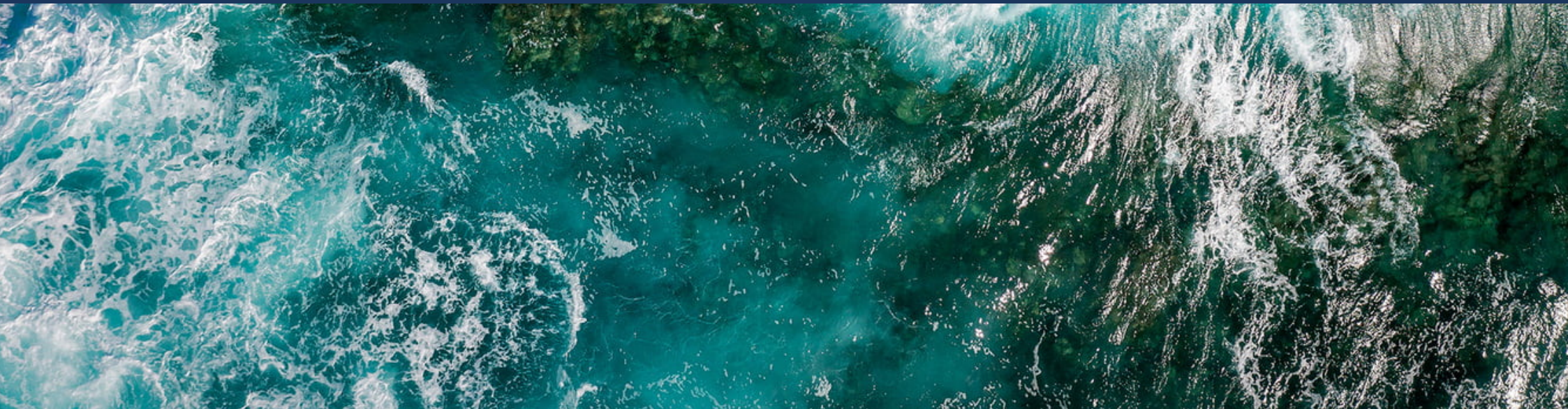




The state of climate investing

ASSET OWNER PERSPECTIVES: 2022 SURVEY RESULTS

Conducted with Coalition Greenwich | For professional and institutional investors only



An aerial photograph of a person wearing a blue cap and a red shirt, standing in a field of dense green vegetation. The person is holding a tablet computer and looking at the screen. The field is filled with small, leafy plants, some of which have small red flowers. The overall scene suggests a field survey or data collection activity.

About this survey

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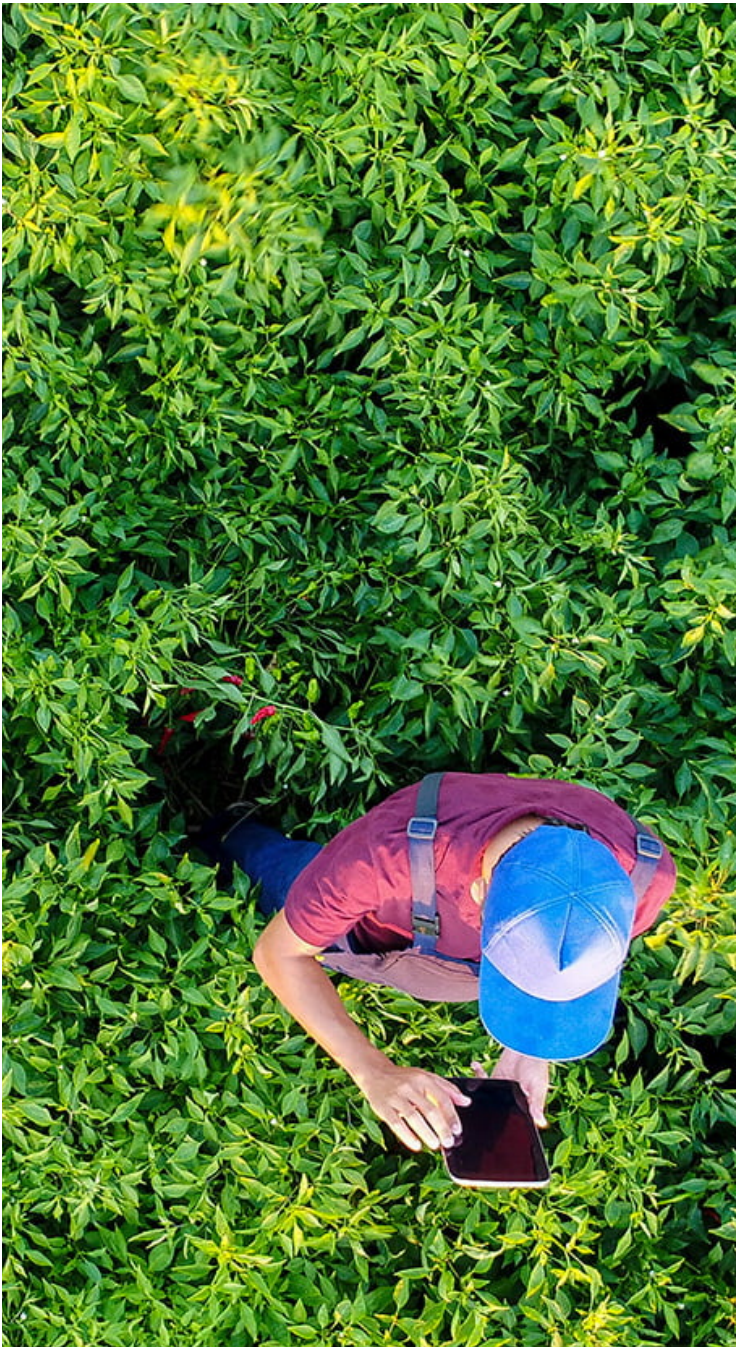


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Message from leadership

When it comes to climate change investing, understanding our clients' knowledge, objectives, and challenges is imperative for us to provide the best possible investment solutions. What are clients' expectations of asset managers, and how can we better serve their needs?

To learn more, in 2022, we partnered with Coalition Greenwich, a global consulting and research firm, to help discover information about where asset owners are on their climate-investing journey. A sampling of their responses, along with some of our key takeaways, are included here.



CHRIS GOOLGASIAN, CFA, CPA, CAIA

Director of Climate Research



CHERYL DUCKWORTH, CFA

Head of Sustainable Investment, Client Group

Key findings

CLIMATE AWARENESS & INTEREST

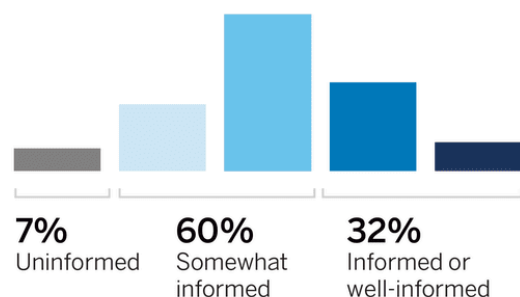
79%

expressly consider climate change

45%

state that climate change is a high priority

Asset owner' knowledge of climate investing



INVESTMENT CONSIDERATIONS

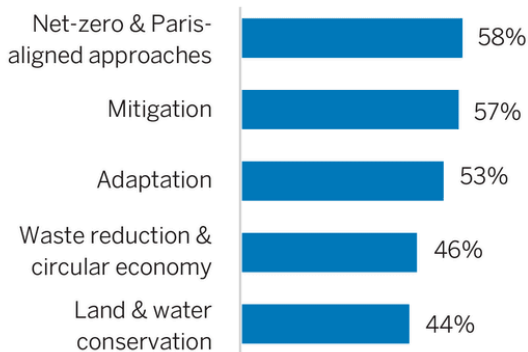
97%

expect to increase climate focus in the next three years¹

51%

plan to consider climate change for the first time²

Climate themes of greatest interest to asset owners currently considering climate change



PRODUCT PREFERENCES

Asset owners will consider a range of asset classes to gain climate exposure over the next three years¹

55%

Public equities

51%

Fixed income

43%

Infrastructure

40%

Private equity

CHALLENGES

Asset owners' biggest barriers to climate investing



Lack of measurement standards



Short investment track records



Dearth of firm-level climate expertise

¹ Excludes current asset owners not expressly considering climate change. | ² Excludes asset owners currently considering climate change

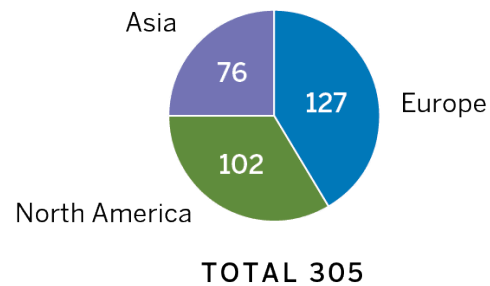
Methodology

Coalition Greenwich conducted its fifth market study with institutional investors examining their preferences, perspectives, and future plans for employing ESG.

Results are based on 305 telephone interviews with key investment decision makers at large institutional investors across North America, Europe, and APAC.

Interviews took place from June through August of 2022.

Regional breakdown of respondents





Climate awareness
& interest



Climate awareness & interest

Most asset owners are somewhat informed about climate investing, and many consider it a priority for their firm.

TAKEAWAY

Asset managers may want to strengthen their educational efforts around key climate themes.

Survey questions

- How informed are you on climate change investing?
- What is your organization's approach to climate change?

FINDINGS

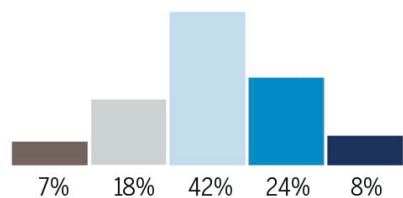
By and large, asset owners are “somewhat informed” about climate investing

SURVEY QUESTION

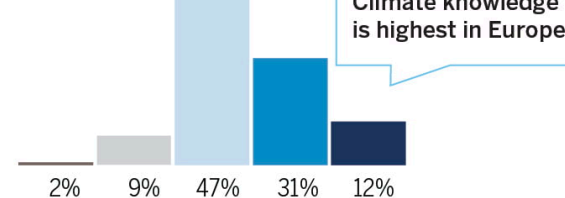
On a scale of 1–5, where 1 is “Not Informed” and 5 is “Very Informed,” please indicate how informed you are on an overall level with climate change investing.

■ 1 – Not Informed ■ 2 ■ 3 ■ 4 ■ 5 – Very Informed

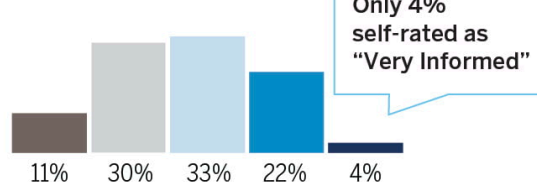
Global



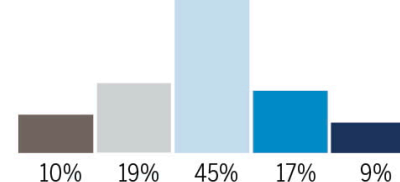
Europe



North America



APAC



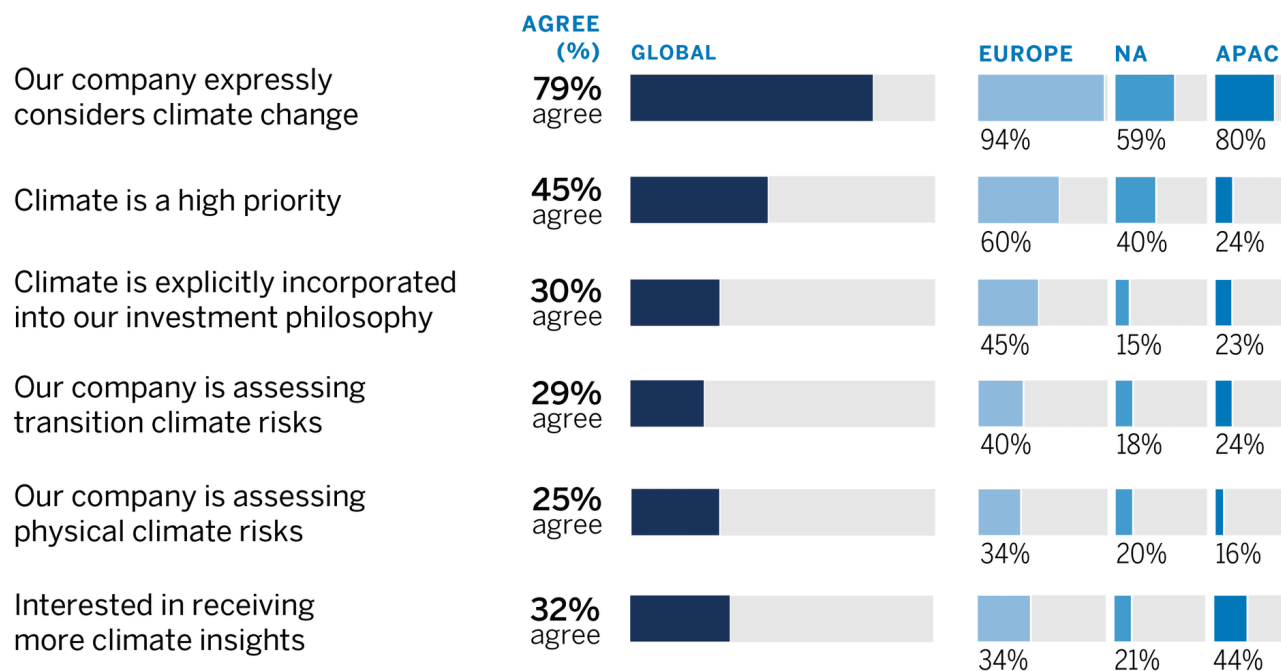
While nearly three-quarters of asset owners say they have some understanding of the subject, relatively few feel “very informed.”

Climate knowledge is highest in Europe and lowest among asset owners in North America.

Interest in climate investing is high

SURVEY QUESTION

Describe your organization's approach to climate change



45% of asset owners consider climate change a high priority

- A majority of European owners see climate as a priority.
- Outside North America, asset owners focus more on transition risks than physical risks.
- 41% of North American owners currently do not consider climate investing.
- Nearly half of asset owners in APAC want to learn more about climate change.

"Delivering on ESG: 2022 ESG Research Results – Global," Coalition Greenwich, a division of CRISIL, an S&P Global Company, November 2022. Total respondents globally: 305 | North America: 102 | Europe: 127 | Asia: 76.



Investment considerations



Investment considerations

The focus on all climate themes is expected to grow in the next three years. The focus on net-zero/Paris-aligned investment strategies may increase to 70%. Focus on climate adaptation and mitigation, as well as biodiversity-related themes, themes may also rise.

TAKEAWAY

Asset managers may want to help clients understand and evaluate key climate-related opportunities and risks.

Survey questions

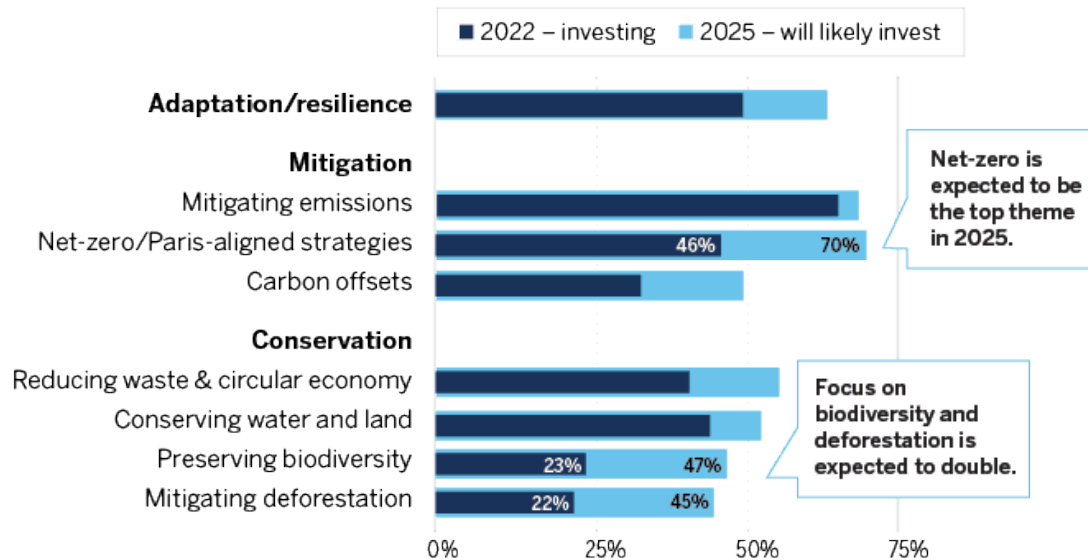
- In which climate themes are you investing today, and which are you likely to invest in over the next three years?
- What percentage of your portfolio integrates climate considerations, and how might that change in the next three years?

FINDINGS

Asset owners expect to increase their focus on all climate themes over the next three years

SURVEY QUESTION

In which climate themes are you investing today, and in which climate themes are you likely to invest in next 3 years?



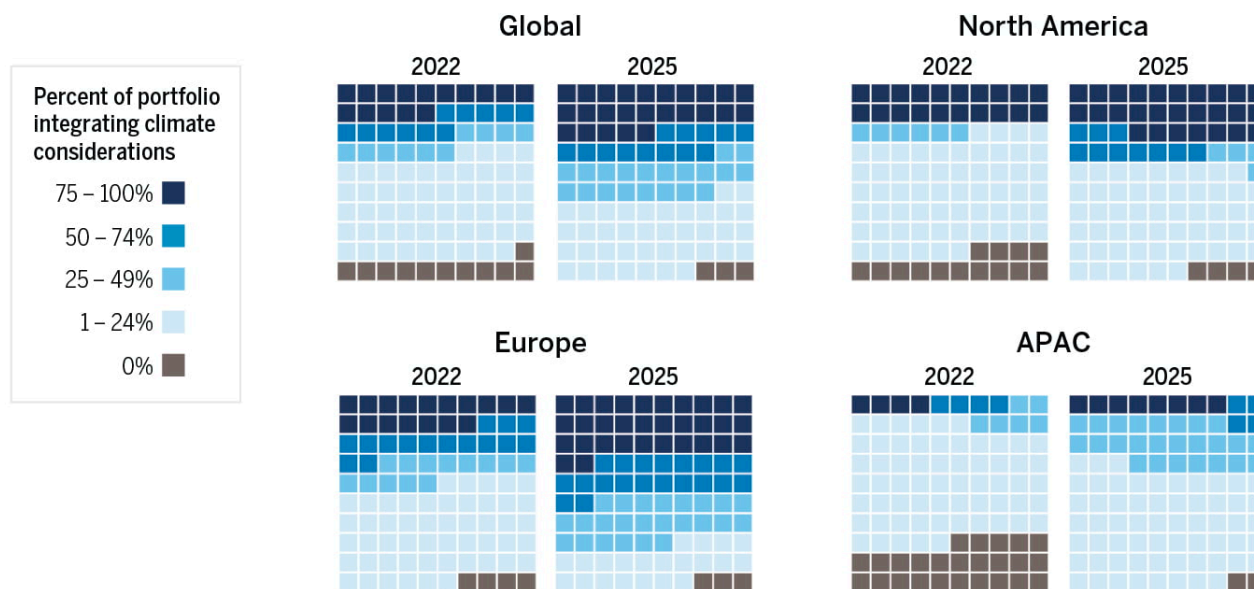
Respondents expect to increase their investments in all climate themes, including net-zero/Paris-aligned approaches.

While mitigation, adaptation, net-zero, waste reduction, and conservation are top themes, asset owners also plan to focus more on biodiversity and deforestation.

Across the board, asset owners expect more climate integration...

SURVEY QUESTION

What percentage of your portfolio is currently integrating climate/climate change considerations, and how might that change 3 years from now?*



The number of owners who currently allocate at least 50% of their portfolio to climate investing will grow from 24% to 39%.

The number of owners who currently have less than 10% of their portfolios invested in climate change is expected to fall from 34% to 15% in three years.

Nearly one quarter of European owners have some allocation to climate-specific funds.

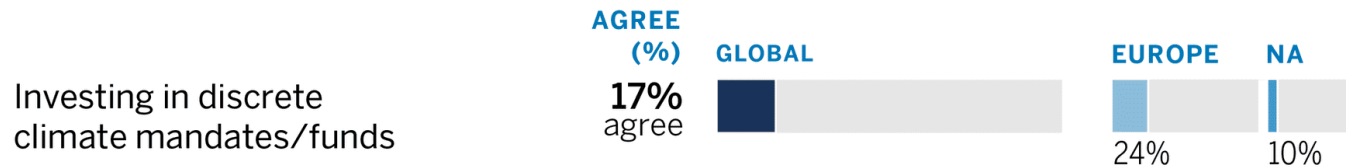
*Excludes asset owners not expressly considering climate change.

“Delivering on ESG: 2022 ESG Research Results – Global,” Coalition Greenwich, a division of CRISIL, an S&P Global Company, November 2022. Total respondents globally: 305 | North America: 102 | Europe: 127 | Asia: 76.

...yet, most lack exposure to climate-specific mandates

SURVEY QUESTION

Describe your organization's approach to climate change



Just 17% overall are currently investing in dedicated climate funds or mandates.

This could indicate that asset owners need a clearer roadmap from providers.



"Delivering on ESG: 2022 ESG Research Results – Global," Coalition Greenwich, a division of CRISIL, an S&P Global Company, November 2022. Total respondents globally: 305 | North America: 102 | Europe: 127 | Asia: 76.



Product preferences



Product preferences

While 39% of firms investing in climate change do not invest in discrete/dedicated climate strategies today, in three years, 19% expect to invest at least 20% of their portfolio in climate-specific approaches across a range of asset classes and vehicle types.

TAKEAWAY

Expanding climate-related product offerings may serve clients well.

Survey questions

- In which asset class segments do you invest in climate-focused strategies today?
- How might your investments in climate-focused strategies change in the next three years?

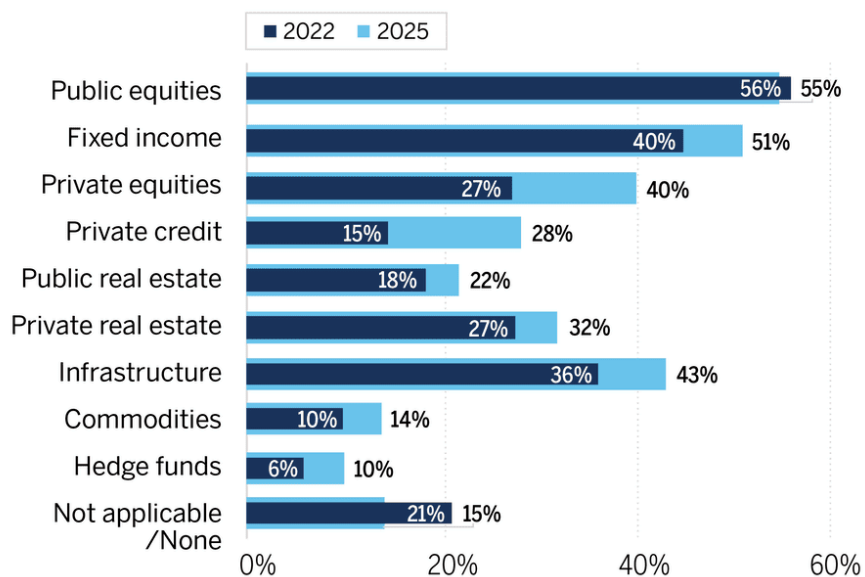
FINDINGS

Asset owners plan to explore a wide range of dedicated solutions to increase climate exposure

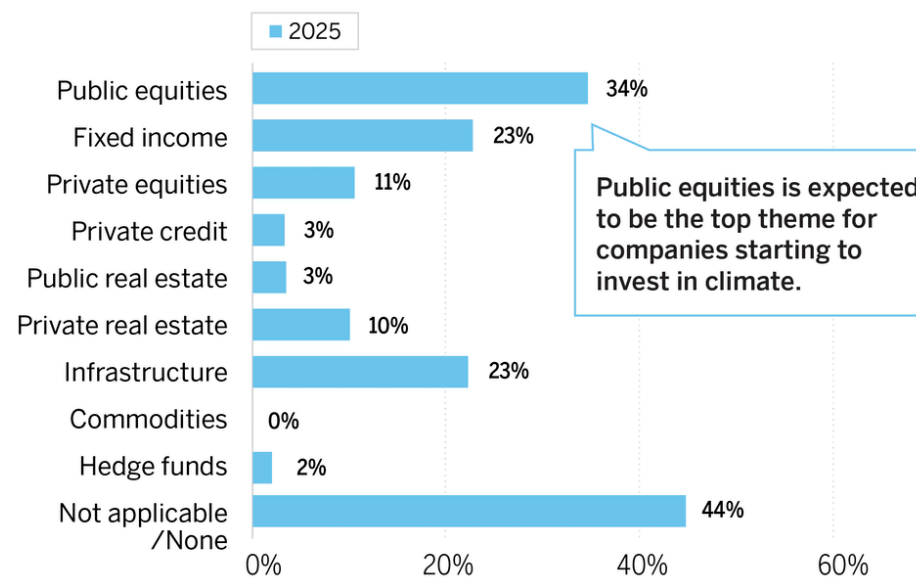
SURVEY QUESTION

In which asset classes are you likely to use for decarbonized or climate-focused/related investment strategies today, and in the next 3 years?

OF OWNERS WHO ARE EXPRESSLY CONSIDERING CLIMATE CHANGE TODAY



OF OWNERS WHO ARE NOT EXPRESSLY CONSIDERING CLIMATE CHANGE TODAY



“Delivering on ESG: 2022 ESG Research Results – Global,” Coalition Greenwich, a division of CRISIL, an S&P Global Company, November 2022. Total respondents globally: 305 | North America: 102 | Europe: 127 | Asia: 76.



Challenges



Challenges

Across all regions, a lack of universal standards, limited track records, and a lack of expertise present challenges to investing in climate-related approaches.

TAKEAWAY

Key performance indicators or other metrics that quantify climate risk, opportunities, and outcomes could be game changers.

Survey questions

- Please select the potential barriers or challenges for your organization to invest in climate-related opportunities.
- Please indicate how important it is for managers to offer the following climate capabilities.

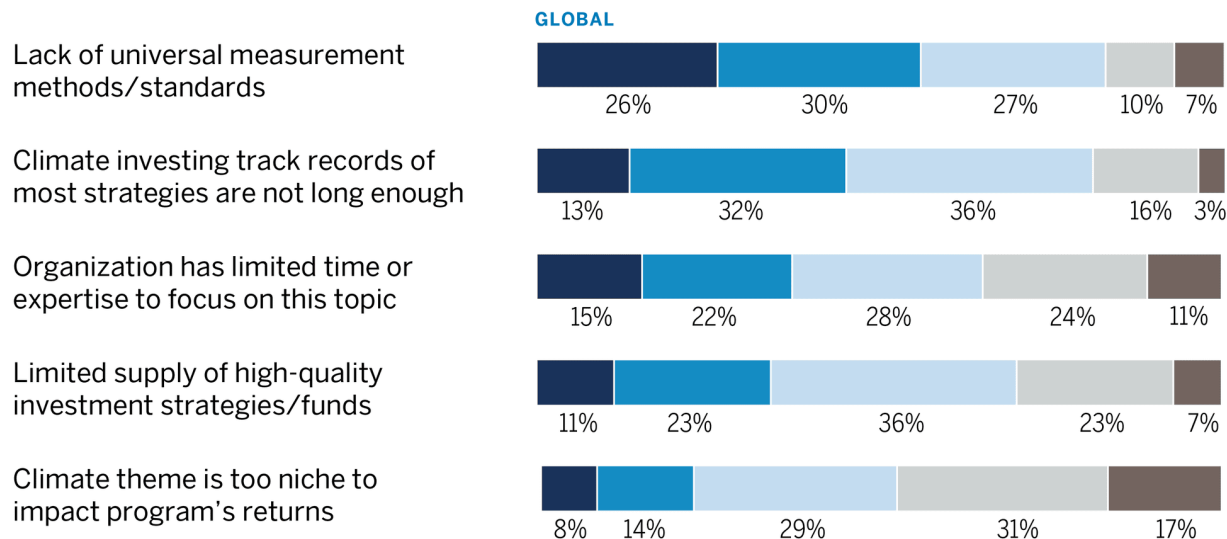
FINDINGS

Asset owners cite several barriers to investing in climate approaches

SURVEY QUESTION

Please indicate if the following statements reflect potential barriers or challenges for your organization to invest in, or invest more in, climate-related opportunities.

5 – Strongly agree 4 3 2 1 – Strongly disagree



A lack of standards, limited track records, and a dearth of expertise present challenges. Asset owners also cite a lack of high-quality investment strategies that meet their needs.

This suggests the growing importance of increasing climate offerings that incorporate key performance indicators and relevant metrics that help quantify climate risk, opportunities, and outcomes.

"Delivering on ESG: 2022 ESG Research Results – Global," Coalition Greenwich, a division of CRISIL, an S&P Global Company, November 2022. Total respondents globally: 305 | North America: 102 | Europe: 127 | Asia: 76.

Perceived challenges to climate investing vary by region

SURVEY QUESTION

On a scale of 1–5, where 1 is “Strongly disagree” and 5 is “Strongly agree,” please indicate if the following statements reflect potential barriers or challenges for your organization to invest in, or invest more in, climate-related opportunities.

	PROPORTION RATING EACH FACTOR 4 OR 5		
	NA	EUROPE	APAC
Lack of universal measurement methods/ standards (273)	52%	50%	74%
Climate investing track records of most strategies are not long enough (270)	44%	38%	62%
Organization has limited time or expertise to focus on this topic (278)	46%	23%	53%
Limited supply of high-quality investment strategies/funds (258)	35%	28%	45%

The survey revealed some nuances in barriers to the adoption of climate investing by global region. Compared to North America and Europe, more asset owners in APAC perceive greater potential challenges to climate investing.

This might suggest that providers should offer more targeted approaches to their APAC clients.

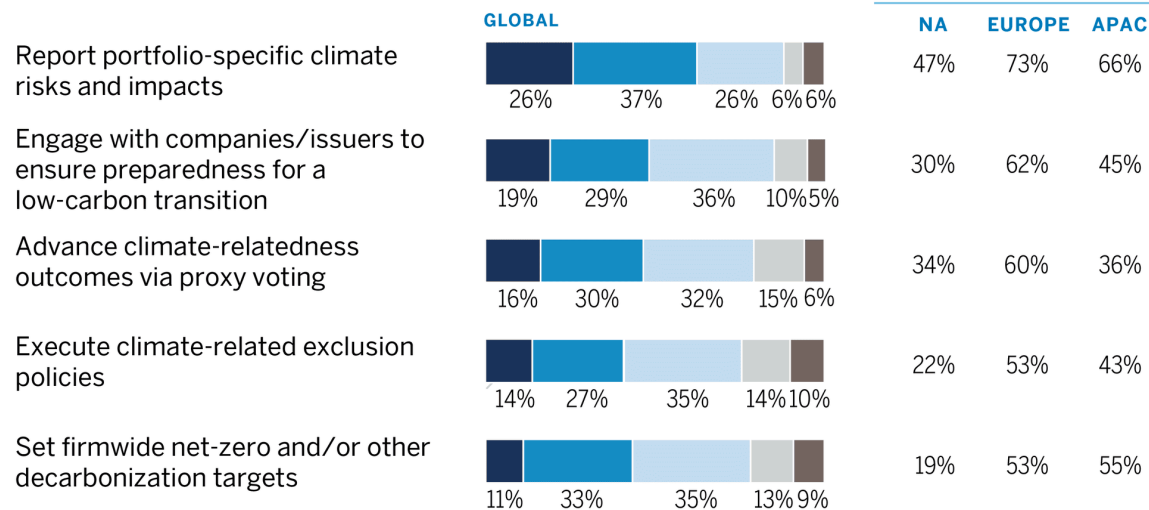
“Delivering on ESG: 2022 ESG Research Results – Global,” Coalition Greenwich, a division of CRISIL, an S&P Global Company, November 2022. Total respondents globally: 305 | North America: 102 | Europe: 127 | Asia: 76.

Asset owners value transparency and stewardship around climate change

SURVEY QUESTION

On a scale of 1–5, where 1 is “Not at all Important” and 5 is “Extremely Important”, please indicate how important it is for managers to offer the following climate capabilities?

■ 5 – Extremely important ■ 4 ■ 3 ■ 2 ■ 1 – Not at all important



Reporting on portfolio-specific climate risks, company engagement, and proxy voting are valued capabilities, especially in Europe. More than half of half of owners in APAC cite managers’ net-zero or other firmwide decarbonization efforts as important.

“Delivering on ESG: 2022 ESG Research Results – Global,” Coalition Greenwich, a division of CRISIL, an S&P Global Company, November 2022. Total respondents globally: 305 | North America: 102 | Europe: 127 | Asia: 76.



Conclusion & resources

Conclusion & resources

This survey revealed that asset owners, by and large, want more information, are interested in climate solutions, and would consider increasing their allocations to climate investments. There is a clear appetite for climate-dedicated approaches across a range of asset classes and investment vehicles.

Asset managers also need to improve communication, visualization, and reporting on metrics, track records, risks, proxy voting, and company engagements.

Please visit our [website](#) to learn more about our climate research and approach to sustainable investing.

INCREASE AWARENESS

- [Our commitment to net zero](#)
- [Building climate resilience: Toward a practical corporate framework](#)
- [Climate change investing: Research and collaboration continue](#)

COMMUNICATE INVESTMENT CONSIDERATIONS

- [Mapping physical climate risks](#)

ENHANCE PRODUCT KNOWLEDGE

- [The full climate-investing opportunity](#)
- [Why climate change matters in private markets](#)

ADDRESS CHALLENGES

- [Advocating for better climate disclosures to improve investment outcomes](#)
- [Climate mapping in action: Investment case studies](#)

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