

The background is a grayscale photograph of a modern building's facade, characterized by a grid of windows and dark structural elements. A large white rectangular box is centered on the page, containing the main title. To the right of this box, there is a vertical blue gradient bar. At the bottom of the page, there is a thick, dark blue horizontal bar that overlaps the white box and the blue gradient bar.

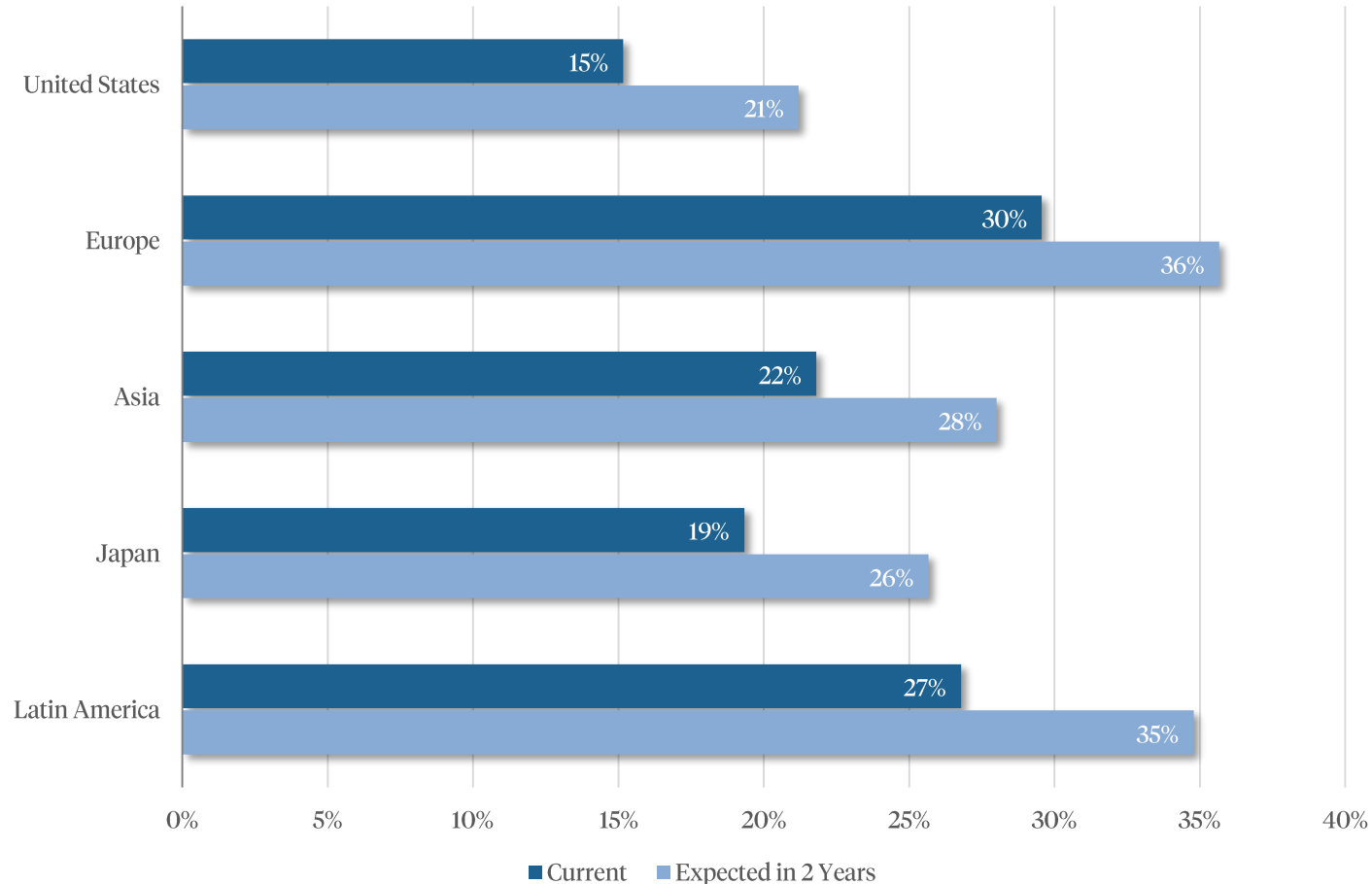
ESG/SRI FACTORS GAINING RELEVANCE FOR INVESTORS AROUND THE GLOBE

2018 Global Research Team Insights

HOW INFLUENTIAL ARE ESG/SRI COMPONENTS ON INVESTING DECISIONS GLOBALLY?

Investors across the globe see ESG/SRI factors increasing in importance

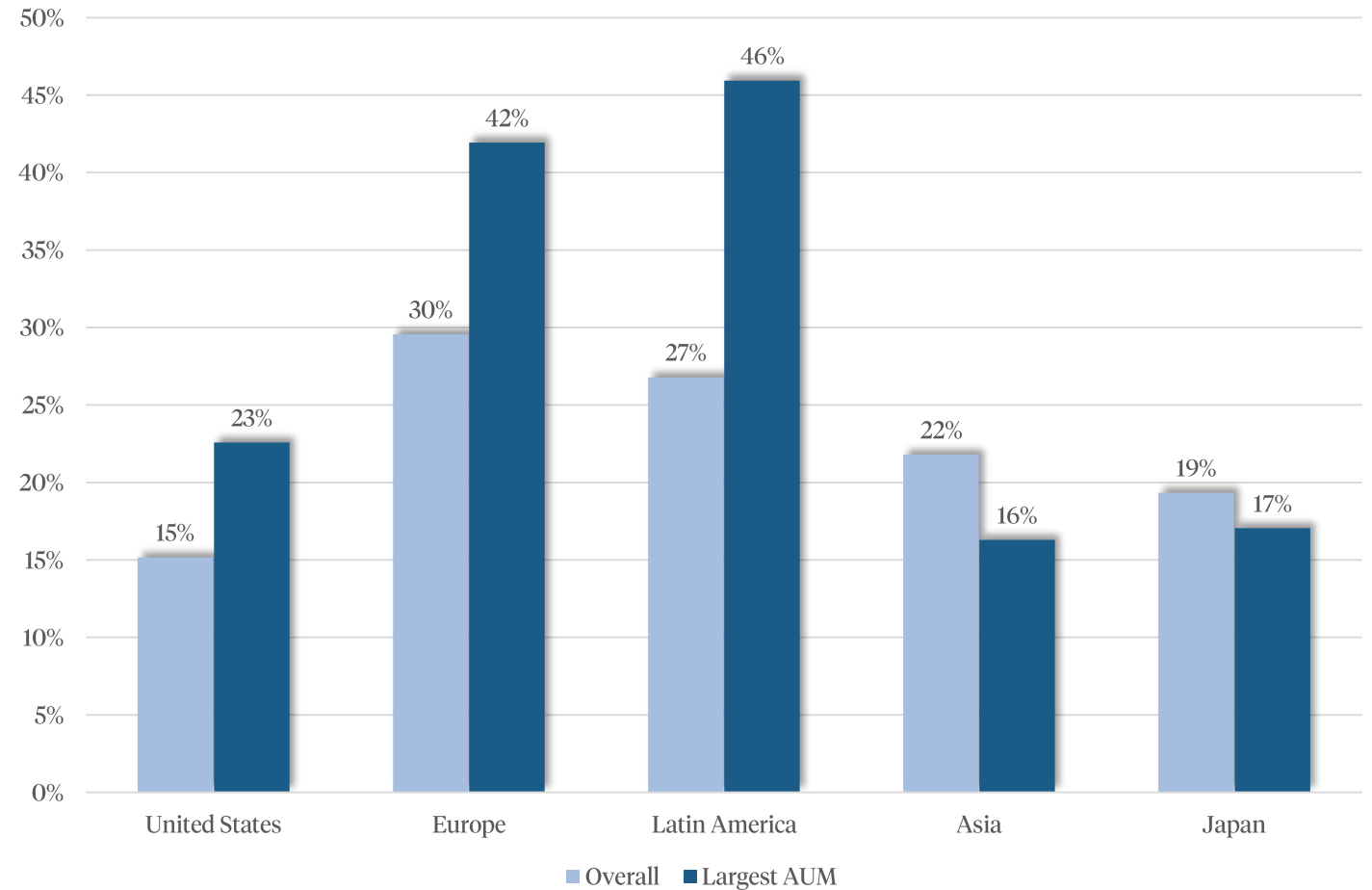
Around the world, buy-side analysts and portfolio managers agree that ESG/SRI components are only going to increase in the influence they exert over investing decisions. These shared expectations were revealed by investors who manage equities in their respective regions as part of *Institutional Investor's* 2018 All-America, All-Asia, All-Europe, All-Japan, and Latin American Research Team surveys. While the U.S. and Japan in particular include ESG/SRI factors in less than a quarter of their investment decisions currently, investors across all regions report that they expect this percentage to increase in the next two years.



HOW DOES ESG/SRI IMPORTANCE DIFFER FOR THE LARGEST FIRMS?

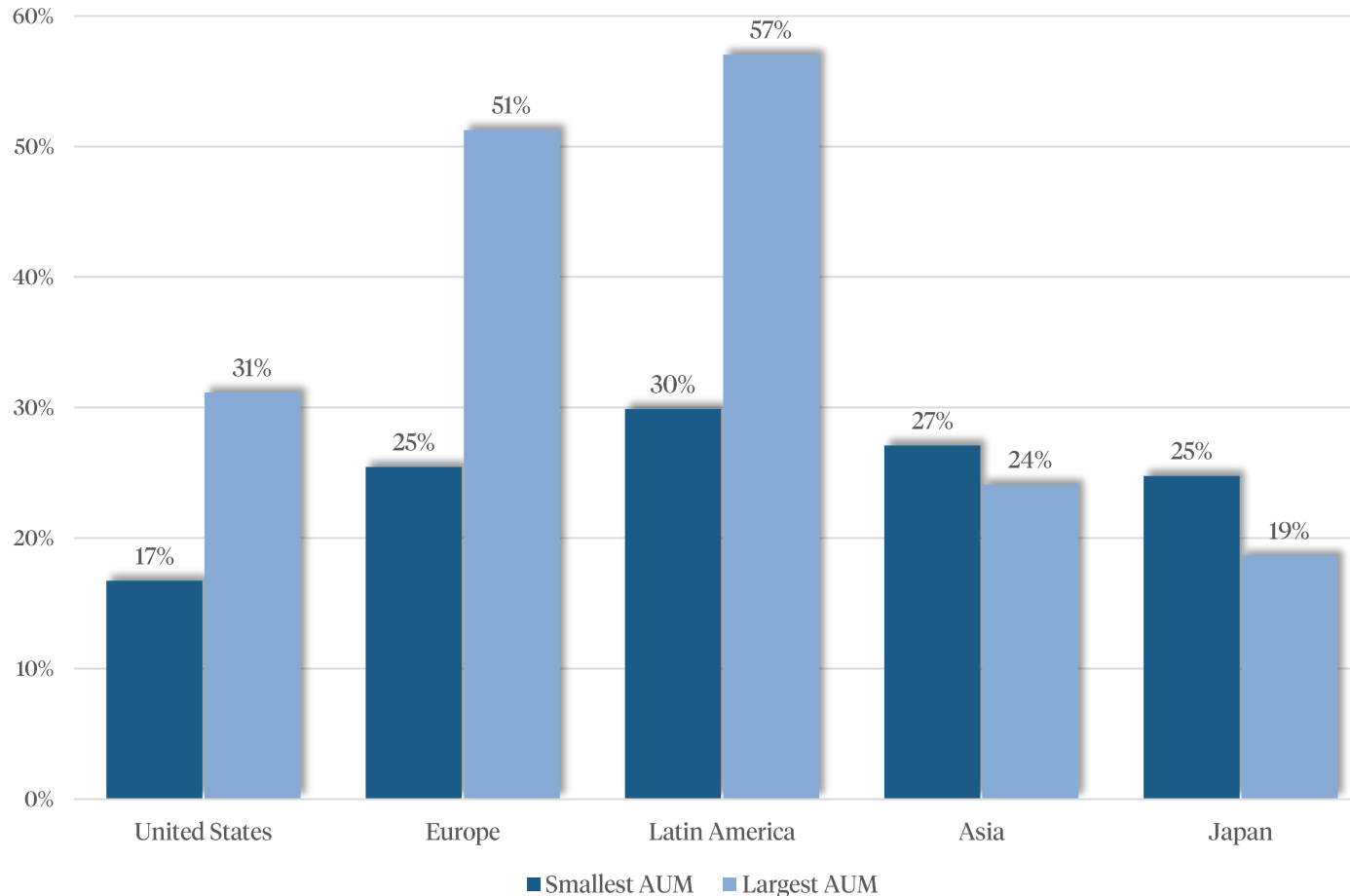
Larger firms highlight regional differences for ESR/SRI influence

Even as investors across the globe agree on increasing importance for ESG/SRI factors, there is much less agreement from current investors at firms with greater assets. Respondents from the largest firms in the All-Asia and All-Japan surveys (AUM of \$10B or greater and \$15B or greater respectively) reported that only 16% and 17% respectively of their investing decisions involve ESG/SRI components – both figures being less than the overall average for each region. Conversely, U.S., European, and Latin American investors from the largest firms all report (AUM of \$75B or greater, \$60B or greater, and \$3B or greater respectively) all report ESG/SRI factors being involved in a much higher percentage of their decisions than the overall averages for their regions.



DOES ASSET SIZE AFFECT EXPECTATIONS FOR ESG/SRI IMPORTANCE?

Investors in Europe and Latin America have the greatest disparity between their largest and smallest firms



While investors agree on the expectation of increasing importance for ESG/SRI factors, there are some stark regional differences when it comes to comparing the expectations of the smallest and largest firms. The smallest and largest firms in Asia and Japan have quite similar expectations for the percentage of their investment decisions that will involve ESG/SRI components in the next two years. Interestingly, there is a much wider gulf between the smallest and largest firms' expectations in other regions with the largest European and Latin American firms expecting ESG/SRI to influence over half of their decisions in two years' time, about twice as much as that of the smallest firms in their regions.

Thousands of investment professionals at institutions managing equities in their respective regions participated in *Institutional Investor's 2018 All-Europe, All-Asia, All-Japan, All-America, and Latin American Research Team* surveys.

To view more **Research Insights** from Institutional Investor, please visit:

<https://www.institutionalinvestor.com/research-insight>

© 2018 Institutional Investor LLC