

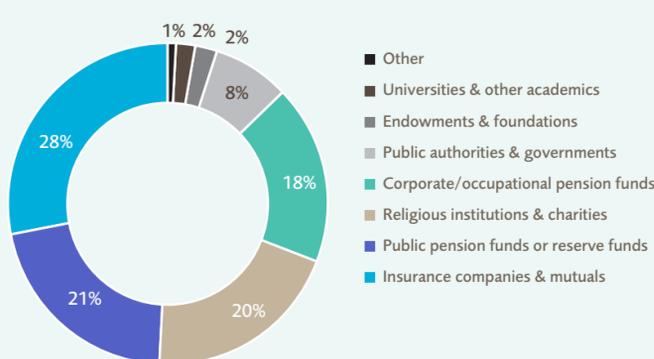
KEY INSIGHTS

FROM STATE OF PLAY REPORT FOR TRUSTEES AND ASSET OWNERS

1 INSTITUTIONAL INVESTORS ARE DRIVING DEMAND FOR ESG ASSETS

The 2020 survey revealed that institutional investors account for approximately 79% of the ESG assets being managed by Irish investment managers. This is consistent with the trends seen in previous years, when insurance companies, public and private pension funds, and religious and charitable bodies have driven demand for ESG assets.

Breakdown of assets in % for institutional investors



2 HAVING AN ESG POLICY IS IMPORTANT TO ASSET OWNERS

Integrating ESG policy into investment processes has become increasingly important to investment managers and asset owners. When asked about the role played by ESG factors within the investment appraisal process, just under 94% responded that ESG considerations could lead to a decision not to progress with an investment. The remaining 6% responded that these factors may trigger ongoing future active engagement.



3 KEY ESG ISSUES INCLUDE CLIMATE CHANGE AND CORPORATE GOVERNANCE

The most common ESG issues on Irish investment managers' agenda were noted as climate change related impacts; corporate governance issues; the environmental impact of investment products and services; and the environmental management systems and reporting. Figure 1 identifies the most common ESG issues on investment managers' and asset owners' agendas.



4 ESG INTEGRATION IS THE MOST IN-DEMAND STRATEGY

Below are the five most popular ESG strategies amongst Irish managers – from left to right. ESG integration ranks top, followed by thematic investment.



*In answer to question: what types of ESG strategy/approach is most in demand from your clients in 2020?

5 KEY BENEFITS OF MANDATORY DISCLOSURE

From 2021, mandatory ESG disclosures are being introduced via the Sustainable Finance Disclosure Regulation (the "SFDR"). Survey participants indicated that the benefits of mandatory disclosures include greater transparency for investors, positive change in investee companies, accountability to holding companies and a rise in the importance of sustainability.

Benefits with mandatory ESG disclosures include:

