

The background of the slide is a grayscale photograph of a modern building's facade, characterized by a grid of windows and dark structural elements. A large, stylized teal graphic, consisting of several overlapping rectangular shapes, frames the central white text area. The main title is centered within this white area in a dark teal, serif font.

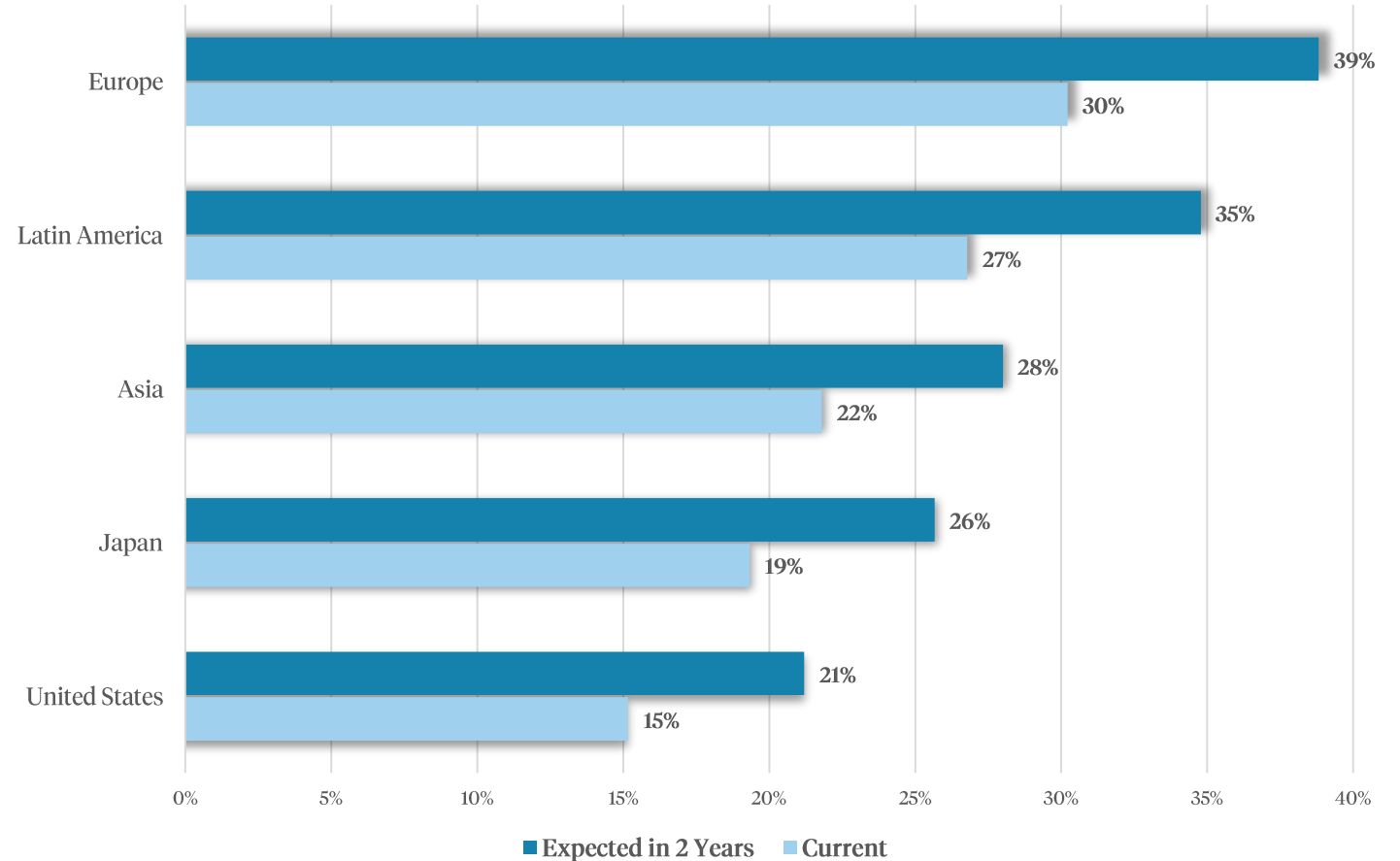
ESG/SRI METRICS AND THE EUROPEAN INVESTOR

2019 All-Europe Research Team Insights

HOW INFLUENTIAL ARE ESG/SRI COMPONENTS ON INVESTING DECISIONS?

ESG/SRI components are a greater factor in investing decisions for European investors.

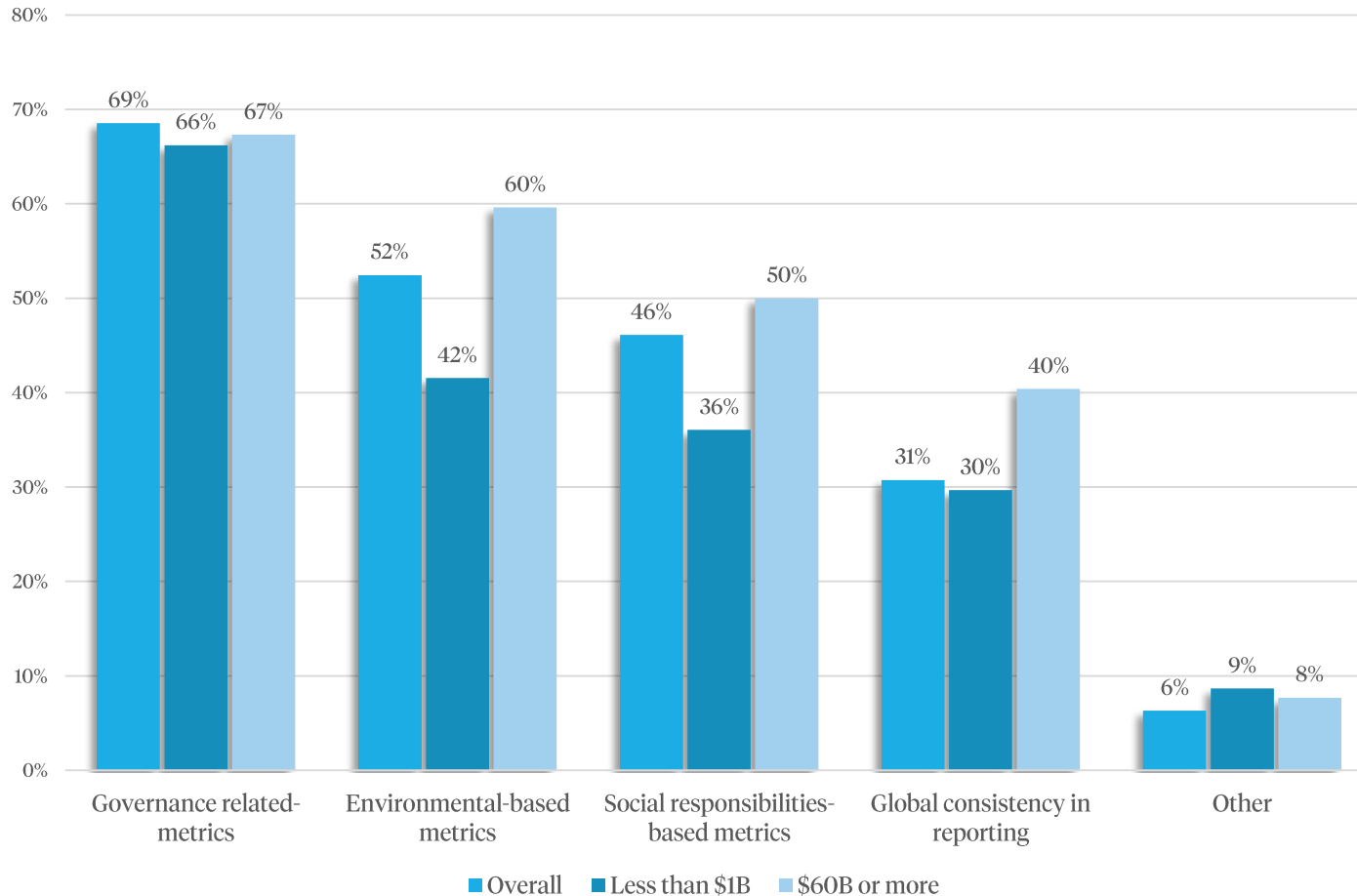
On average, nearly one-third of investing decisions made by investors in European equities involve an ESG/SRI component as revealed in *Institutional Investor's* 2019 All-Europe Research Team survey. Responding investors expect that this will increase to nearly 40% in the next two years. These figures set European investors apart from their global peers though all surveyed investors overall do expect ESG/SRI to gain in influence in the future.



HOW DOES ESG/SRI IMPORTANCE DIFFER ACROSS ASSET SIZES?

Investors at the smallest and largest firms diverge on the importance they place on ESG/SRI facets.

Only 42% of investors at firms with less than \$1 billion in assets under management selected environmental-based metrics as a top important facet for ESG/SRI investing. In contrast, nearly 60% of investors at the largest firms selected environmental metrics as important. Similarly, a good deal fewer investors at the smallest firms found social responsibilities-based metrics and global consistency in reporting to be a top important ESG/SRI investing facet as compared to their counterparts at firms with \$60 billion or more in assets under management. Over two-thirds of both groups found governance-related metrics to be of great importance.



WHAT DO INVESTORS VALUE ABOUT ESG/SRI REPORTING?

Detailed disclosure and attention to environmental issues are of high value for investors.

Investor commentary on companies that excel at ESG/SRI reporting reveals the importance that investors place on the level of detail in ESG/SRI disclosures as shown in the forthcoming 2019 All-Europe Executive Team survey. Clarity and focus in ESG/SRI reporting was shown to be of particular importance for European investors. Interestingly, specific reporting on environmental and safety issues were brought up by many responding investors suggesting that the corporate engagement on the environment is growing as a serious issue considered by investors when making decisions.

“Report is great, very detailed and comprehensive”

“Strong emphasis on employee wellbeing and health & safety”

“Clear view on environment issues”

“ESG very much a driver of growth for the business”

DISCOVER BUY-SIDE TRENDS TO DRIVE YOUR IR STRATEGY

Though changes are currently minimal, it is vital for corporates to stay abreast of the buy side view of and engagement with ESG/SRI metrics as they continue to adapt post-MiFID II.

Additionally, investors will undoubtedly need more from investor relations for timely and appropriate levels of financial disclosure, access to senior management, and better quality of meetings to obtain vital information on the company, sector and peers.

Institutional Investor's Corporate Research offers detailed insights on the quality of IR and how corporates can deliver on the requirements of their external stakeholders, obtaining vital and actionable insights on how to optimize your investor engagement.



How do investors prefer to consume research from their providers?



Which new, primary data providers are most important to investors?



How is usage of different types of research changing?



How much do investors include ESG in their investing decisions?



Which tools do investors use to evaluate providers?



Which sectors are increasing in importance for investors?

Some **1,900** investment professionals at 865 institutions managing an estimated **\$4 trillion in European equities** participated in *Institutional Investor's* **2019 All-Europe Research Team** survey.

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