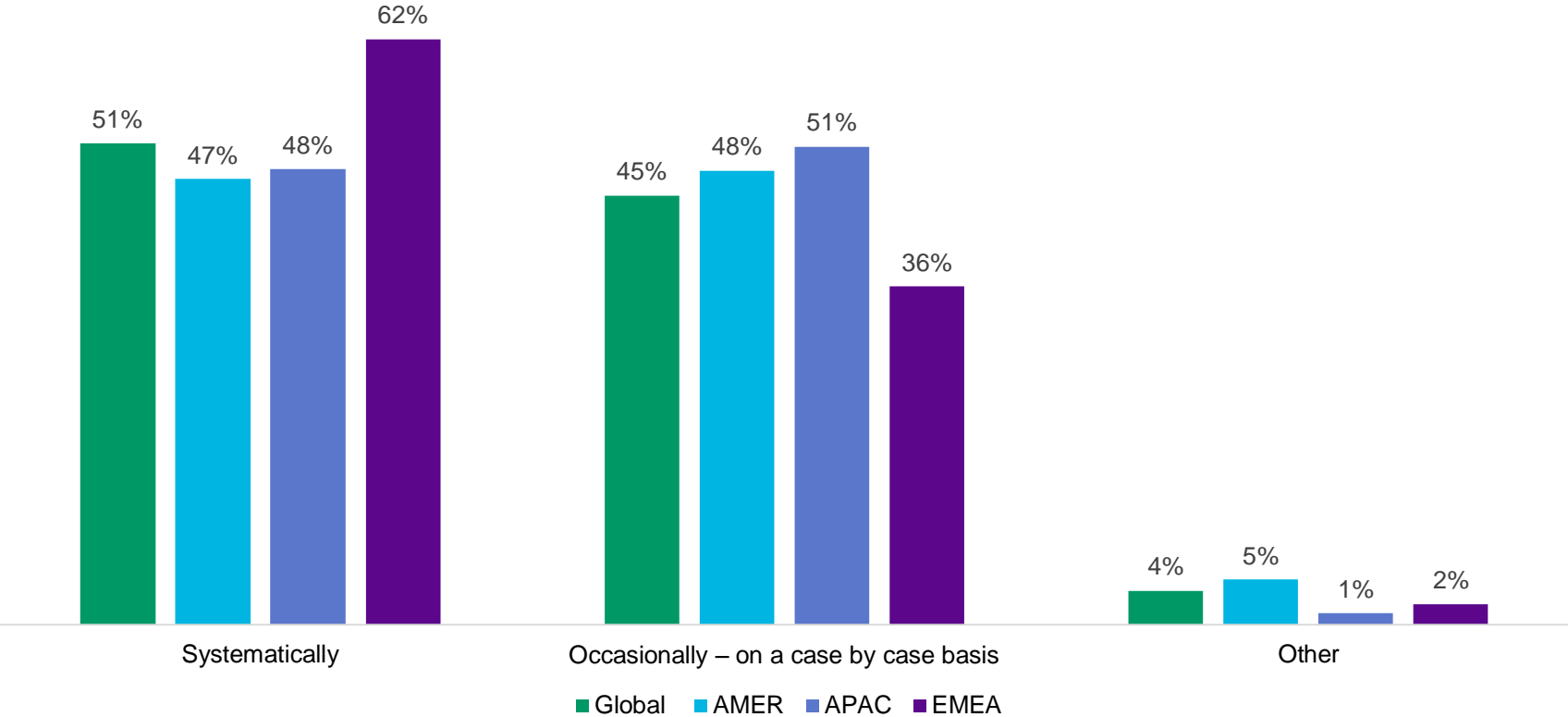
### What, if anything, would cause you to begin considering ESG issues in your investment analysis/decisions?



N=403

A HIGHER PROPORTION OF RESPONDENTS IN EMEA THAN IN AMER AND APAC SYSTEMATICALLY CONSIDER ESG ISSUES WITHIN THEIR INVESTMENT ANALYSIS.

### How regularly do you consider ESG issues within your investment analysis?

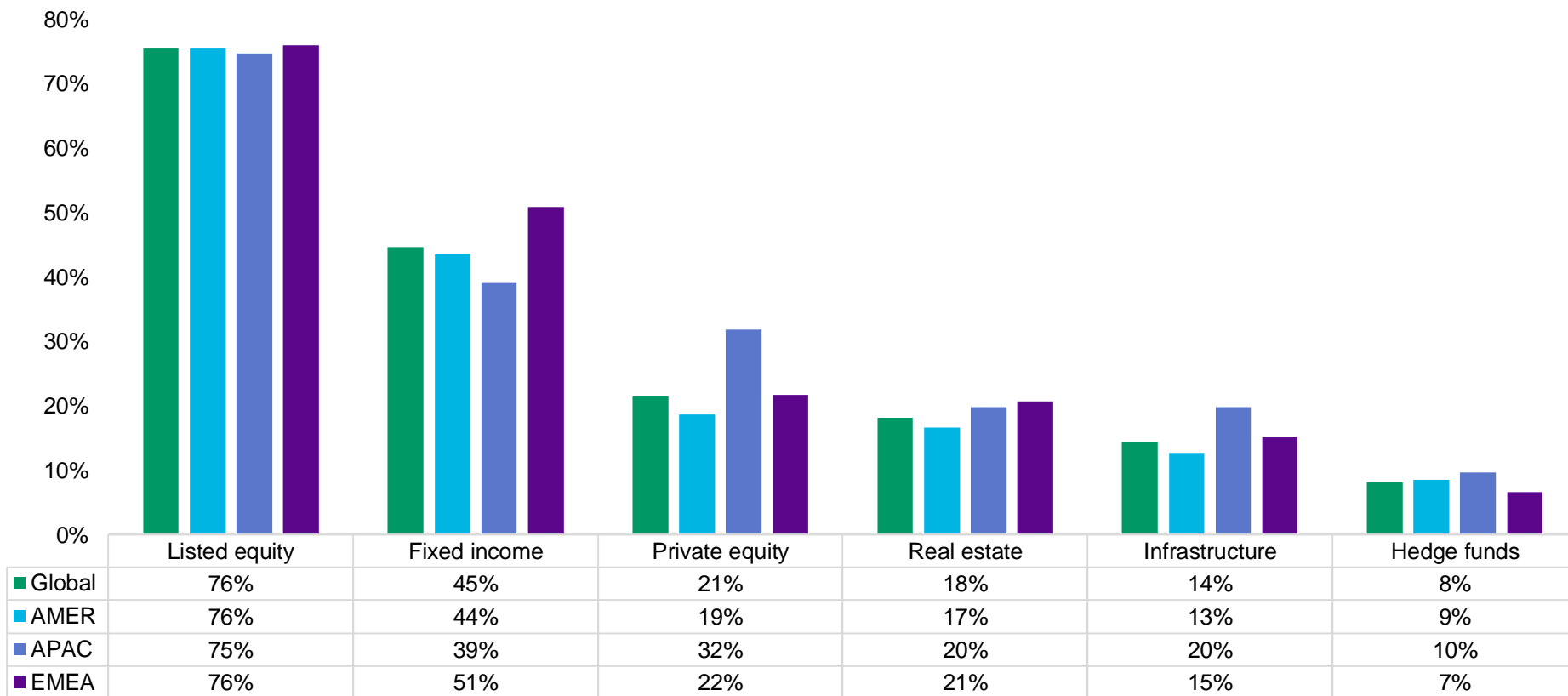


N=1,105

A HIGHER PROPORTION OF RESPONDENTS IN EMEA THAN IN AMER AND APAC INTEGRATE ESG ANALYSIS INTO FIXED INCOME, WHILE THOSE IN APAC ARE MORE LIKELY TO INTEGRATE ESG ANALYSIS IN PRIVATE EQUITY.

## For what asset classes do you integrate ESG analysis?

■ Global ■ AMER ■ APAC ■ EMEA

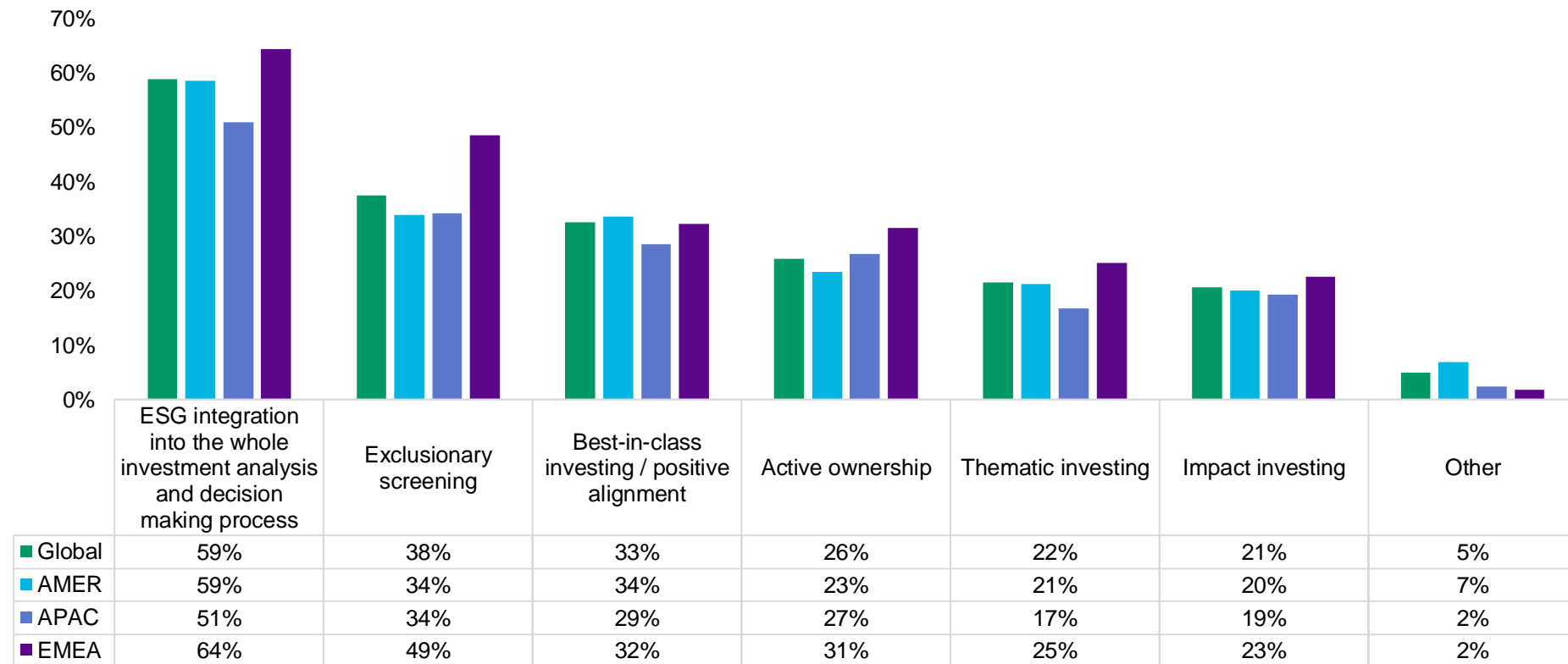


N=1,107

A HIGHER PROPORTION OF RESPONDENTS IN EMEA THAN IN AMER AND APAC TAKE ESG ISSUES INTO CONSIDERATION VIA EXCLUSIONARY SCREENING.

## How do you take ESG issues into consideration in your investment analysis/decisions?

■ Global ■ AMER ■ APAC ■ EMEA

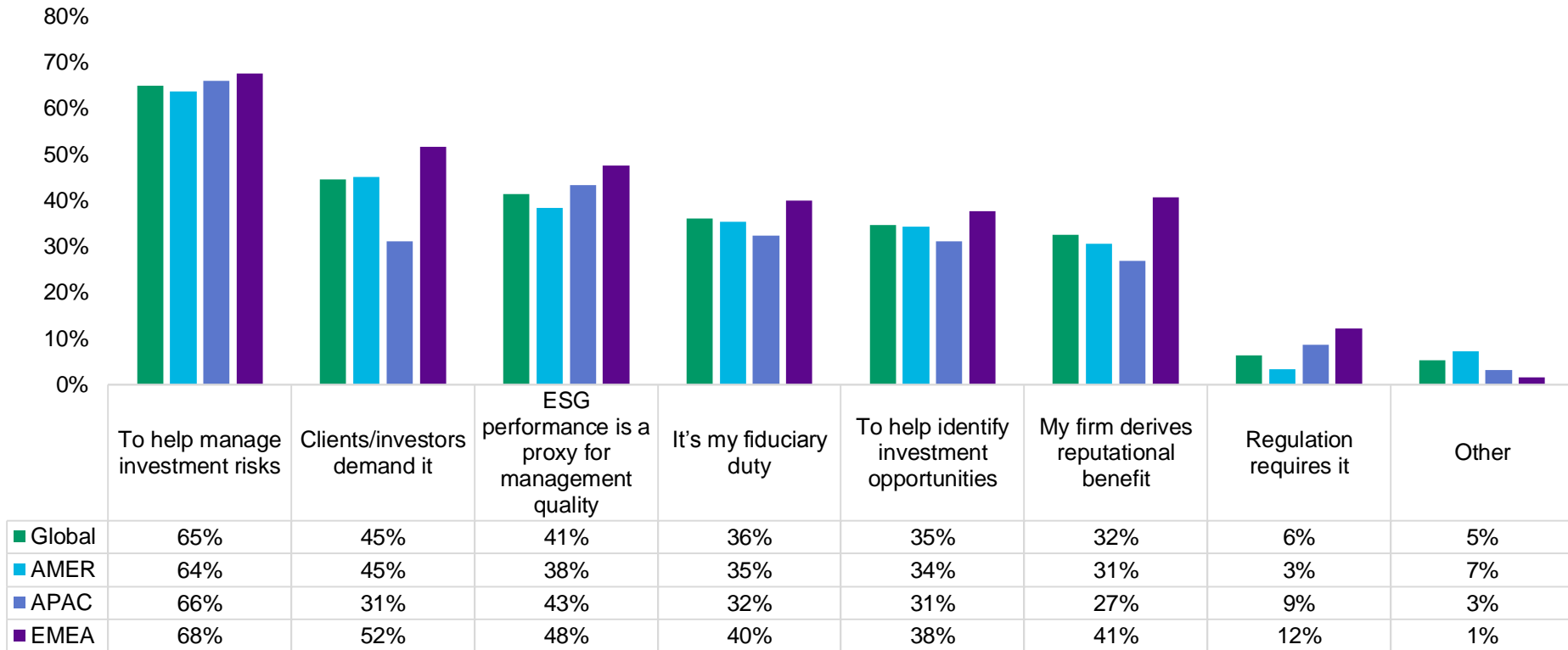


N=1,088

A HIGHER PROPORTION OF RESPONDENTS IN EMEA THAN AMER AND APAC TAKE ESG ISSUES INTO CONSIDERATION BECAUSE THEIR FIRM DERIVES REPUTATIONAL BENEFIT. FEWER RESPONDENTS IN APAC THAN AMER AND EMEA TAKE ESG ISSUES INTO CONSIDERATION BECAUSE CLIENTS/INVESTORS DEMAND IT.

## Why do you take ESG issues into consideration in your investment analysis/decisions?

■ Global ■ AMER ■ APAC ■ EMEA

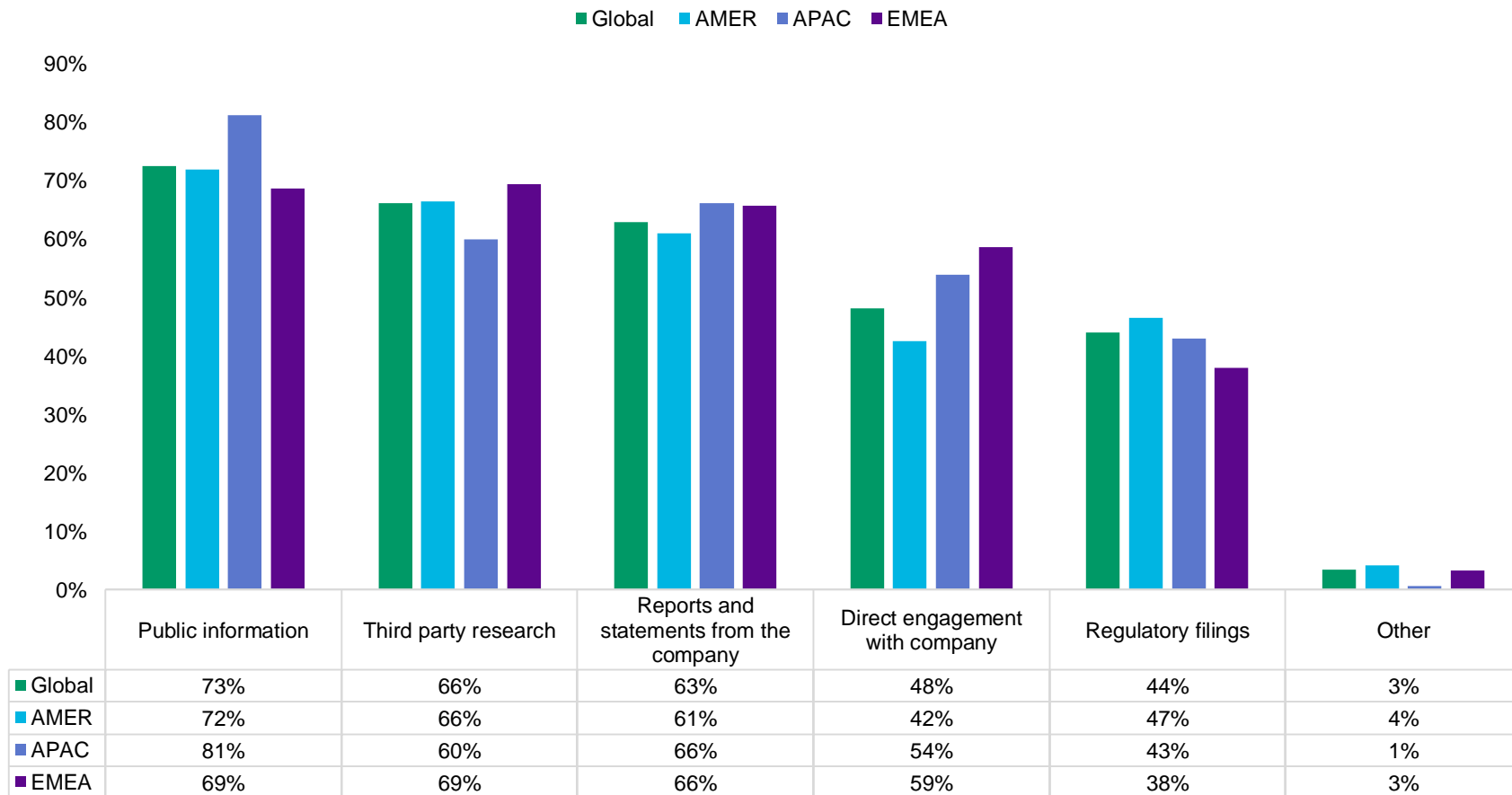


N=1,099



THOSE IN APAC ARE MOST LIKELY TO USE PUBLIC INFORMATION. RESPONDENTS IN APAC AND EMEA ARE MORE LIKELY THAN THOSE IN AMER TO USE DIRECT ENGAGEMENT WITH COMPANIES TO GET ESG INFORMATION/DATA.

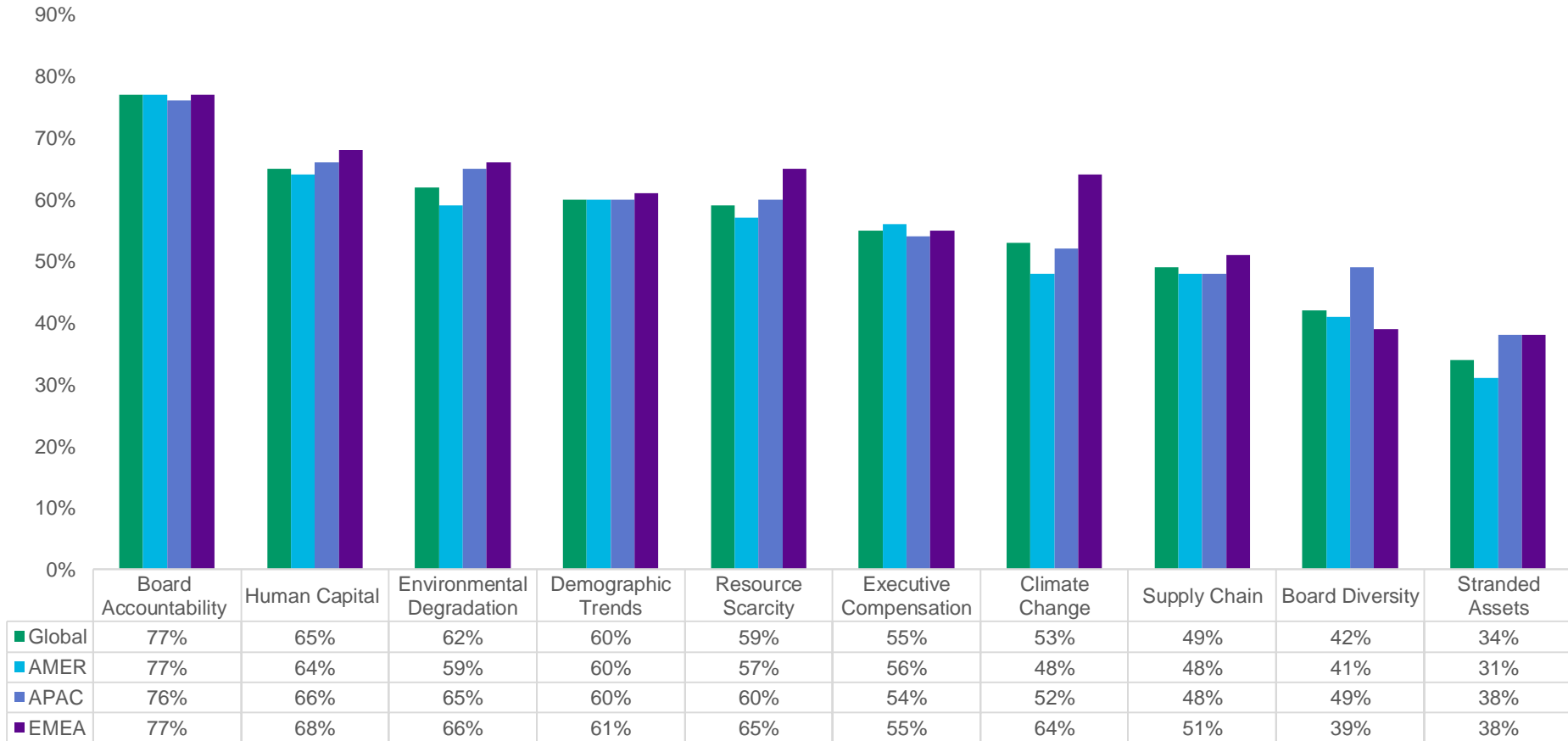
## How do you get ESG information/data?



N=1,102

A HIGHER PROPORTION OF RESPONDENTS IN EMEA THAN IN AMER AND APAC THINK CLIMATE CHANGE WILL HAVE AN IMPACT ON FINANCIAL MARKETS.

**Please rate the following ESG issues between 1 and 5 on their short term and long term impact on financial markets.**



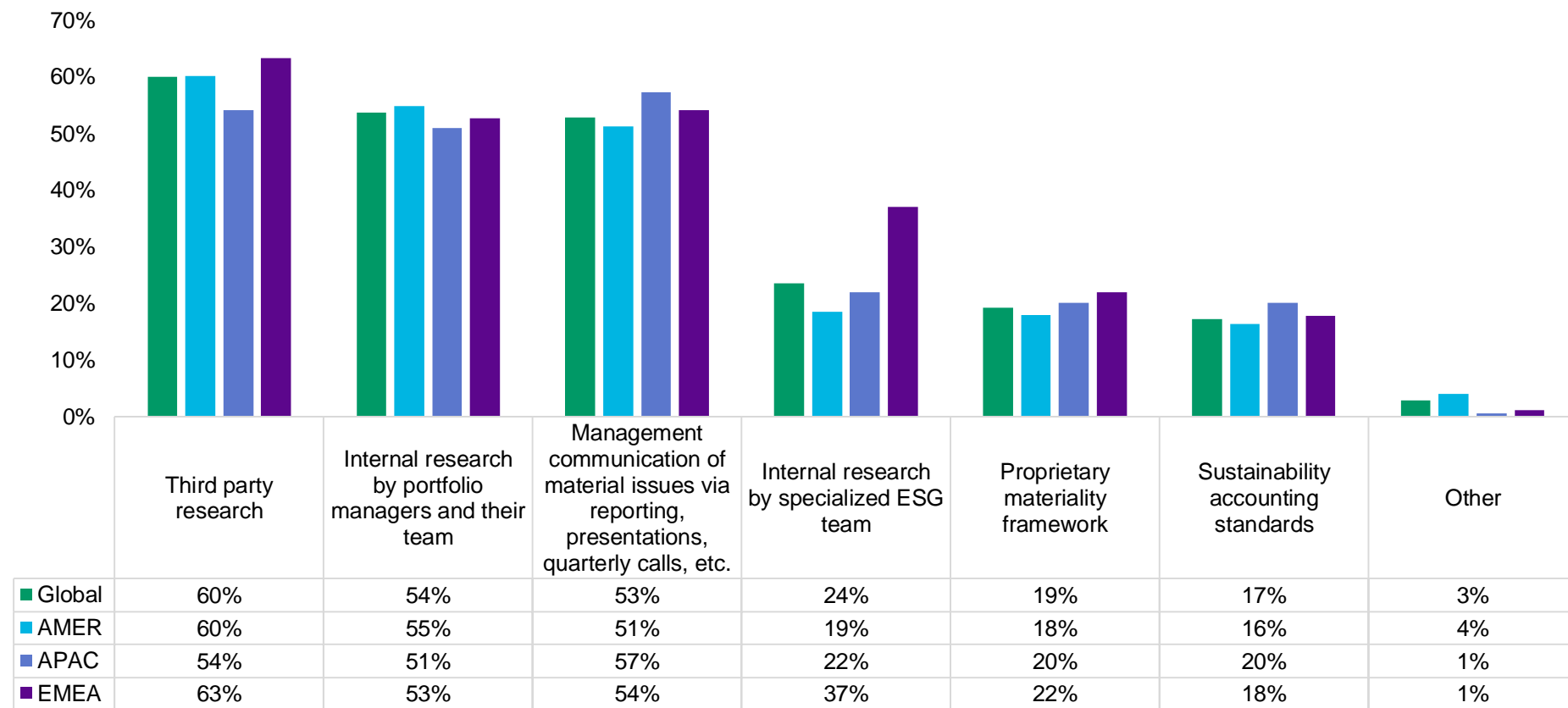
N=1065-1081 per item (Global)

Chart shows the % selecting 4 or 5 (top 2 box importance)

A HIGHER PROPORTION OF RESPONDENTS IN EMEA THAN IN AMER AND APAC USE INTERNAL RESEARCH BY A SPECIALIZED ESG TEAM TO IDENTIFY MATERIAL ESG ISSUES.

## How do you identify material ESG issues?

■ Global ■ AMER ■ APAC ■ EMEA

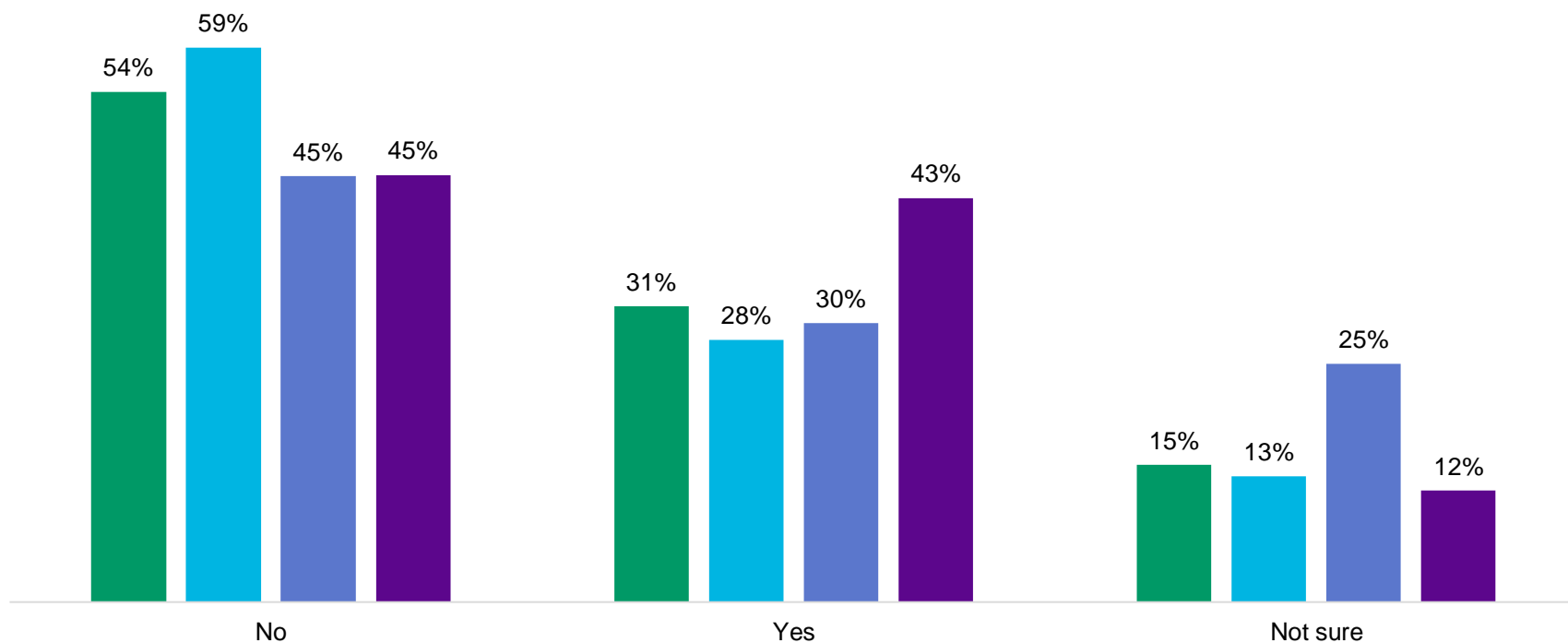


N=1,077

A HIGHER PROPORTION OF RESPONDENTS IN EMEA THAN IN AMER AND APAC INDICATE EMPLOYEES AT THEIR FIRM RECEIVE TRAINING ON HOW TO CONSIDER ESG ISSUES IN THEIR INVESTMENT ANALYSES/DECISIONS.

### Do any employees at your firm receive training on how to consider ESG issues in investment analysis/decisions?

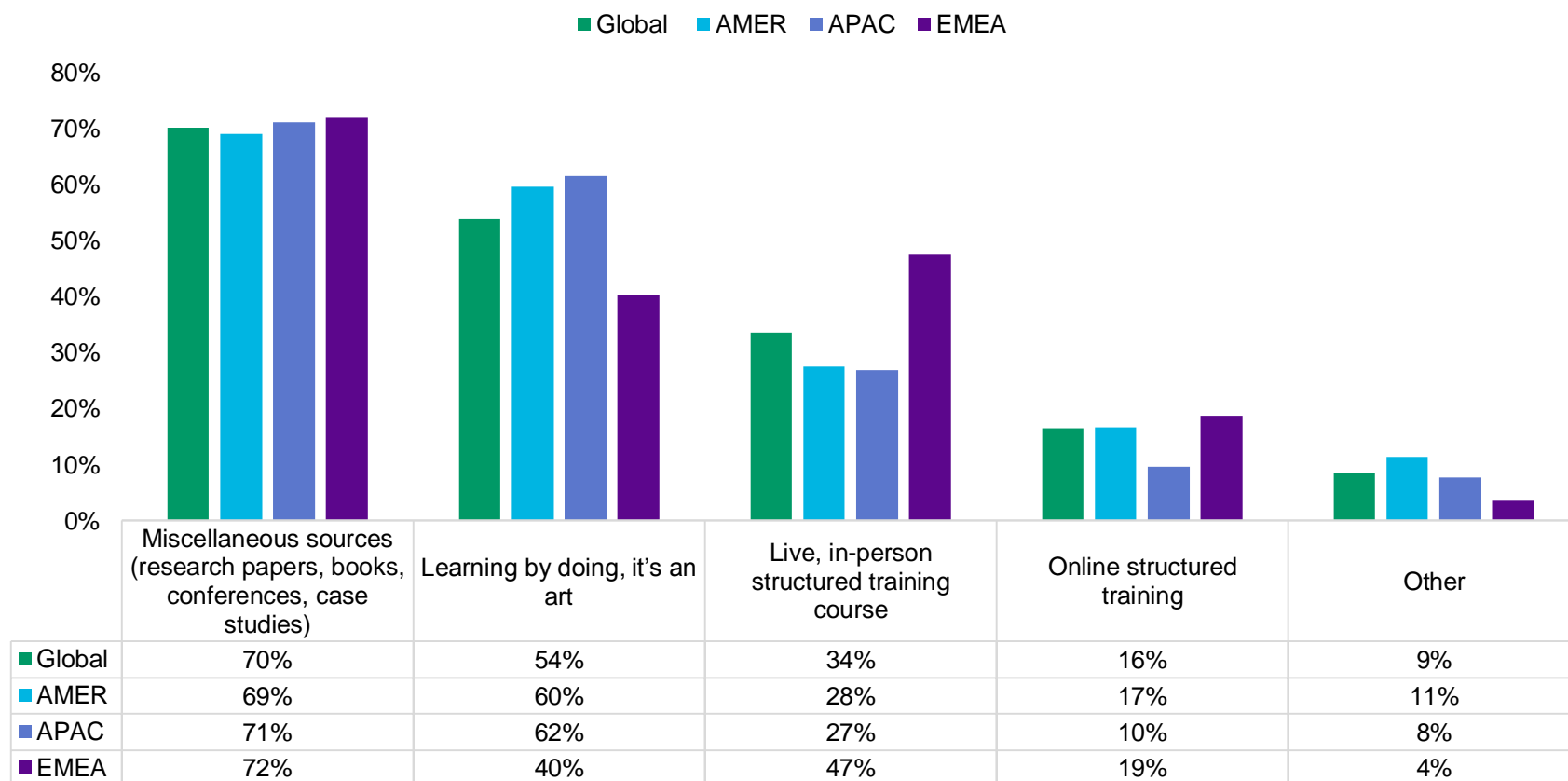
■ Global ■ AMER ■ APAC ■ EMEA



N=1,479

TRAINING IN EMEA IS MORE LIKELY TO TAKE THE FORM OF A LIVE, IN-PERSON STRUCTURED COURSE, WHILE TRAINING IN AMER AND APAC IS MORE LIKELY TO BE “LEARNING BY DOING, IT’S AN ART.”

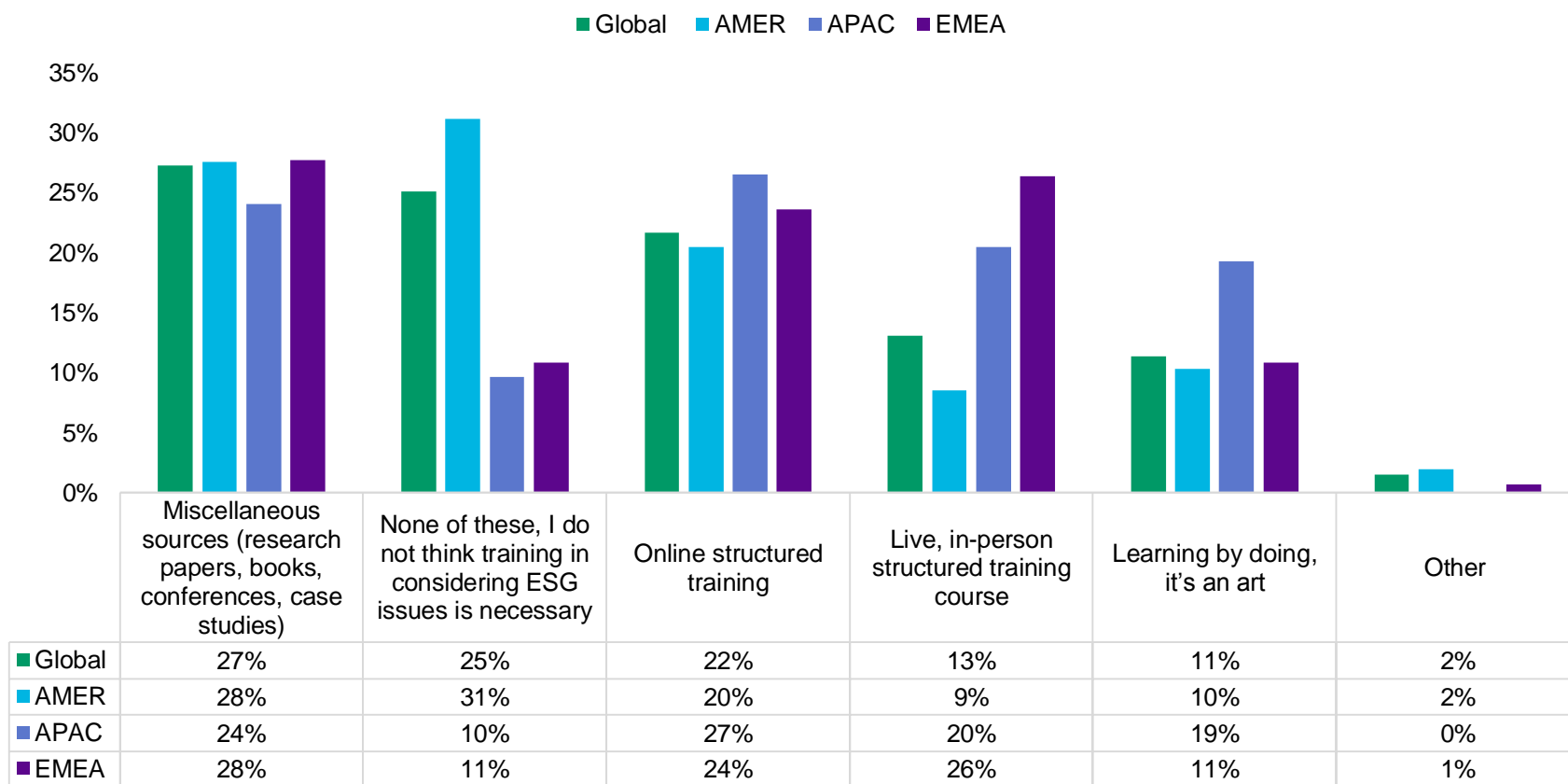
## How do employees at your firm receive training on how to consider ESG issues in investment analysis/decisions?



N=456

RESPONDENTS IN APAC AND EMEA ARE MORE INTERESTED IN A LIVE TRAINING COURSE THAN THOSE IN AMER. THOSE IN AMER ARE MORE LIKELY TO SAY TRAINING IN CONSIDERING ESG ISSUES IS NOT NECESSARY AT ALL.

## If you would like employees at your firm to receive training in considering ESG issues, what would be your preferred mode?

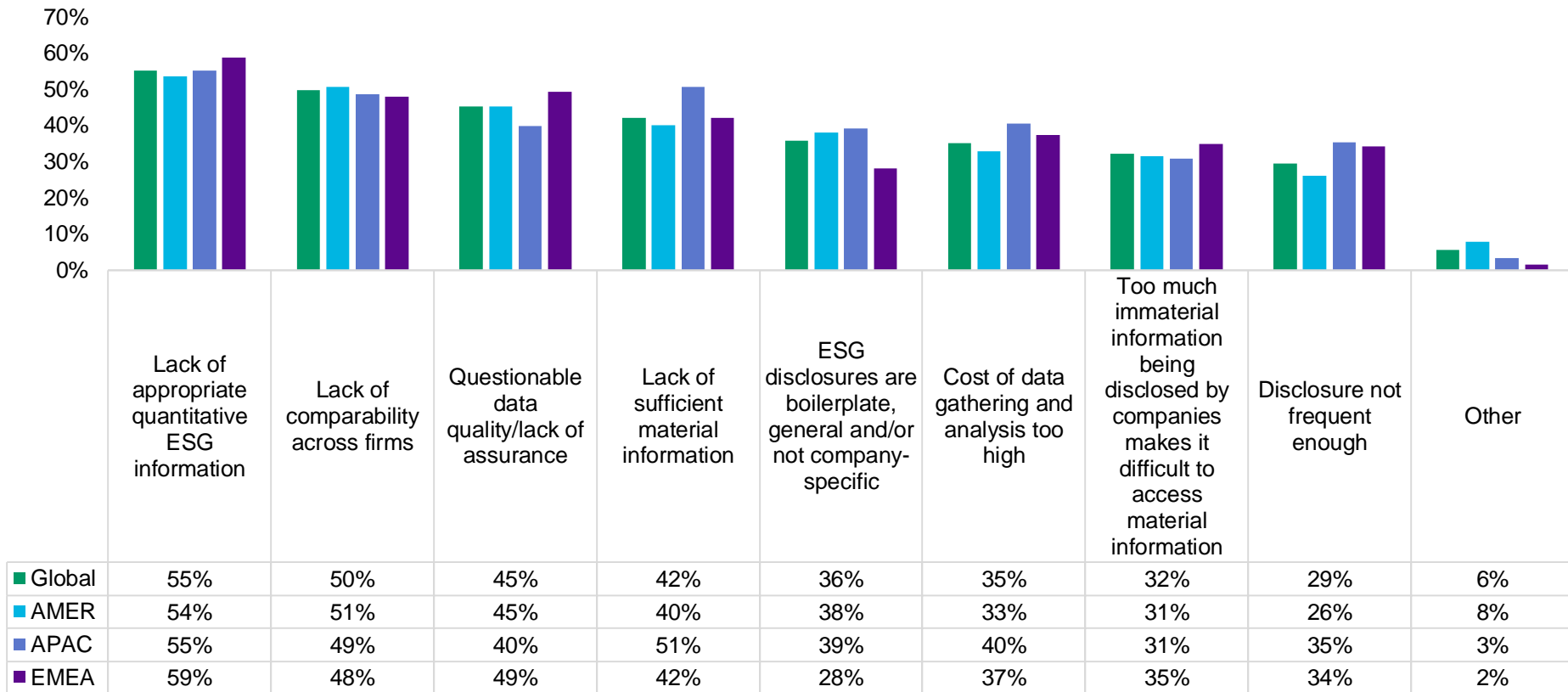


N=793

RESPONDENTS IN APAC AND EMEA ARE MORE LIKELY TO CLAIM DISCLOSURES ARE NOT FREQUENT ENOUGH, AND MORE IN AMER AND APAC THAN IN EMEA SAY ESG DISCLOSURES ARE BOILERPLATE/GENERAL.

## What factors limit your organization's ability to use nonfinancial information in your investment decisions?

■ Global ■ AMER ■ APAC ■ EMEA

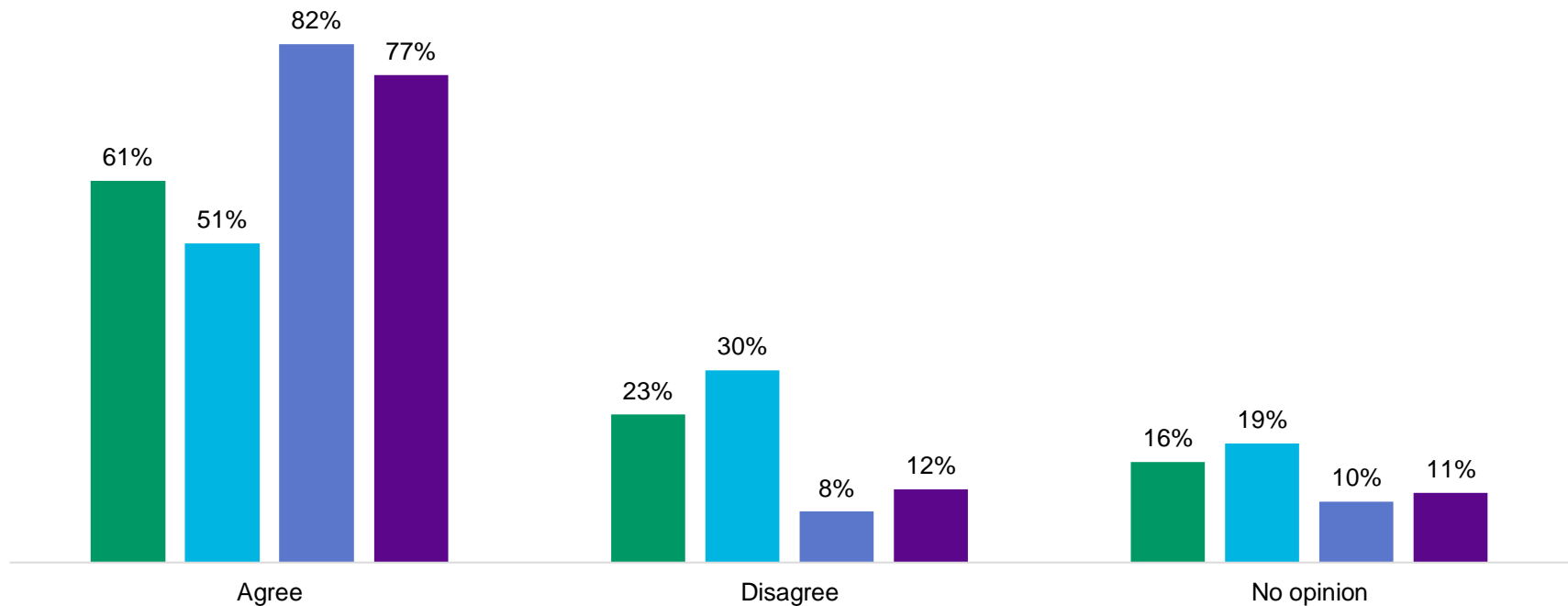


N=1,037

A HIGHER PROPORTION OF RESPONDENTS IN APAC AND EMEA THAN IN AMER AGREE THAT PUBLIC COMPANIES SHOULD BE REQUIRED TO REPORT AT LEAST ANNUALLY ON A COHESIVE SET OF SUSTAINABILITY INDICATORS.

**Do you agree or disagree that public companies should be required to report at least annually on a cohesive set of sustainability indicators in accordance with the most up-to-date reporting framework?**

■ Global ■ AMER ■ APAC ■ EMEA

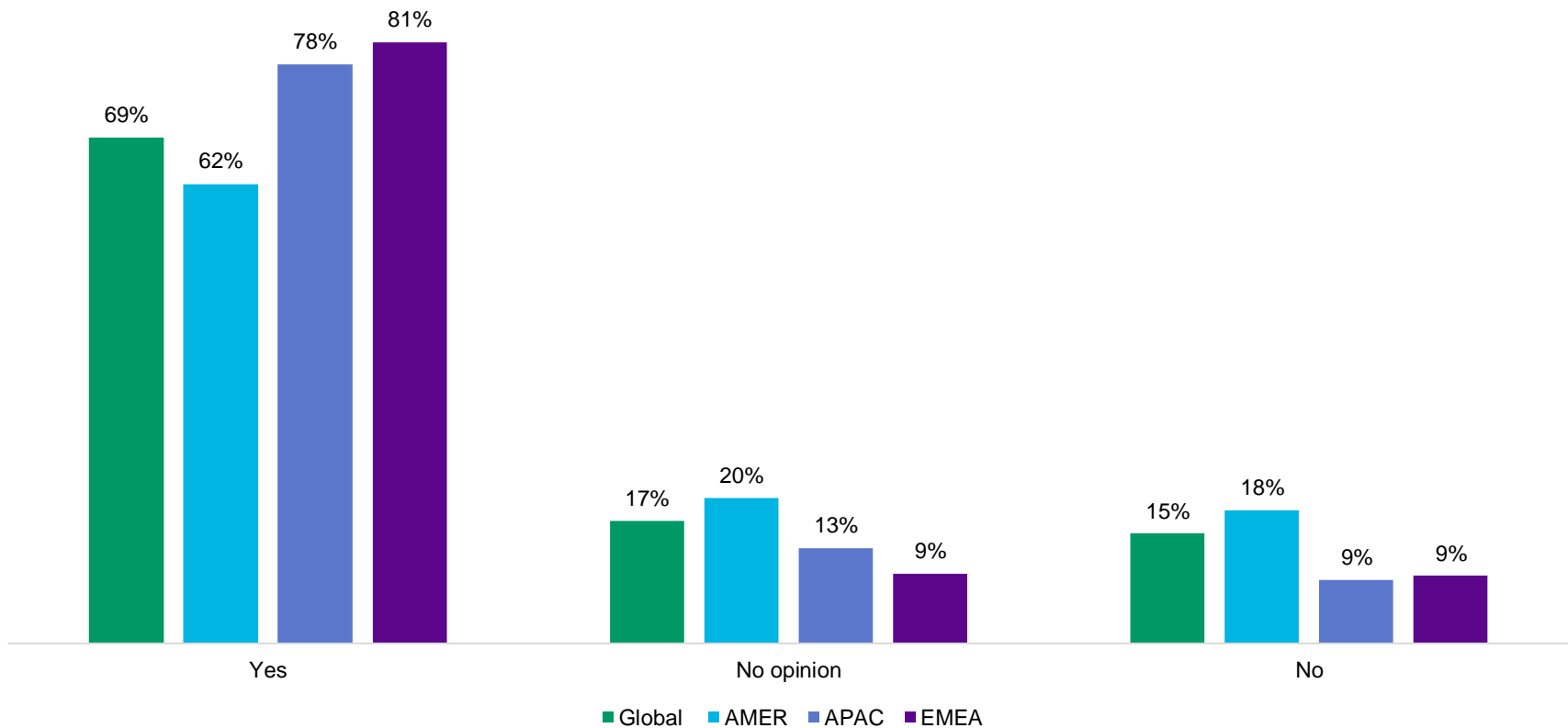


N=1,477



IN ADDITION, HIGHER PROPORTIONS OF RESPONDENTS IN APAC AND EMEA THAN IN AMER THINK IT IS IMPORTANT FOR ESG DISCLOSURES TO BE SUBJECT TO INDEPENDENT VERIFICATION.

### Do you think it is important that ESG disclosures be subject to some level of independent verification?

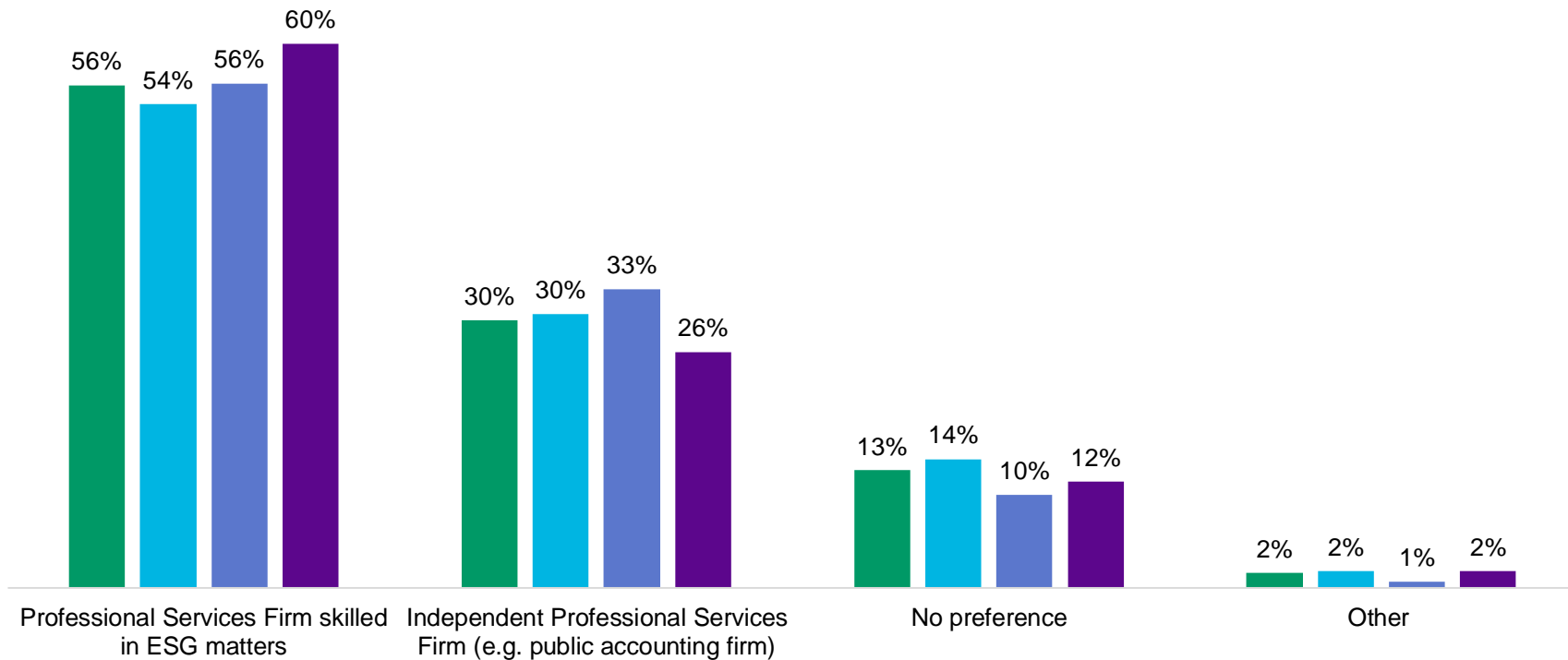


N=1,479

NO REGIONAL DIFFERENCES.

## Who do you think is best positioned to provide independent verification of ESG disclosures?

■ Global ■ AMER ■ APAC ■ EMEA

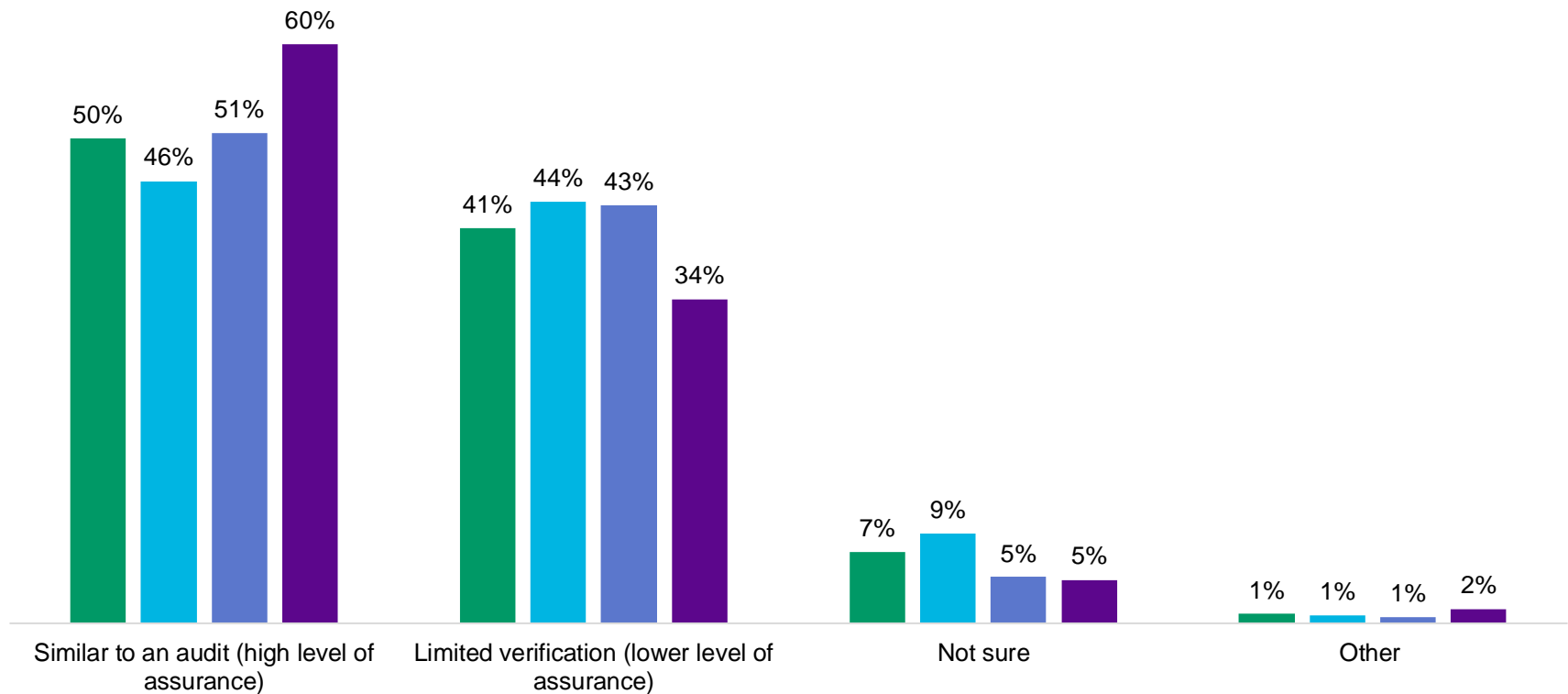


N=1,005

RESPONDENTS IN EMEA ARE MORE LIKELY TO BELIEVE THE LEVEL OF INDEPENDENT VERIFICATION SHOULD BE SIMILAR TO AN AUDIT (HIGH LEVEL OF ASSURANCE).

### What level of independent verification do you believe is necessary?

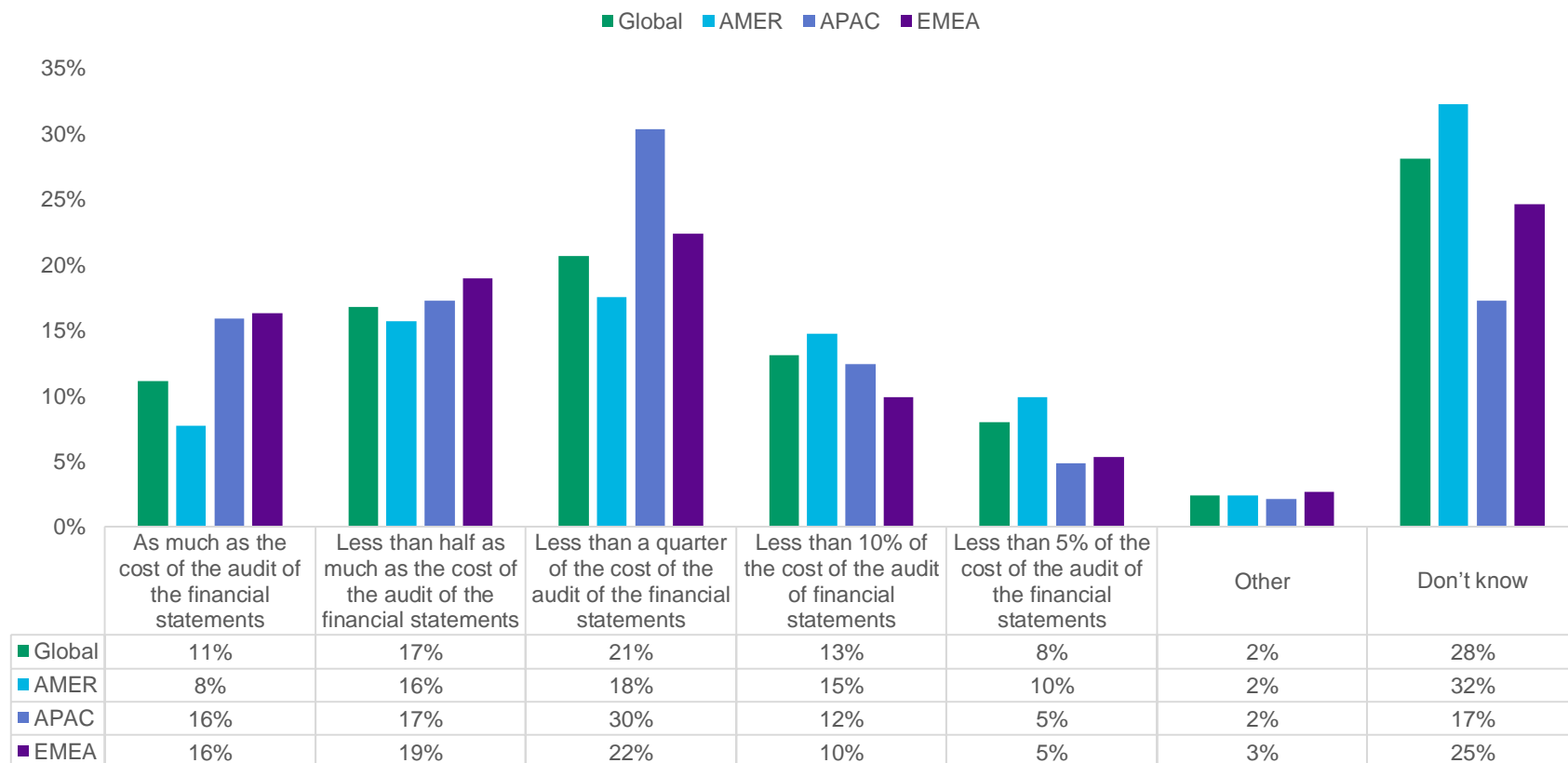
■ Global ■ AMER ■ APAC ■ EMEA



N=1,009

SOME REGIONAL DIFFERENCES EXIST ON HOW MUCH SHOULD BE SPENT TO OBTAIN INDEPENDENT.

## Which best represents your view on how much should be spent to obtain independent verification?

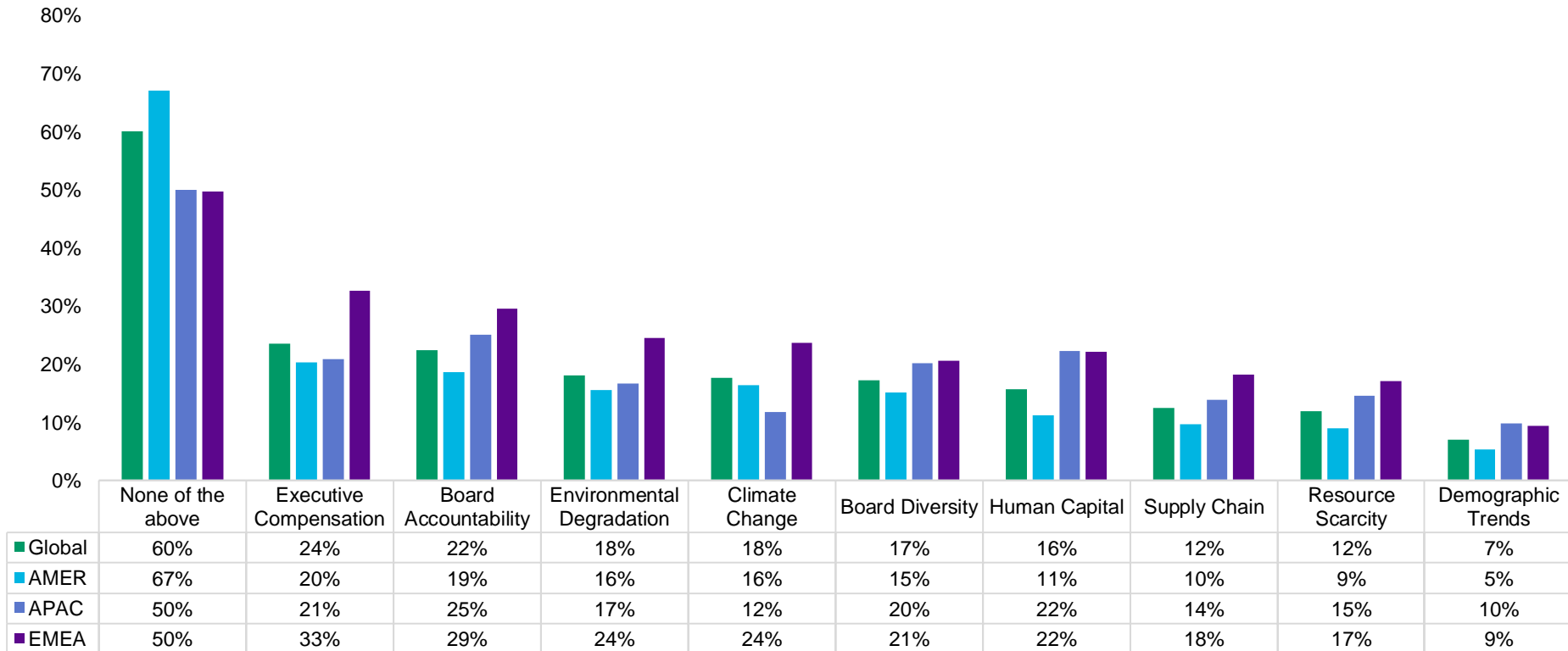


N=1,008

RESPONDENTS IN EMEA AND APAC ARE MORE LIKELY THAN THOSE IN AMER TO HAVE ENGAGED COMPANIES OR SUBMITTED SHAREHOLDER RESOLUTIONS ON ESG ISSUES IN THE PAST THREE YEARS.

## In the past three years, have you engaged companies or submitted shareholder resolutions on any of the following issues?

■ Global ■ AMER ■ APAC ■ EMEA



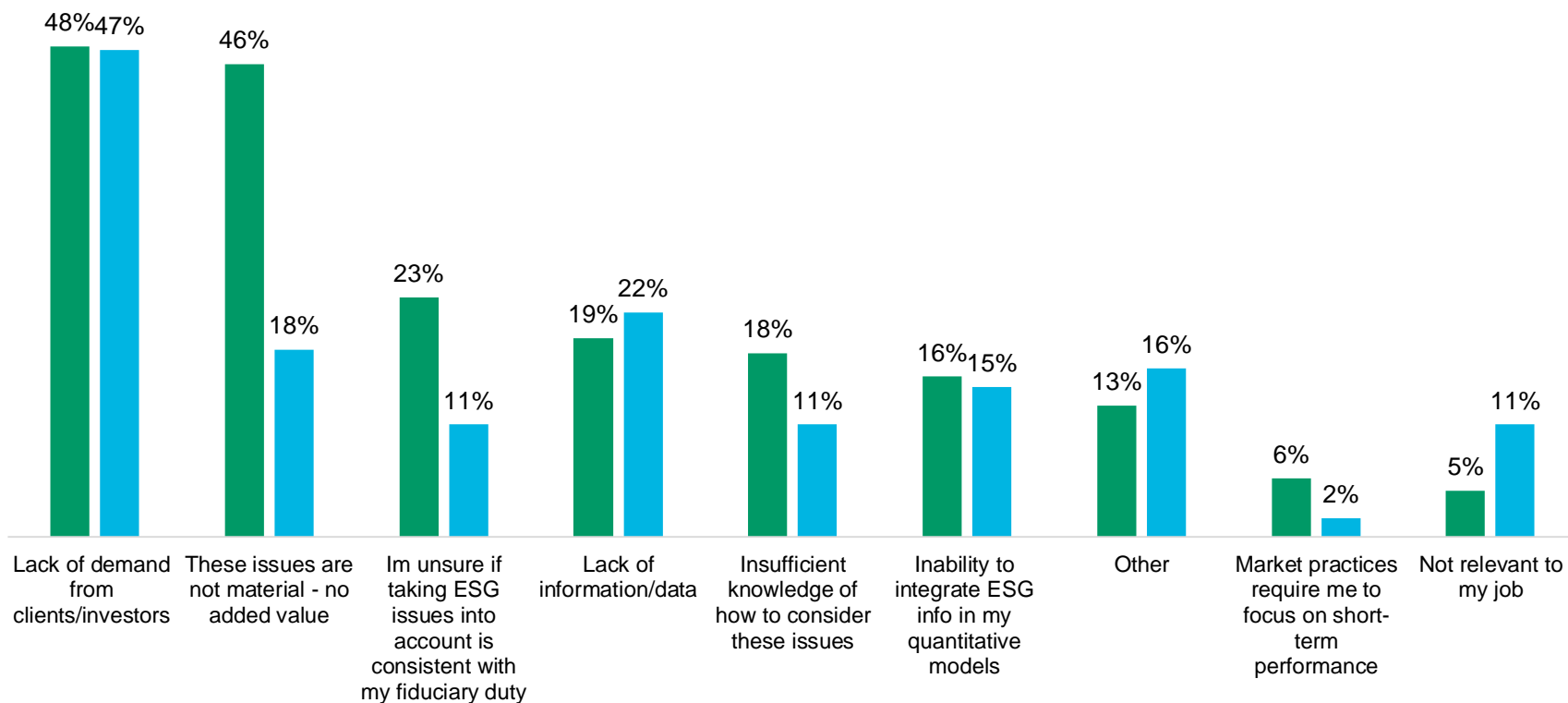
N=993

# ESG AND GENDER

MEN ARE MORE LIKELY THAN WOMEN TO THINK ESG ISSUES ARE NOT MATERIAL/ADD NO VALUE AND TO THINK IT COULD BE INCONSISTENT WITH THEIR FIDUCIARY DUTY. IN OTHER WORDS, IT SEEMS MEN ARE MORE LIKELY TO THINK OF ESG AS A VALUE VS VALUES TRADEOFF THAN WOMEN. THE ONLY COMMON REASON THAT WOMEN ARE NOT CONSIDERING ESG IS LACK OF CLIENT DEMAND.

WHY DO YOU NOT TAKE ANY ESG ISSUES INTO CONSIDERATION IN YOUR INVESTMENT ANALYSIS/DECISIONS?  
SELECT ALL THAT APPLY.

■ Men ■ Women



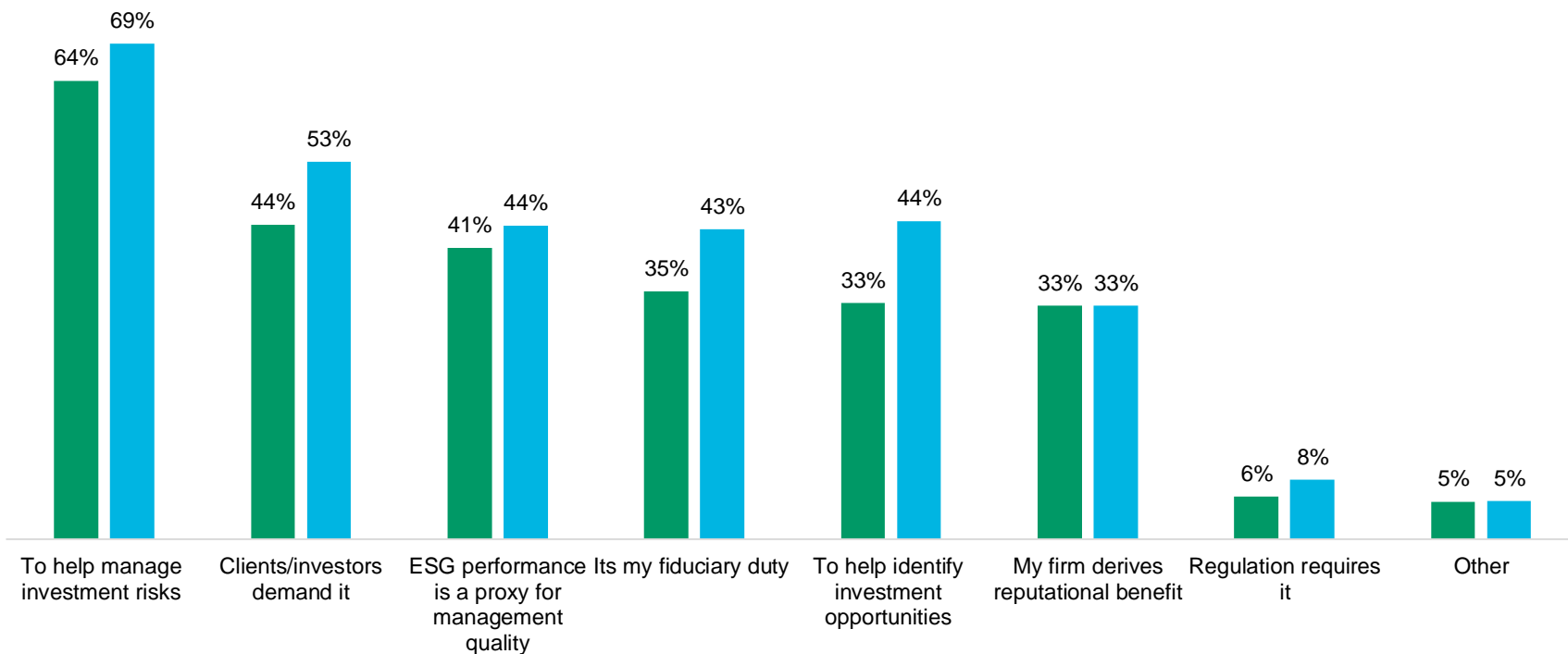
Only asked of those who do not take ESG factors into consideration

WOMEN ARE MORE LIKELY THAN MEN TO SEE ESG AS A WAY TO IDENTIFY INVESTMENT OPPORTUNITIES AND TO THINK IT IS PART OF THEIR FIDUCIARY DUTY.

## WHY DO YOU TAKE ESG ISSUES INTO CONSIDERATION IN YOUR INVESTMENT ANALYSIS/DECISIONS?

SELECT ALL THAT APPLY.

■ Men ■ Women



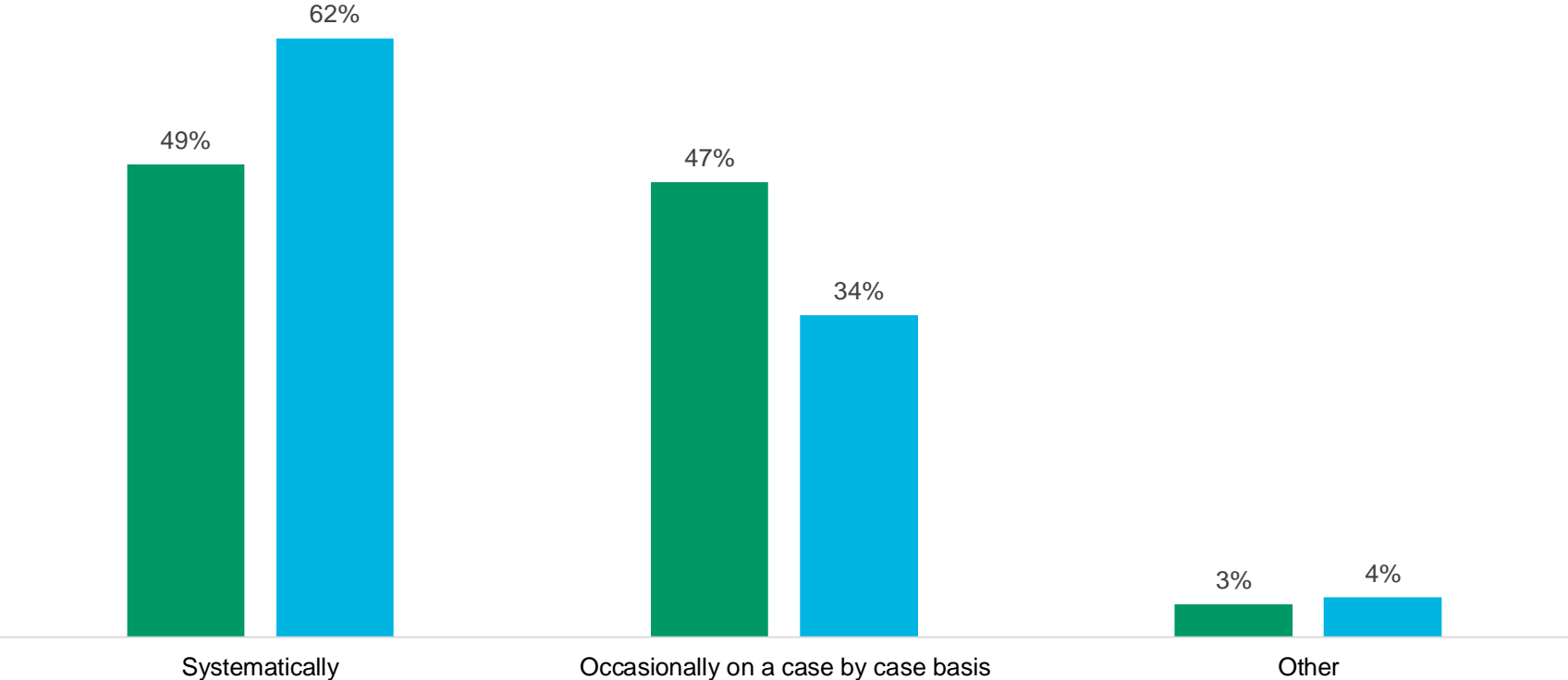
*Only asked of those who take at least one ESG issue into consideration*



# WOMEN ARE MORE LIKELY THAN MEN TO CONSIDER ESG ISSUES SYSTEMATICALLY.

## HOW REGULARLY DO YOU CONSIDER ESG ISSUES WITHIN YOUR INVESTMENT ANALYSIS?

■ Men ■ Women

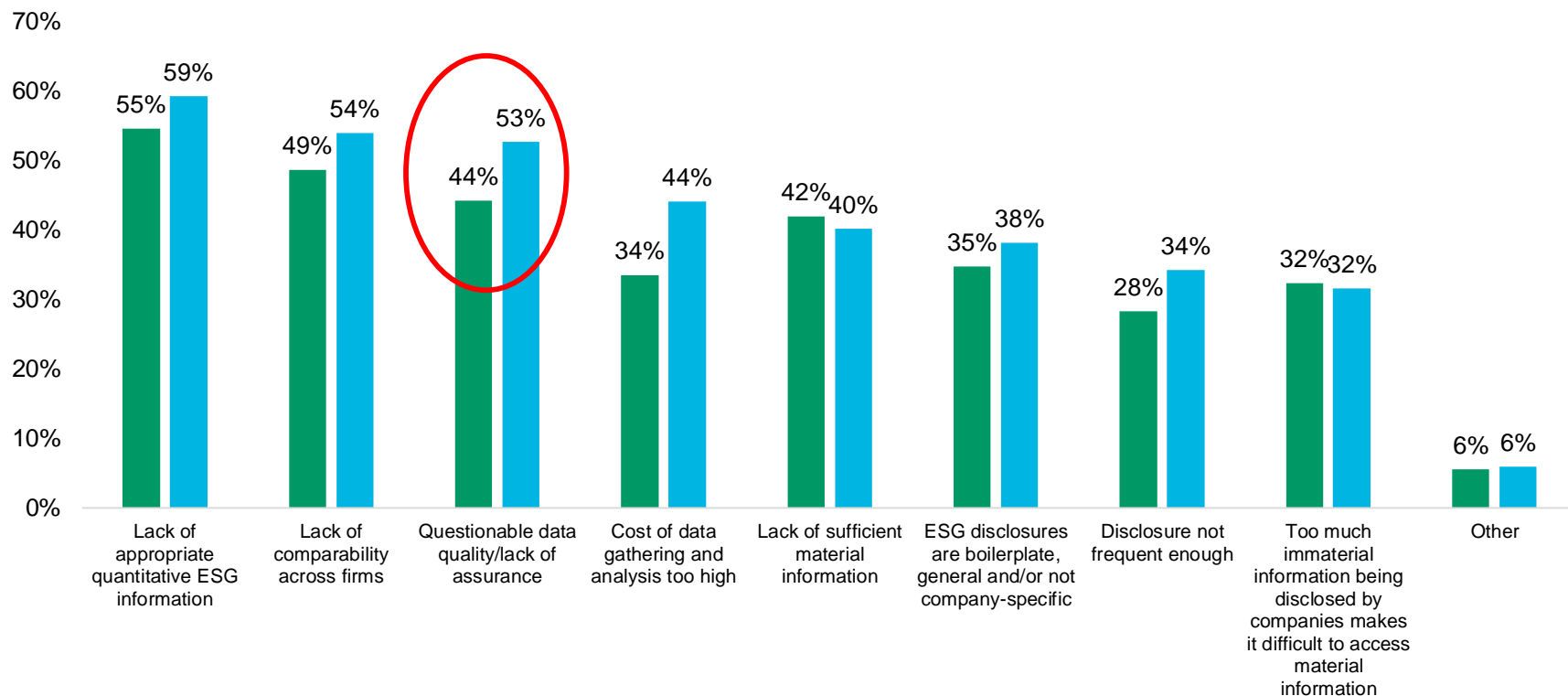


*Only asked of those who take at least one ESG issue into consideration*

# WOMEN SEEM LESS CONVINCED OF THE QUALITY OF NON-FINANCIAL DATA...

WHAT FACTORS LIMIT YOUR ORGANIZATION'S ABILITY TO USE NONFINANCIAL INFORMATION IN YOUR INVESTMENT DECISIONS?  
SELECT ALL THAT APPLY.

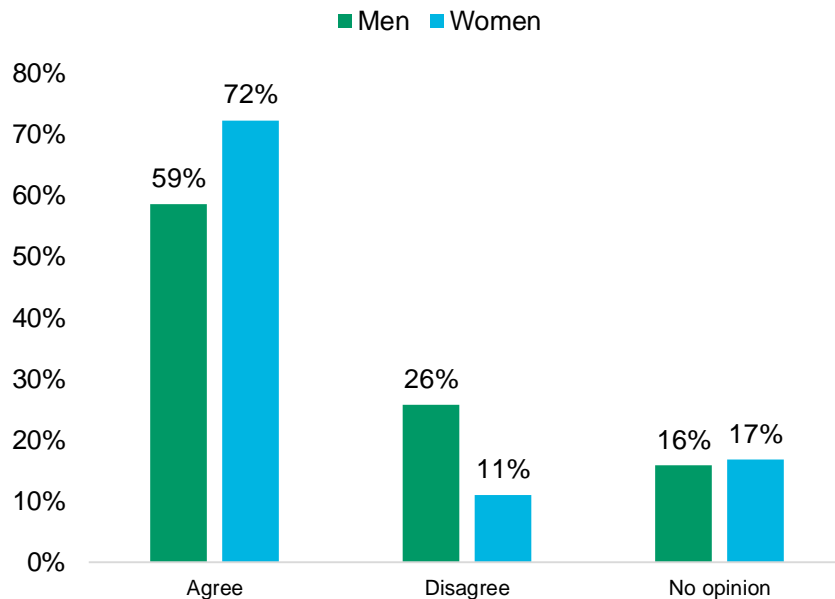
■ Men ■ Women



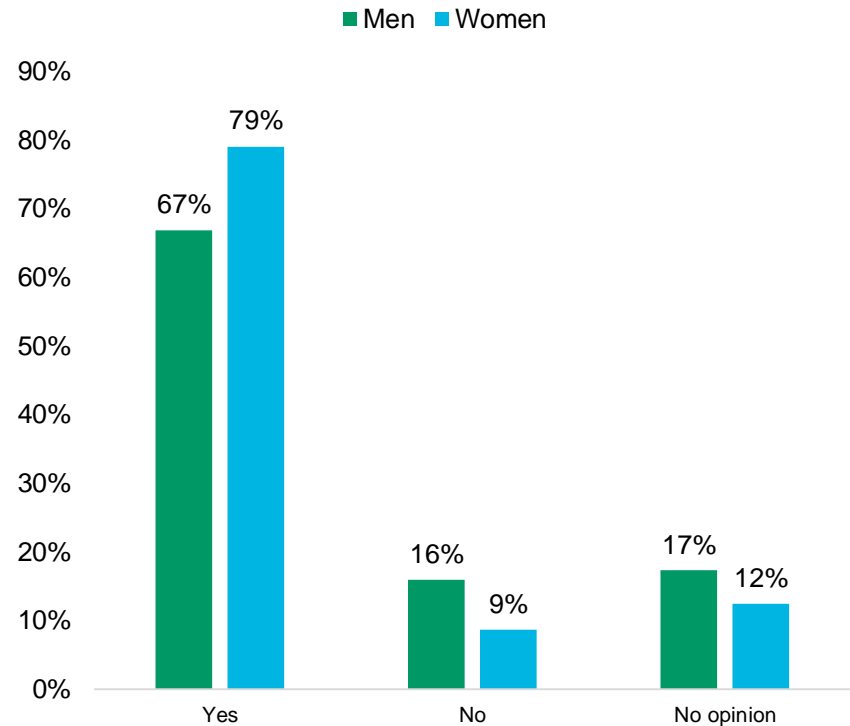
Only asked of those who take at least one ESG issue into consideration

...AND MORE LIKELY TO WANT PUBLIC COMPANIES TO REPORT AT LEAST ANNUAL ON SUSTAINABILITY INDICATORS IN ACCORDS WITH THE MOST UP-TO-DATE REPORTING FRAMEWORK AND INDEPENDENTLY VERIFIED.

DO YOU AGREE OR DISAGREE THAT PUBLIC COMPANIES SHOULD BE REQUIRED TO REPORT AT LEAST ANNUALLY ON A COHESIVE SET OF SUSTAINABILITY INDICATORS IN ACCORDANCE WITH THE MOST UP-TO-DATE REPORTING FRAMEWORK?  
SELECT ALL THAT APPLY.



DO YOU THINK IT IS IMPORTANT THAT ESG DISCLOSURES BE SUBJECT TO SOME LEVEL OF INDEPENDENT VERIFICATION?  
SELECT ALL THAT APPLY.

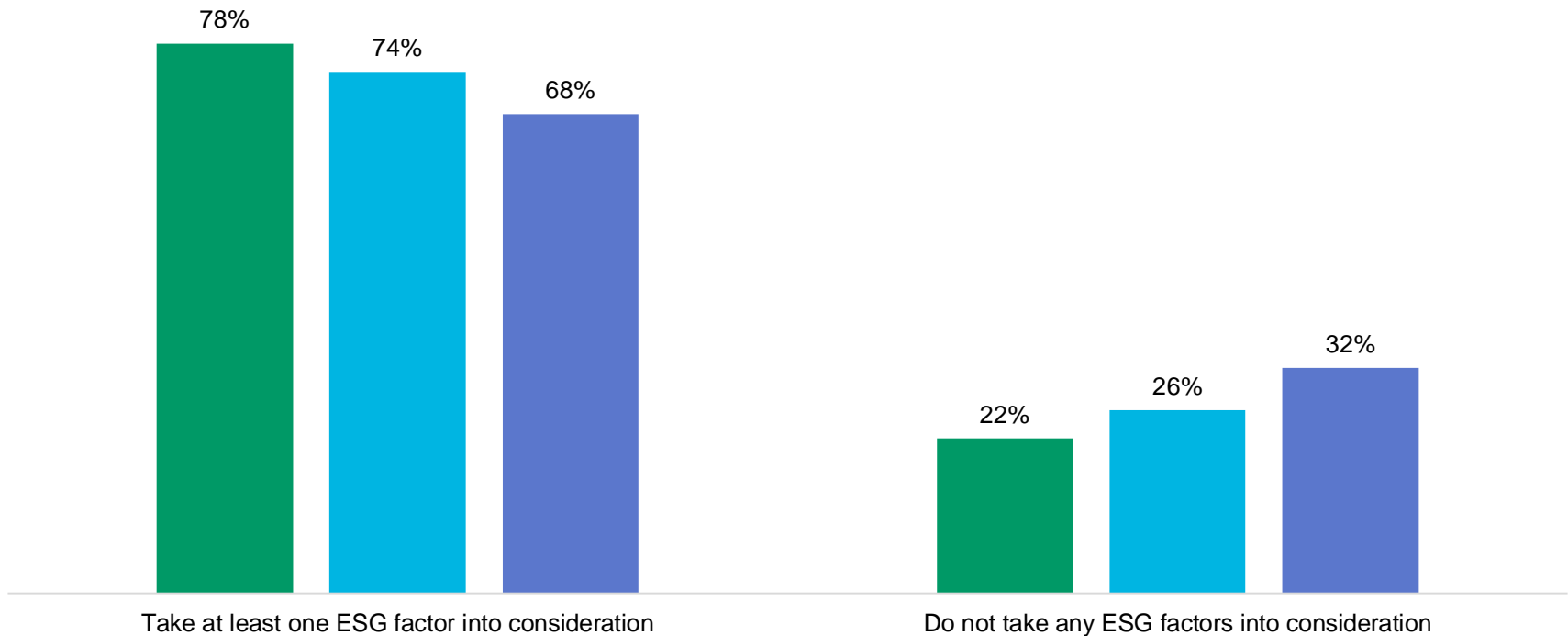


# GENERATIONAL DIFFERENCES

# MILLENNIALS ARE MOST LIKELY TO TAKE ESG ISSUES INTO ACCOUNT IN THEIR INVESTMENT ANALYSIS AND DECISIONS AND BABY BOOMERS ARE LEAST LIKELY.

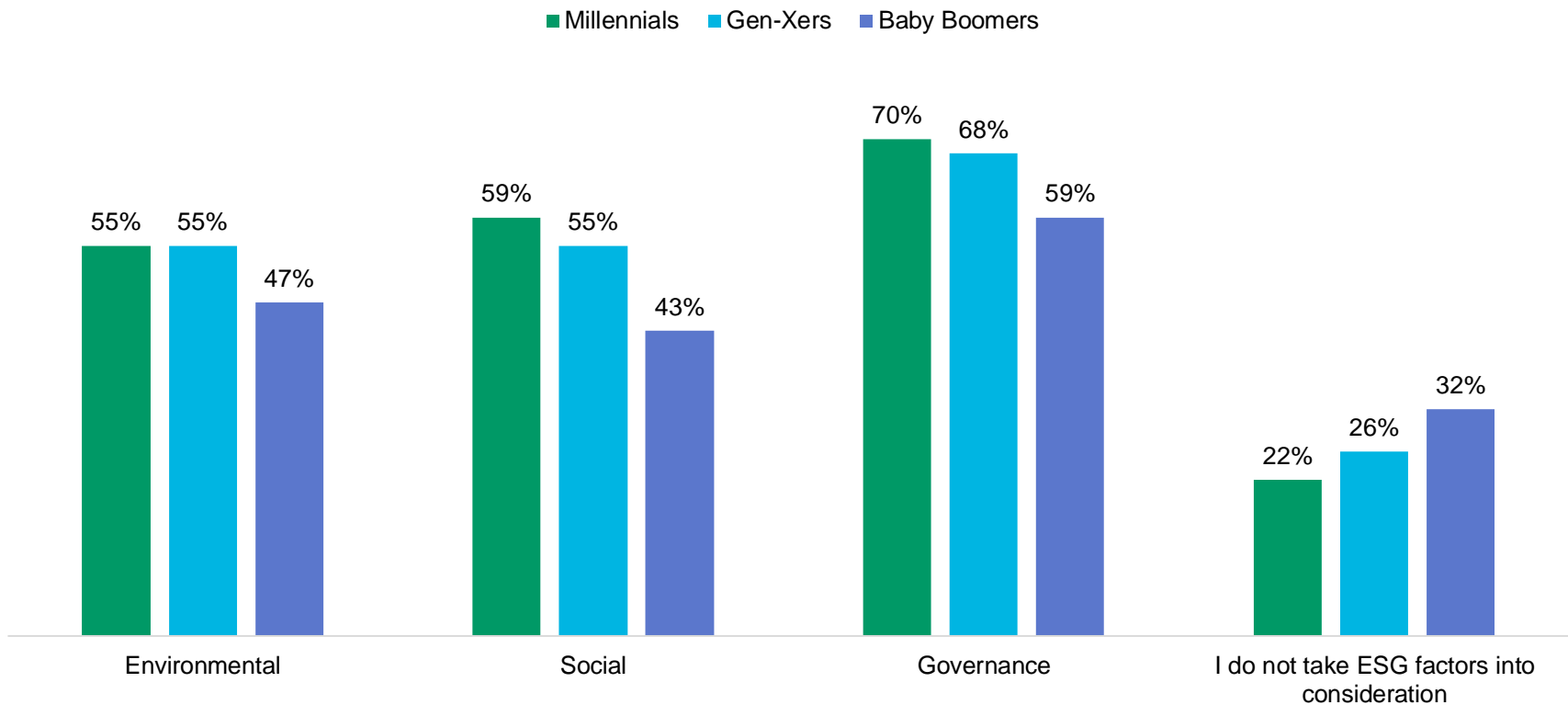
% OF RESPONDENTS TAKING AT LEAST ONE ESG ISSUES INTO ACCOUNT,  
BY AGE SEGMENT  
SELECT ALL THAT APPLY

■ Millennials ■ Gen-Xers ■ Baby Boomers



# BABY BOOMERS ARE LESS LIKELY THAN MILLENNIALS AND GEN-XERS TO USE THE VARIOUS TYPES OF ESG DATA AND INFORMATION.

WHICH, IF ANY, OF THE FOLLOWING ESG (ENVIRONMENTAL, SOCIAL, GOVERNANCE) ISSUES DO YOU TAKE INTO ACCOUNT IN YOUR INVESTMENT ANALYSIS OR DECISIONS?  
SELECT ALL THAT APPLY



**SUBGROUP ANALYSIS:  
INSTITUTIONAL VS PRIVATE  
PORTFOLIO MANAGER VS RESEARCH ANALYST**

Q: WHICH, IF ANY, OF THE FOLLOWING ESG (ENVIRONMENTAL, SOCIAL, GOVERNANCE) ISSUES DO YOU TAKE INTO ACCOUNT IN YOUR INVESTMENT ANALYSIS OR DECISIONS? SELECT ALL THAT APPLY

	Institutional	Private	Portfolio Manager	Research Analyst
Environmental (e.g. pollution, waste, climate change, energy)	60%	45%	53%	54%
Social (e.g. employee relations, customer satisfaction, human rights, community relations)	60%	45%	53%	55%
Governance (e.g. separation of CEO and Chairman, executive compensation, data protection and privacy, independence of audit committee)	74%	55%	64%	71%
I do not take ESG factors into consideration	21%	37%	29%	22%

Note: Highlighted values indicate a statistically significant difference between response percentages



Q: WHY DO YOU NOT TAKE ANY ESG ISSUES INTO CONSIDERATION IN YOUR INVESTMENT ANALYSIS/DECISIONS? SELECT ALL THAT APPLY.

	Institutional	Private	Portfolio Manager	Research Analyst
Insufficient knowledge of how to consider these issues	13%	18%	18%	15%
Lack of demand from clients/investors	<b>41%</b>	<b>55%</b>	<b>51%</b>	<b>37%</b>
Lack of information/data	18%	18%	19%	21%
Inability to integrate ESG info in my quantitative models	15%	14%	16%	14%
These issues are not material – no added value	42%	43%	43%	41%
Market practices require me to focus on short-term performance	5%	5%	6%	4%
I'm unsure if taking ESG issues into account is consistent with my fiduciary duty	23%	25%	24%	17%
Other	<b>19%</b>	<b>9%</b>	13%	14%
Not relevant to my job	8%	2%	4%	8%

Note: Highlighted values indicate a statistically significant difference between response percentages

Q: WHAT, IF ANYTHING, WOULD CAUSE YOU TO BEGIN CONSIDERING ESG ISSUES IN YOUR INVESTMENT ANALYSIS/DECISIONS? SELECT ALL THAT APPLY.

	Institutional	Private	Portfolio Manager	Research Analyst
Better information on ESG risks/opportunities	19%	24%	24%	19%
Demand from clients/investors	<b>53%</b>	<b>76%</b>	<b>71%</b>	<b>54%</b>
Development of the internal capability on how to consider these issues	<b>19%</b>	<b>20%</b>	18%	14%
Proven link between ESG and financial performance	<b>55%</b>	<b>55%</b>	52%	53%
Regulatory/legal requirements to consider ESG issues	37%	31%	35%	29%
Clarity that it doesn't conflict with my fiduciary duty	16%	17%	<b>19%</b>	<b>5%</b>
Other	12%	2%	4%	6%
Nothing	<b>8%</b>	<b>7%</b>	8%	12%

Note: Highlighted values indicate a statistically significant difference between response percentages

## Q: HOW REGULARLY DO YOU CONSIDER ESG ISSUES WITHIN YOUR INVESTMENT ANALYSIS?

	Institutional	Private	Portfolio Manager	Research Analyst
Systematically	59%	43%	54%	45%
Occasionally – on a case by case basis	39%	50%	42%	52%
Other (please specify):	2%	7%	4%	3%

Note: Highlighted values indicate a statistically significant difference between response percentages

## Q: FOR WHAT ASSET CLASSES DO YOU INTEGRATE ESG ANALYSIS?

	Institutional	Private	Portfolio Manager	Research Analyst
Listed equity	66%	88%	76%	74%
Fixed income	44%	49%	47%	41%
Private equity	22%	23%	21%	21%
Hedge funds	8%	9%	9%	8%
Infrastructure	15%	13%	14%	15%
Real estate	19%	19%	18%	18%
Other	3%	3%	4%	2%
Not applicable	1%	2%	1%	2%

Note: Highlighted values indicate a statistically significant difference between response percentages

Q: HOW DO YOU TAKE ESG ISSUES INTO CONSIDERATION IN YOUR INVESTMENT ANALYSIS/DECISIONS.

	Institutional	Private	Portfolio Manager	Research Analyst
Exclusionary screening	37%	39%	41%	32%
Best-in-class investing / positive alignment	28%	41%	36%	27%
Active ownership	27%	23%	25%	28%
Thematic investing	18%	27%	22%	20%
Impact investing	19%	25%	21%	20%
ESG integration into the whole investment analysis and decision making process	64%	50%	58%	61%
Other	3%	8%	5%	5%

Note: Highlighted values indicate a statistically significant difference between response percentages

Q: WHY DO YOU TAKE ESG ISSUES INTO CONSIDERATION IN YOUR INVESTMENT ANALYSIS/DECISIONS? SELECT ALL THAT APPLY.

	Institutional	Private	Portfolio Manager	Research Analyst
Clients/investors demand it	48%	45%	45%	45%
To help identify investment opportunities	34%	33%	32%	40%
To help manage investment risks	64%	66%	64%	66%
Regulation requires it	9%	2%	6%	7%
It's my fiduciary duty	39%	35%	39%	31%
My firm derives reputational benefit	37%	28%	35%	29%
ESG performance is a proxy for management quality	38%	44%	41%	42%
Other	4%	7%	7%	3%

Note: Highlighted values indicate a statistically significant difference between response percentages

Q: HOW DO YOU GET ESG INFORMATION/DATA? SELECT ALL THAT APPLY.

	Institutional	Private	Portfolio Manager	Research Analyst
Regulatory filings	45%	39%	42%	48%
Reports and statements from the company	<b>62%</b>	<b>57%</b>	62%	65%
Direct engagement with company	<b>56%</b>	<b>33%</b>	47%	50%
Public information	70%	74%	73%	73%
Third party research	<b>68%</b>	<b>66%</b>	67%	65%
Other	3%	5%	<b>4%</b>	<b>2%</b>

Note: Highlighted values indicate a statistically significant difference between response percentages

Q: PLEASE RATE THE FOLLOWING ESG ISSUES BETWEEN 1 AND 5 ON THEIR SHORT TERM AND LONG TERM IMPACT ON FINANCIAL MARKETS. (1 LITTLE OR NO IMPACT, 5 SIGNIFICANT IMPACT)

	Institutional	Private	Portfolio Manager	Research Analyst
Executive Compensation	55%	57%	57%	52%
Board Accountability	<b>78%</b>	<b>74%</b>	79%	74%
Board Diversity	<b>41%</b>	<b>41%</b>	41%	44%
Climate Change	<b>51%</b>	<b>60%</b>	<b>55%</b>	<b>48%</b>
Environmental Degradation	<b>60%</b>	<b>68%</b>	<b>66%</b>	<b>55%</b>
Human Capital	65%	68%	65%	65%
Supply Chain	46%	50%	49%	48%
Resource Scarcity	<b>54%</b>	<b>62%</b>	59%	59%
Demographic Trends	57%	64%	61%	60%
Stranded Assets	34%	32%	34%	33%

Note: Highlighted values indicate a statistically significant difference between response percentages



## Q: HOW DO YOU IDENTIFY MATERIAL ESG ISSUES?

	Institutional	Private	Portfolio Manager	Research Analyst
Third party research	<b>58%</b>	<b>63%</b>	61%	57%
Internal research by portfolio managers and their team	<b>57%</b>	<b>54%</b>	<b>57%</b>	<b>49%</b>
Internal research by specialized ESG team	<b>27%</b>	<b>16%</b>	25%	22%
Sustainability accounting standards	18%	15%	17%	19%
Proprietary materiality framework	<b>25%</b>	<b>12%</b>	21%	17%
Management communication of material issues via reporting, presentations, quarterly calls, etc.	<b>51%</b>	<b>51%</b>	<b>51%</b>	<b>57%</b>
Other	2%	4%	2%	4%

Note: Highlighted values indicate a statistically significant difference between response percentages

Q: DO ANY EMPLOYEES AT YOUR FIRM RECEIVE TRAINING ON HOW TO CONSIDER ESG ISSUES IN INVESTMENT ANALYSIS/DECISIONS?

	Institutional	Private	Portfolio Manager	Research Analyst
Yes	37%	24%	32%	30%
No	47%	67%	54%	54%
Not sure	16%	9%	13%	17%

Note: Highlighted values indicate a statistically significant difference between response percentages

Q: HOW DO EMPLOYEES AT YOUR FIRM RECEIVE TRAINING ON HOW TO CONSIDER ESG ISSUES IN INVESTMENT ANALYSIS/DECISIONS? SELECT ALL THAT APPLY.

	Institutional	Private	Portfolio Manager	Research Analyst
Live, in-person structured training course	38%	27%	32%	36%
Online structured training	13%	21%	16%	18%
Miscellaneous sources (research papers, books, conferences, case studies)	69%	73%	71%	69%
Learning by doing, it's an art	<b>56%</b>	<b>43%</b>	52%	57%
Other	10%	11%	9%	7%

Note: Highlighted values indicate a statistically significant difference between response percentages

Q: IF YOU WOULD LIKE EMPLOYEES AT YOUR FIRM TO RECEIVE TRAINING IN CONSIDERING ESG ISSUES, WHAT WOULD BE YOUR PREFERRED MODE?

	Institutional	Private	Portfolio Manager	Research Analyst
Live, in-person structured training course	15%	11%	12%	15%
Online structured training	21%	23%	22%	22%
Miscellaneous sources (research papers, books, conferences, case studies)	25%	31%	28%	25%
Learning by doing, it's an art	<b>13%</b>	<b>6%</b>	<b>8%</b>	<b>17%</b>
Other (please specify):	1%	2%	2%	1%
None of these, I do not think training in considering ESG issues is necessary	25%	27%	<b>28%</b>	<b>20%</b>

Note: Highlighted values indicate a statistically significant difference between response percentages

## Q: WHAT FACTORS LIMIT YOUR ORGANIZATION'S ABILITY TO USE NONFINANCIAL INFORMATION IN YOUR INVESTMENT DECISIONS?

	Institutional	Private	Portfolio Manager	Research Analyst
Lack of comparability across firms	48%	49%	50%	49%
Cost of data gathering and analysis too high	<b>33%</b>	<b>36%</b>	34%	37%
Lack of appropriate quantitative ESG information	56%	54%	55%	56%
ESG disclosures are boilerplate, general and/or not company-specific	<b>36%</b>	<b>31%</b>	34%	39%
Disclosure not frequent enough	29%	26%	29%	31%
Questionable data quality/lack of assurance	45%	42%	44%	48%
Too much immaterial information being disclosed by companies makes it difficult to access material information	34%	30%	31%	34%
Lack of sufficient material information	43%	38%	<b>39%</b>	<b>47%</b>
Other	6%	7%	6%	5%

Note: Highlighted values indicate a statistically significant difference between response percentages

Q: DO YOU AGREE OR DISAGREE THAT PUBLIC COMPANIES SHOULD BE REQUIRED TO REPORT AT LEAST ANNUALLY ON A COHESIVE SET OF SUSTAINABILITY INDICATORS IN ACCORDANCE WITH THE MOST UP-TO-DATE REPORTING FRAMEWORK (GLOBAL REPORTING INITIATIVE, INTEGRATED REPORTING FRAMEWORK, SUSTAINABLE ACCOUNTING STANDARDS BOARD STANDARDS, OR OTHER)?

	Institutional	Private	Portfolio Manager	Research Analyst
Agree	61%	55%	58%	65%
Disagree	23%	28%	25%	21%
No opinion	15%	17%	17%	15%

Note: Highlighted values indicate a statistically significant difference between response percentages

Q: DO YOU THINK IT IS IMPORTANT THAT ESG DISCLOSURES BE SUBJECT TO SOME LEVEL OF INDEPENDENT VERIFICATION?

	Institutional	Private	Portfolio Manager	Research Analyst
Yes	65%	67%	66%	74%
No	17%	16%	17%	11%
No opinion	18%	17%	17%	15%

Note: Highlighted values indicate a statistically significant difference between response percentages

## Q: WHO DO YOU THINK IS BEST POSITIONED TO PROVIDE INDEPENDENT VERIFICATION OF ESG DISCLOSURES?

	Institutional	Private	Portfolio Manager	Research Analyst
Independent Professional Services Firm (e.g. public accounting firm)	29%	27%	28%	33%
Professional Services Firm skilled in ESG matters	56%	60%	58%	52%
Other (please explain):	2%	2%	2%	1%
No preference	13%	11%	12%	14%

Note: Highlighted values indicate a statistically significant difference between response percentages



## Q: WHAT LEVEL OF INDEPENDENT VERIFICATION DO YOU BELIEVE IS NECESSARY?

	Institutional	Private	Portfolio Manager	Research Analyst
Similar to an audit (high level of assurance)	49%	51%	50%	51%
Limited verification (lower level of assurance)	42%	41%	42%	40%
Other (please explain):	<b>1%</b>	<b>0%</b>	1%	1%
Not sure	7%	8%	7%	8%

Note: Highlighted values indicate a statistically significant difference between response percentages

## Q: WHICH BEST REPRESENTS YOUR VIEW ON HOW MUCH SHOULD BE SPENT TO OBTAIN INDEPENDENT VERIFICATION?

	Institutional	Private	Portfolio Manager	Research Analyst
As much as the cost of the audit of the financial statements	9%	12%	11%	11%
Less than half as much as the cost of the audit of the financial statements	18%	16%	18%	15%
Less than a quarter of the cost of the audit of the financial statements	21%	16%	18%	24%
Less than 10% of the cost of the audit of financial statements	13%	14%	13%	13%
Less than 5% of the cost of the audit of the financial statements	9%	9%	8%	7%
Other (please explain):	2%	2%	3%	2%
Don't know	28%	30%	28%	28%

Note: Highlighted values indicate a statistically significant difference between response percentages

Q: IN THE PAST THREE YEARS, HAVE YOU ENGAGED COMPANIES OR SUBMITTED SHAREHOLDER RESOLUTIONS ON ANY OF THE FOLLOWING ISSUES?

	Institutional	Private	Portfolio Manager	Research Analyst
Executive Compensation	31%	13%	25%	21%
Board Accountability	26%	15%	23%	21%
Board Diversity	20%	10%	17%	17%
Climate Change	22%	11%	18%	16%
Environmental Degradation	24%	10%	18%	18%
Human Capital	19%	7%	16%	15%
Supply Chain	16%	6%	12%	14%
Resource Scarcity	12%	8%	11%	13%
Demographic Trends	8%	5%	6%	8%
None of the above	55%	71%	58%	63%

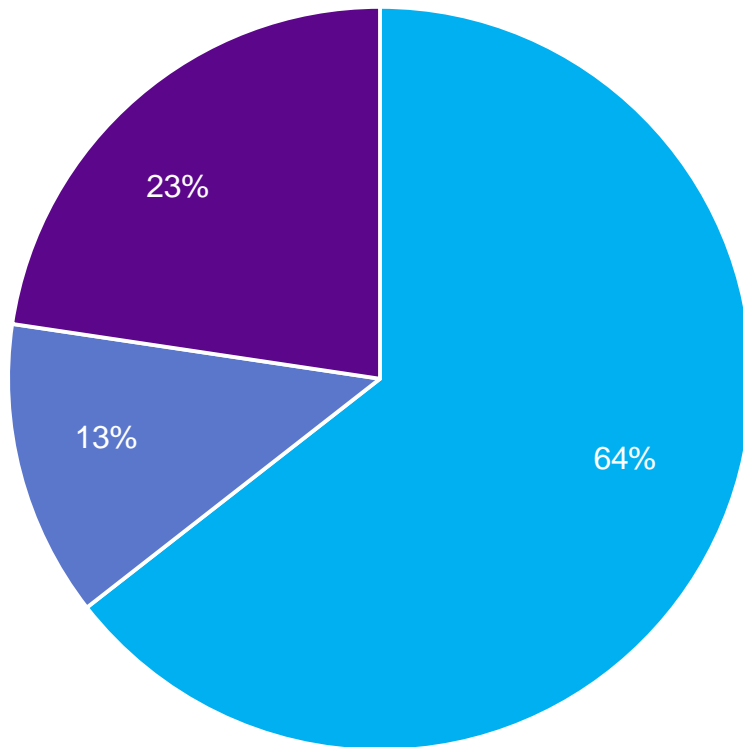
Note: Highlighted values indicate a statistically significant difference between response percentages

# RESPONDENT PROFILE

# GEOGRAPHY

**Region**  
**N= 1,588**

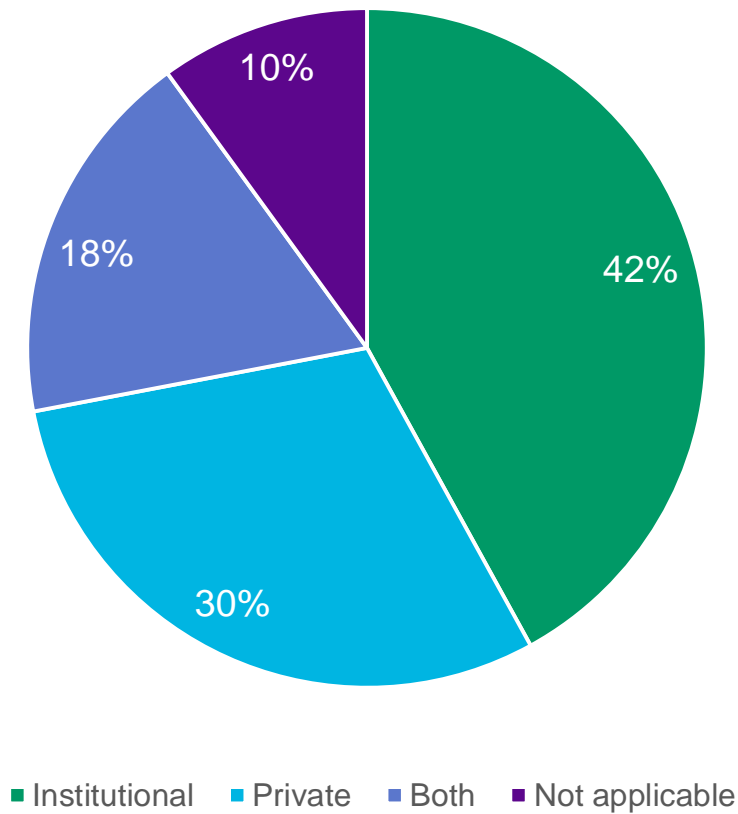
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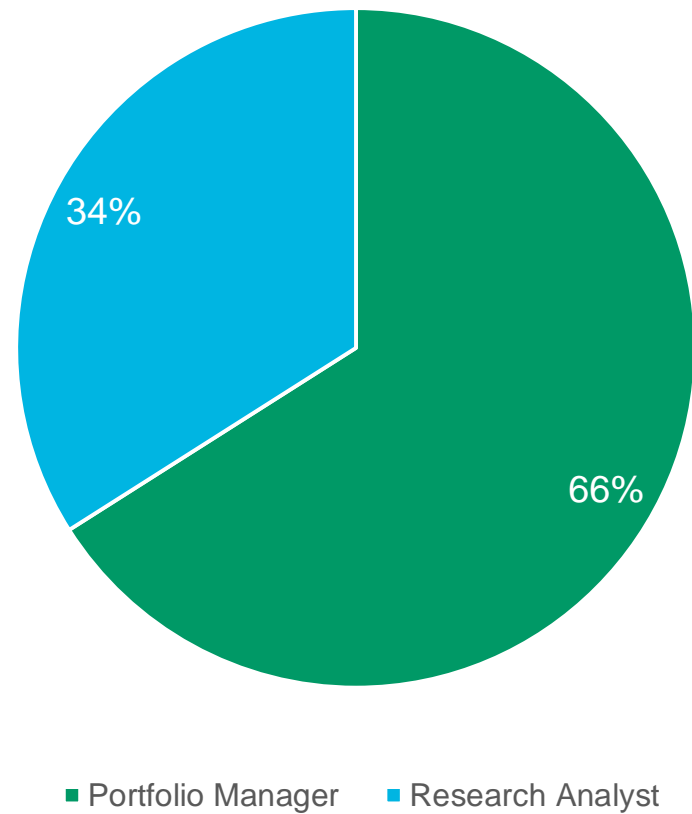
TOP RESPONDING MARKETS	N	% of respondents
USA	846	53%
CANADA	151	10%
BRAZIL	12	1%
AUSTRALIA	34	2%
CHINA	34	2%
HONG KONG	25	2%
JAPAN	21	1%
SINGAPORE	20	1%
INDIA	17	1%
UNITED KINGDOM	88	6%
SWITZERLAND	50	3%
GERMANY	29	2%
NETHERLANDS	24	2%
SOUTH AFRICA	21	1%
FRANCE	19	1%
BELGIUM	10	1%
ITALY	10	1%
KOREA	10	1%
MALAYSIA	10	1%
ALL OTHER	157	10%

# PROFESSIONAL DEMOGRAPHICS

## Primary Asset Base



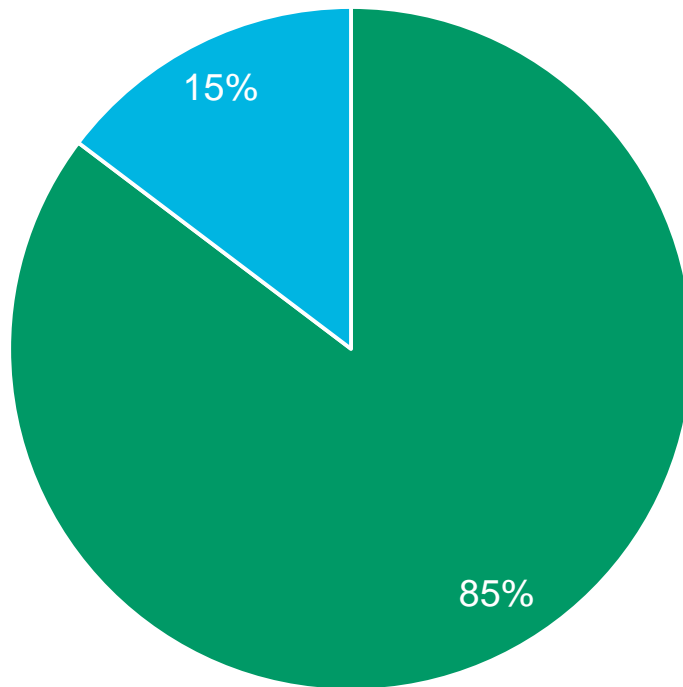
## Occupation



# PERSONAL DEMOGRAPHICS

## GENDER

■ Men ■ Women



## GENERATION

■ Millennials (<36 yrs) ■ Gen-Xers (36-52 yrs)  
■ Baby Boomers (53+ yrs) ■ Not provided

