

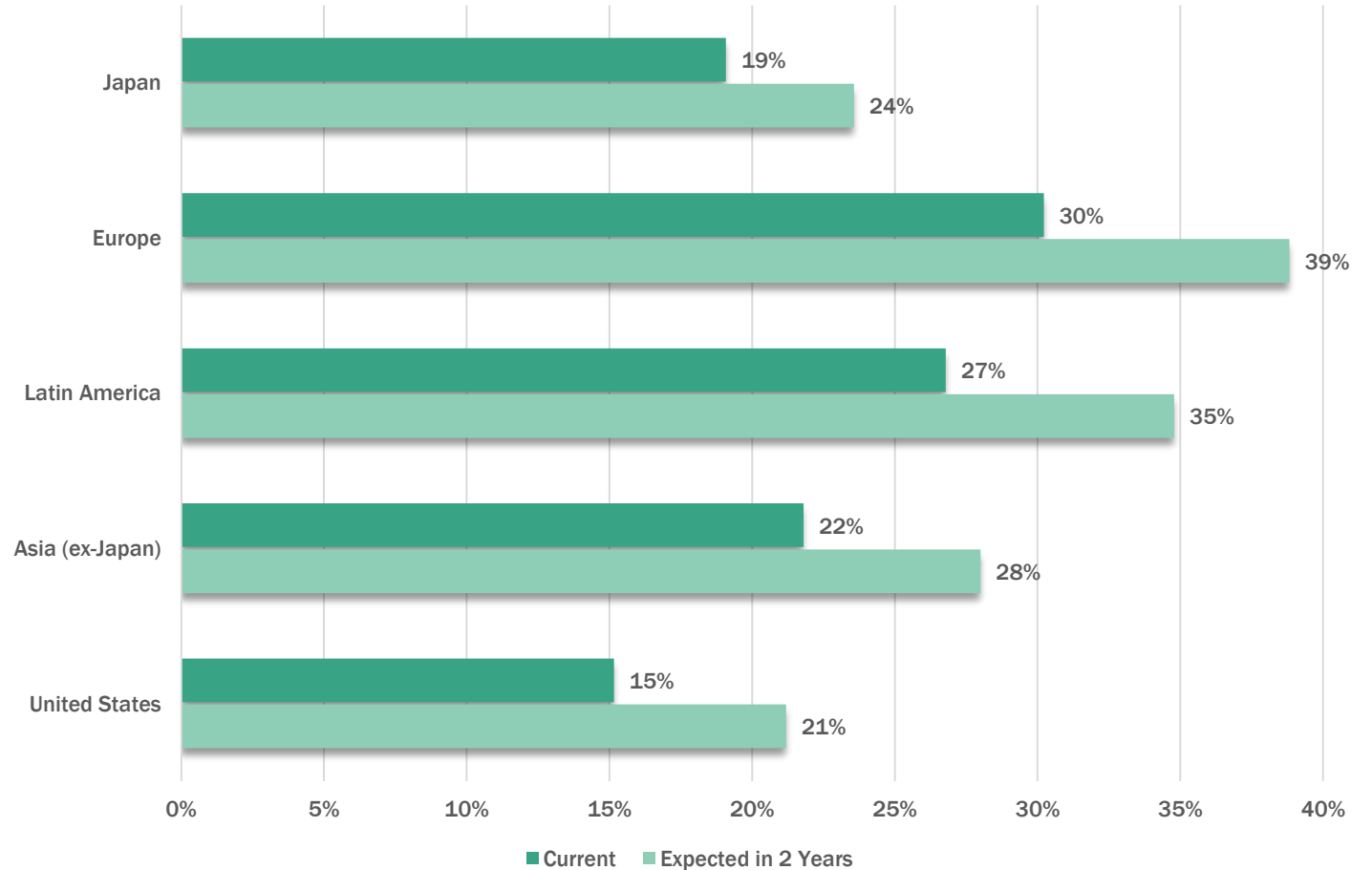
JAPANESE INVESTORS EXPECT GROWING INFLUENCE OF ESG/SRI METRICS

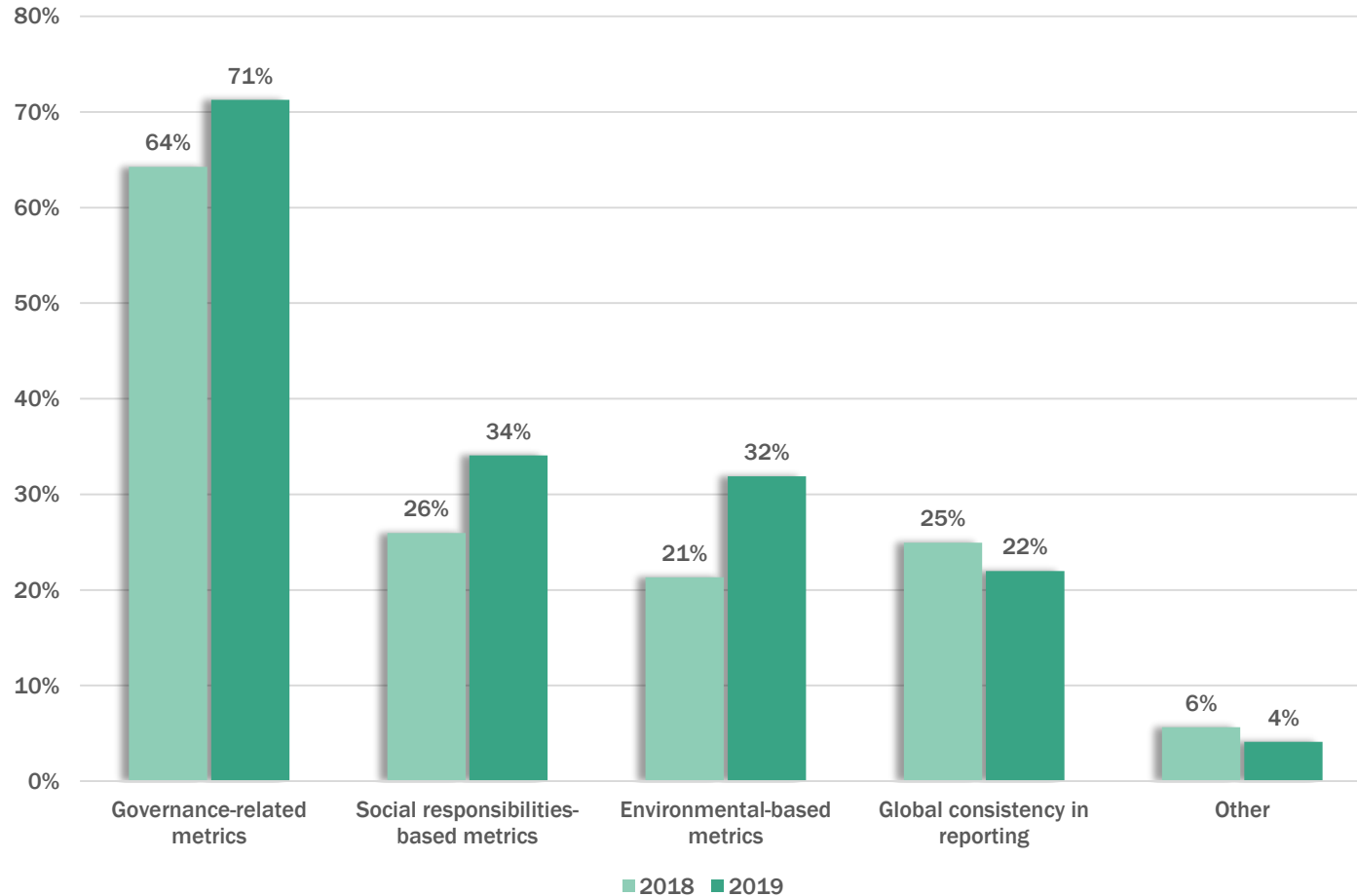
2019 All-Japan Research Team Insights

HOW INFLUENTIAL ARE ESG/SRI COMPONENTS ON INVESTING DECISIONS?

Japanese investors see increased influence of ESG/SRI factors in their future.

Investors in Japanese equities lag behind investors in all regions besides the United States in the reported influence that ESG/SRI components currently have on their investing decisions according to the results of *Institutional Investor's* 2019 All-Japan Research Team survey. Indeed, Japanese investors report that on average 19% of their investing decisions involve an ESG/SRI component. However, in keeping with their global peers, Japanese investors expect that the ESG/SRI components will increase in the next two years to influencing nearly a quarter of their investing decisions .





HOW HAS THE IMPORTANCE OF ESG/SRI FACETS CHANGED OVER TIME?

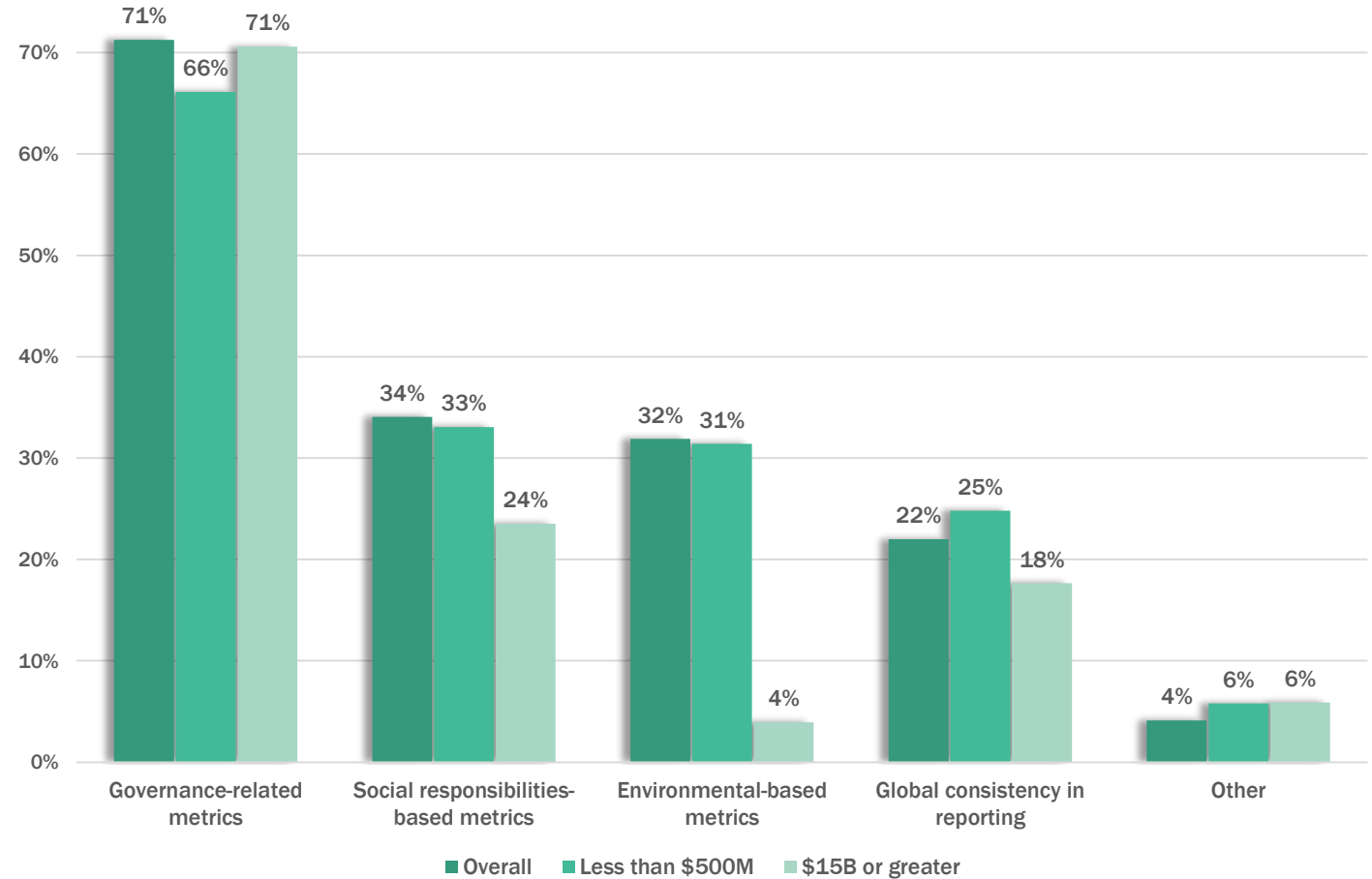
Governance-related metrics are most important for the largest share of investors.

With nearly two-thirds of investors choosing governance-related metrics as one of the most important facets of ESG/SRI investing in 2018 and over 70% selecting the category in 2019, governance-related metrics continue to be of great importance for investors. Though far fewer investors selected the categories, in 2019 more investors also selected social responsibilities-based metrics (34%, up from 26% in 2018) and environmental-based metrics (32%, up from 21% in 2018).

HOW DOES ESG/SRI IMPORTANCE DIFFER ACROSS ASSET SIZES?

Investors at the smallest and largest firms disagree on some ESG/SRI facets.

Investors from both the smallest and largest firms agree on the importance of governance-related metrics in ESG/SRI investing. However, the groups diverge in their opinions on other facets of ESG/SRI investing. Indeed, while nearly a third of investors from firms with less than \$500 million in assets under management think environmental-based metrics are an important facet of ESG/SRI investing, only 4% of investors at firms with \$15 billion or more in AUM agree. Similarly, while a quarter of investors from the smallest firms see global consistency in reporting as an important facet, only 18% of those at the largest firms agree.



More than **1,195** investment professionals at **459** firms managing an estimated **\$900 Billion** in Japanese equities participated in *Institutional Investor's 2019 All-Japan Research Team* survey.

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