

The logo for INDEFI features a stylized 'X' shape formed by four intersecting lines. The top-left line extends from the top-left corner towards the center. The top-right line extends from the top-right corner towards the center. The bottom-left line extends from the bottom-left corner towards the center. The bottom-right line extends from the bottom-right corner towards the center. The letters 'I N D E F I' are positioned below the 'X' shape, with each letter centered under one of the four lines of the 'X'.

I N D E F I

Global Invest Forum
11 & 12 October 2018

THE RAPID MAINSTREAMING OF ESG INVESTMENT PRACTICES AMONG EUROPEAN ASSET OWNERS



ESG investing taking centre stage in European institutional asset management

OBJECTIVES



▶ Review asset owners' practices across Europe

▶ Analyse emerging trends observed in sustainable investment

▶ Highlight implications for asset managers

Research in progress; full report to be available Q1 2019

INDEFI is an independent strategy advisory partnership for the investment management business in Europe. Our key objective is to help our clients articulate their business development strategy and build competitive advantage.

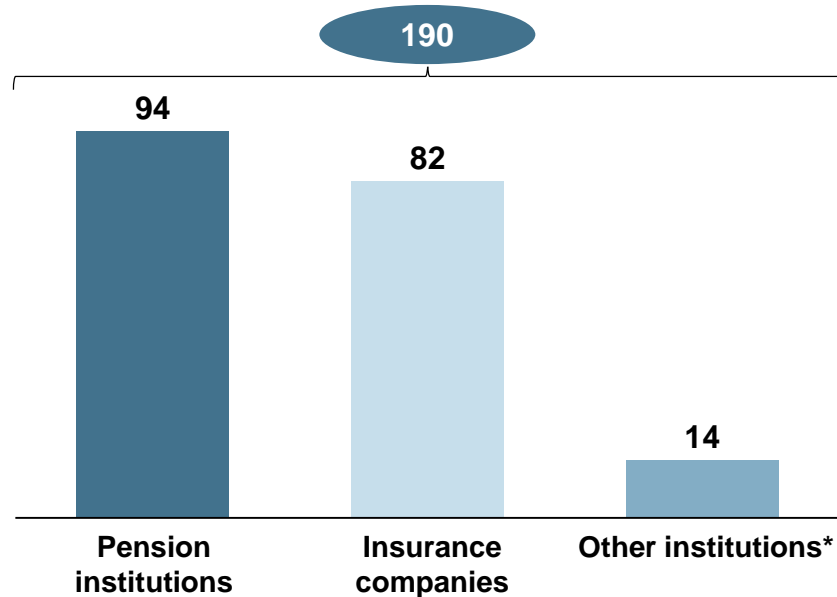
INDEFI has a 10-year track record in analysing institutional outsourcing and fund distribution in open architecture in Europe for both liquid and illiquid asset classes. Our methodology is rooted in field research, information and data being gathered from the source through direct and ongoing high-level dialogue with institutional investors and wholesale / retail distributors.

The asset management industry is highly competitive. **INDEFI** provides its clients with qualified market data, information and analyses, with a view to help them build sustainable competitive advantage. In turn, our business is highly competitive. We expect our clients to protect our interests and intellectual property.

190 institutions among the largest European asset owners

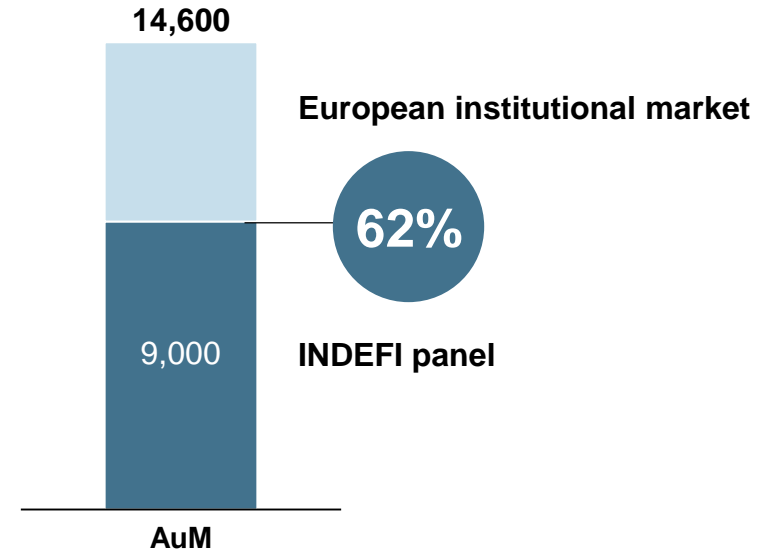
190 asset owners

[# of asset owners, INDEFI panel]



Panel AuM as a % of European institutional market**

[€bn]



Notes: (*) Other institutions include churches, foundations, sovereign funds, etc.; (**) Excluding Norway's Government Pension Fund Global.
Sources: public documents and websites of asset owners; INDEFI analyses.

1

Public engagements

2

ESG disclosure

3

ESG investment practices

4

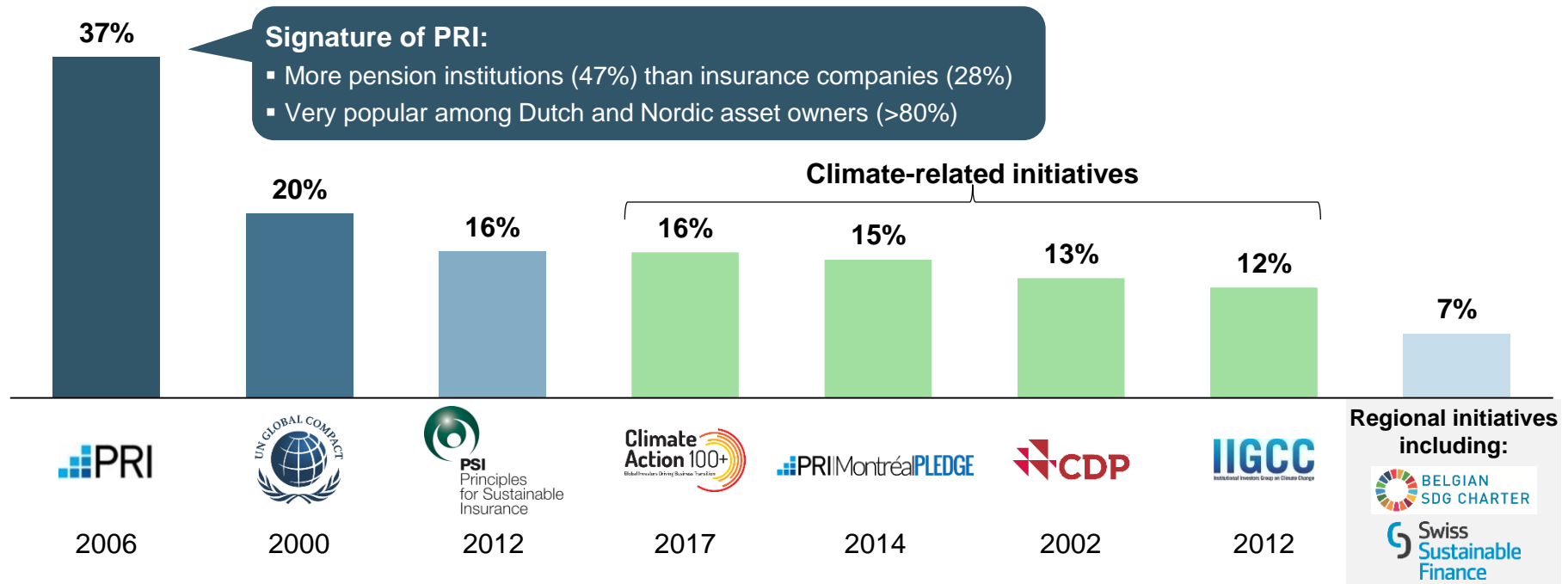
Sustainable Development Goals (SDGs)

5

Key take-aways for asset managers

The most popular public engagement is the signature of the Principles for Responsible Investment (PRI)

[% of asset owners, INDEFI panel]

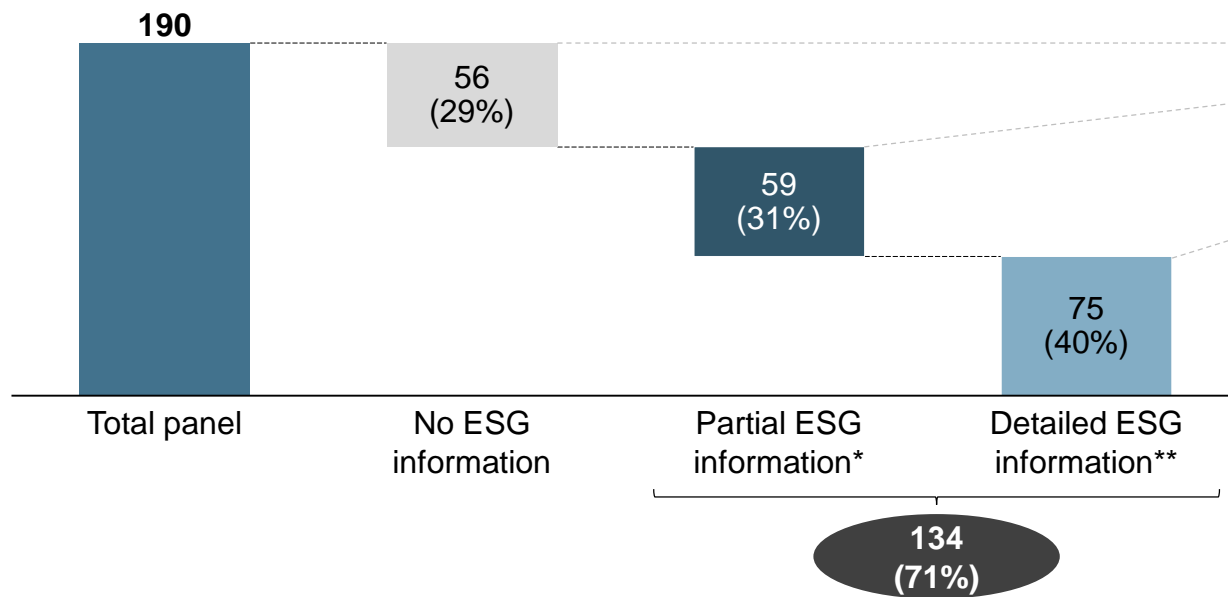


Sources: CDP website; Climate Action 100+ website; IGCC website; Montreal Pledge website; PRI Signatory Directory; PSI website; UN Global Compact website; public documents and websites of asset owners; interviews; INDEFI analyses.

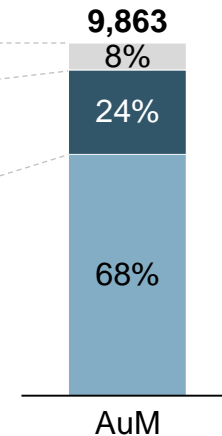
71% of institutions publish ESG information They manage 92% of analysed assets

ESG disclosure by asset owners

[# of asset owners, INDEFI panel]



AuM
[€bn]



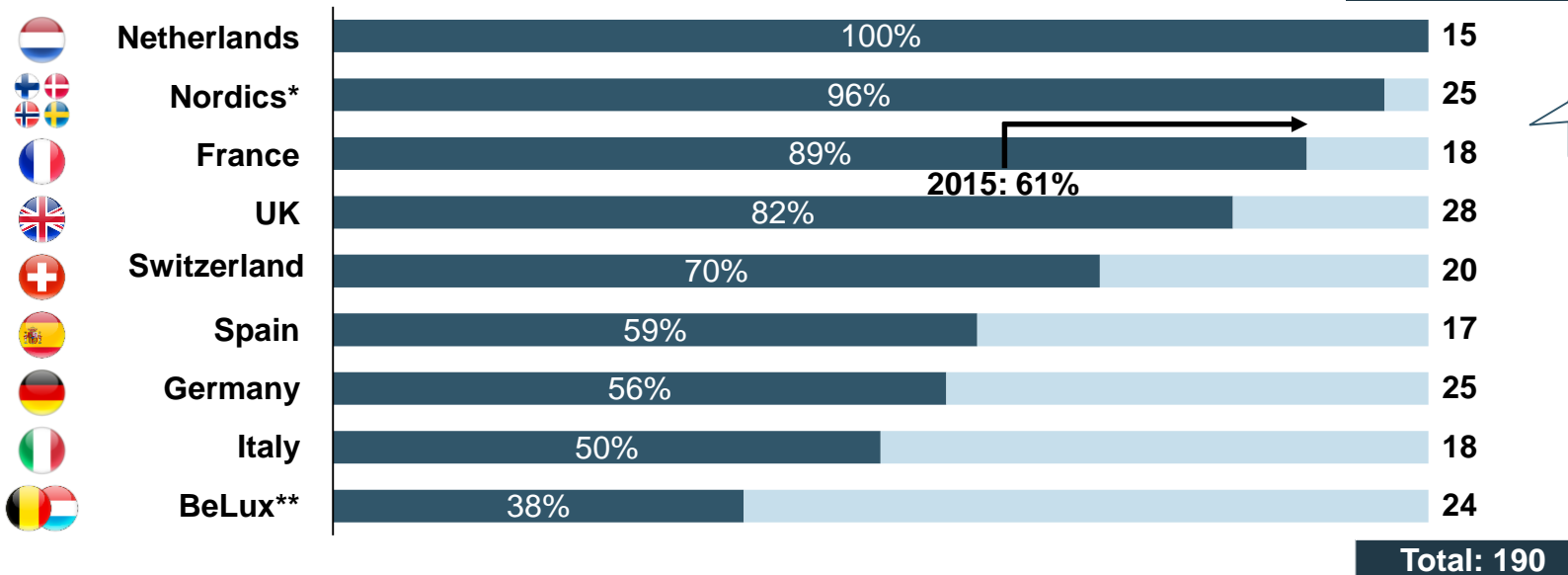
Notes: (*) Some information in the annual report, in the CSR report, on the company or Group website, etc.; (**) Detailed information in a dedicated ESG report / policy or in a dedicated ESG chapter within the annual or the CSR report.

Sources: public documents and websites of asset owners; INDEFI analyses.

The level of ESG disclosure varies significantly by country

ESG disclosure by countries

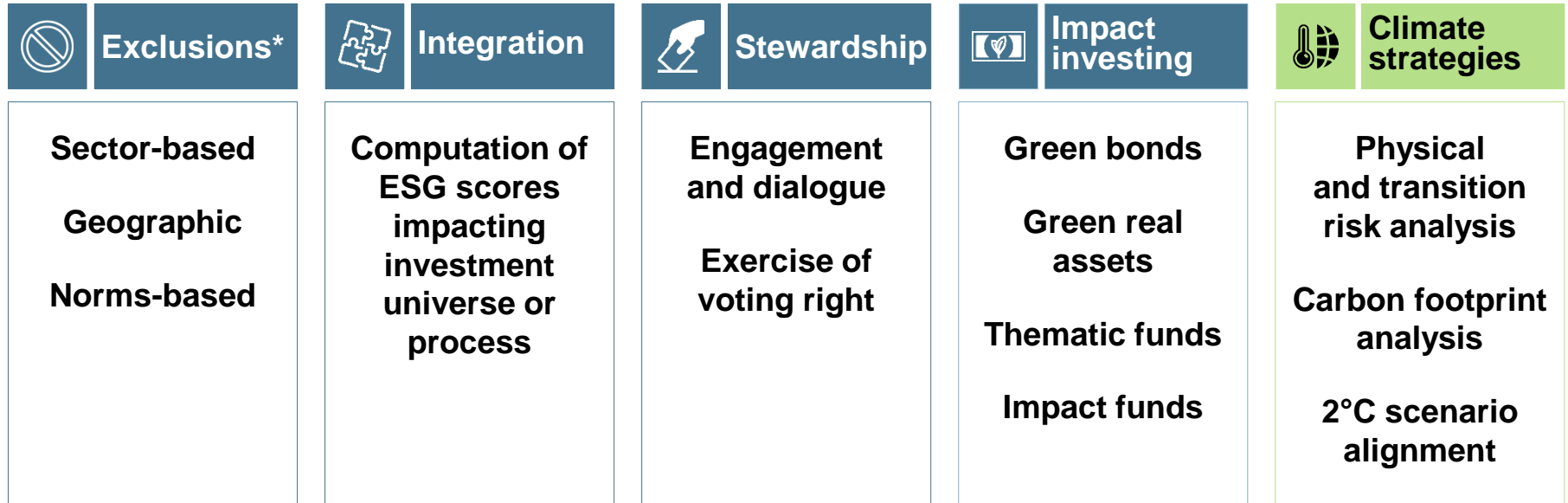
[# of asset owners, INDEFI panel]



Impact of regulation

Key: ■ Asset owners disclosing ESG information ■ No ESG information

Notes: (*) Nordics include Denmark, Finland, Norway and Sweden; (**) BeLux includes four Luxembourg asset owners among which one has published ESG information. Sources: public documents and websites of asset owners; INDEFI analyses.

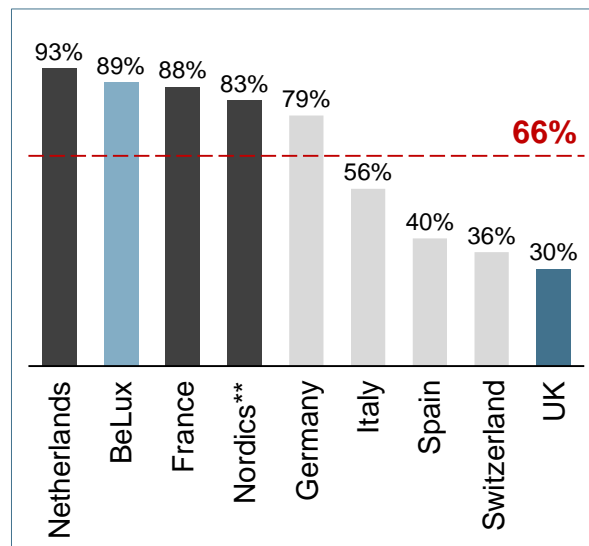


Note: (*) The exclusion of controversial weapons is a regulatory imperative and is therefore not taken into account in this analysis.
Sources: public documents and websites of asset owners; interviews; INDEFI analyses.

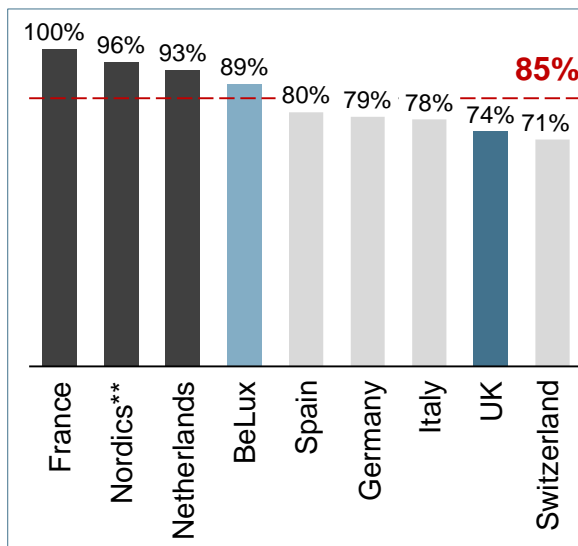
Advanced markets shown a combination of investment practices

[% of ESG investors*]

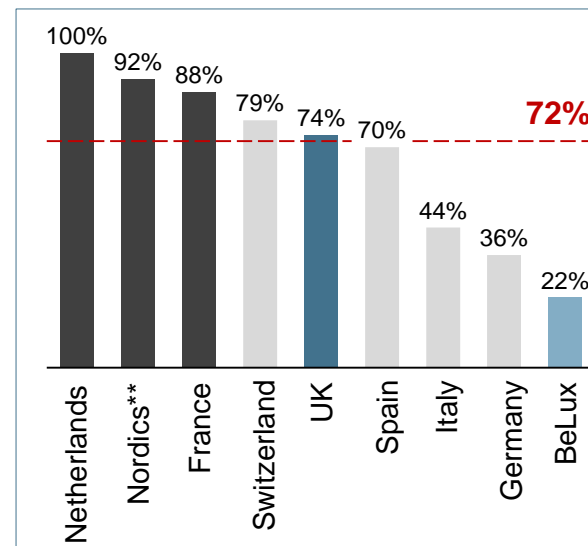
Exclusions*



Integration



Stewardship



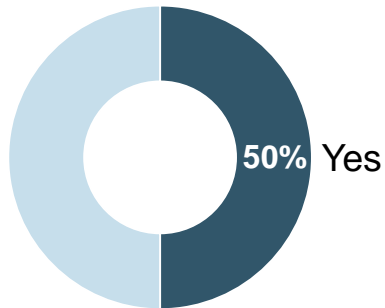
Notes: (*) We call "ESG investors" the 134 asset owners that publicly disclose ESG information among the INDEFI panel; (**) Nordics include Denmark, Finland, Norway and Sweden. Sources: public documents and websites of asset owners; interviews; INDEFI analyses.

New ESG investment practices are emerging in the European institutional landscape and should gain traction in the foreseeable future

[% of ESG investors*]



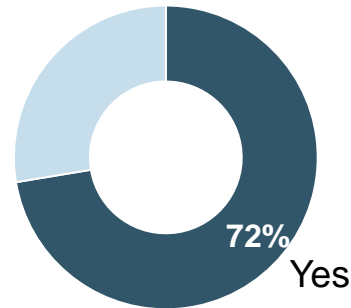
Impact investing



Most common vehicle: green bonds
Investment requalification (e.g. thematic funds)
Specific exposure to impact funds marginal



Climate strategies



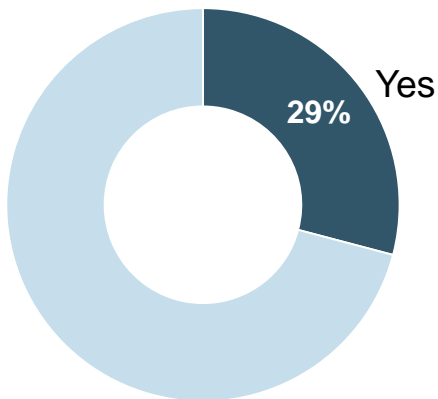
37% of asset owners' with a climate change strategy officially support the TCFD**

Notes: (*) We call "ESG investors" the 134 asset owners that publicly disclose ESG information among the INDEFI panel; (**) Task Force on Climate-related Financial Disclosures.
Sources: TCFD supporters; public documents and websites of asset owners; interviews; INDEFI analyses.

UN Sustainable Development Goals: the new global ESG standard framework

Reference to the Sustainable Development Goals by asset owners

[% of ESG investors*]



Use of SDGs



Impact measurement

Framework to measure positive and negative impacts

Impact investing

Allocation of funds towards the achievement of the SDGs

Note: (*) We call "ESG investors" the 134 asset owners that publicly disclose ESG information among the INDEFI panel. Sources: public documents and websites of asset owners; interviews; INDEFI analyses.

1

No way back for ESG investing

2

Lack of a level playing field: is this an issue?

3

Challenges and opportunities for asset managers

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ILLIQUID ASSETS	Thursday 11 October 4:15 pm - 4:55 pm	Agnès Lossi Partner	
ALPHA & QUANT	Thursday 11 October 4:15 pm - 4:55 pm	Ric van Weelden Partner	
IMPACT INVESTING	Friday 12 October 10:40 am - 11:20 am	Emmanuel Parmentier Partner	
ETF & INDEXING	Friday 12 October 11:20 am – 12:10 pm	Ric van Weelden Partner	



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