

Institutional Investors in Europe and Asia Lead in ESG Investments

August 22, 2023

Institutional investors in Europe and Asia are at the forefront of adopting environmental, social, and governance (ESG) investment strategies, while North America lags behind, according to the Coalition Greenwich Voice of Client – 2022 Global Institutional Investors Study—Delivering on ESG.

Globally, 75% of investors incorporate ESG strategies, with Europe leading at 92%, followed by Asia at 76%. However, North America trails at 53%, driven mainly by Canadian investors.

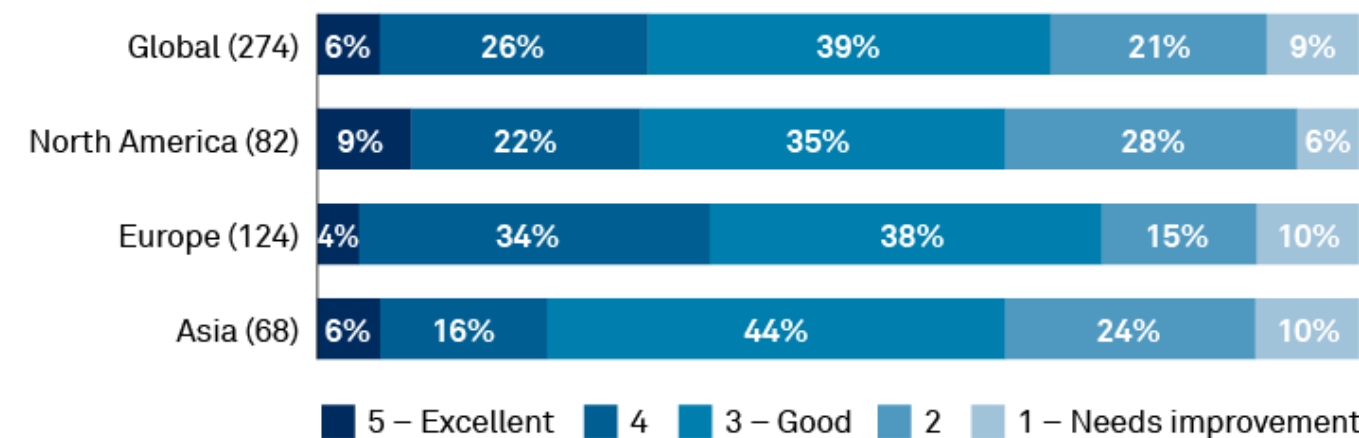
ESG Considerations Vary Across Regions

The top objective for using ESG is now to make a positive impact on society, particularly the environment. Investors' ESG considerations differ across regions, with Europeans focusing on climate change and carbon emissions, while North Americans emphasize diversity and inclusion, and Asians prioritize business ethics.

Net-zero targets have gained traction, with 15% of institutional investors globally setting such targets, and around a quarter of European investors adopting them. In contrast, only 5% of North American investors have implemented net-zero targets.

ESG knowledge is a crucial factor in selecting investment managers, with European and Asian investors considering it early on. However, only 6% of managers excel in communicating and providing evidence of ESG performance, while nearly 40% are considered "good."

Manager Effectiveness in Communicating and Evidencing ESG Approaches



Note: Numbers in parentheses represent number of respondents. Totals may not equal 100 due to rounding.
Source: Coalition Greenwich Voice of Client – 2022 Global Institutional Investors Study—Delivering on ESG

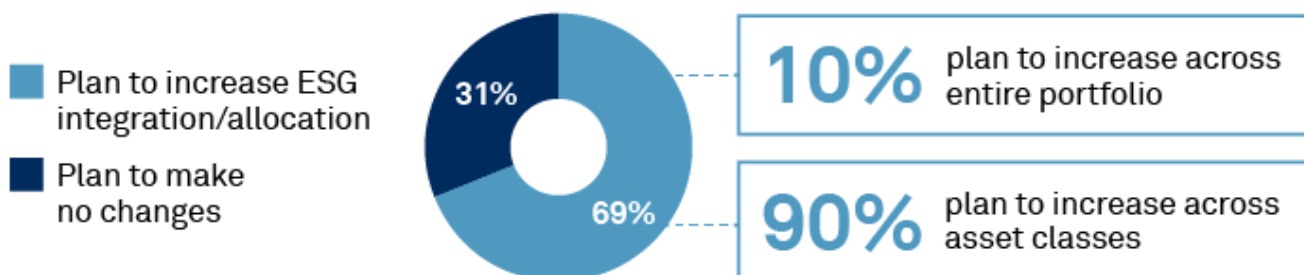
ESG Integration Outlook

Looking ahead, approximately 70% of large institutional investors plan to increase ESG integration in their allocations, especially in equities and fixed income. Additionally, over half of current ESG investors expect to change investment managers on more than 10% of their portfolios in the next five years, with the trend led by the EU and Asia.

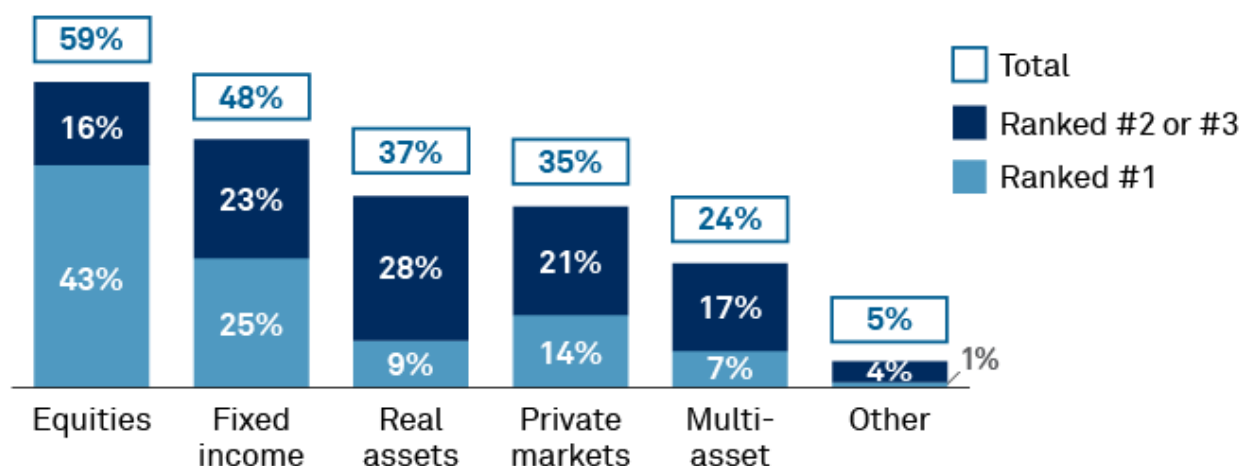
Changes to ESG Use in Next Three Years

All Investors

Expected Changes to ESG Usage in Next Three Years¹



Asset Classes Most in Need of Alignment with ESG Principles²



Note: ¹Based on 285 respondents. ²Based on 166 respondents.

Source: Coalition Greenwich Voice of Client – 2022 Global Institutional Investors Study—Delivering on ESG

In conclusion, ESG-based investment strategies are gaining prominence globally, driven by the desire to make a positive societal impact. Europe and Asia lead in ESG adoption, while North America's uptake remains comparatively low. Net-zero targets are becoming more prevalent, but greater understanding and evidence of ESG performance are needed from investment managers.

Going forward, institutional investors plan to further increase ESG integration, particularly in equities and fixed income, and are likely to change investment managers in response to ESG considerations.

Sophie Emler is the author of this publication.

www.greenwich.com | ContactUs@greenwich.com

Coalition Greenwich, a division of CRISIL, an S&P Global Company, is a leading global provider of strategic benchmarking, analytics and insights to the financial services industry.

We specialize in providing unique, high-value and actionable information to help our clients improve their business performance.

Our suite of analytics and insights encompass all key performance metrics and drivers: market share, revenue performance, client relationship share and quality, operational excellence, return on equity, behavioral drivers, and industry evolution.

About CRISIL

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better. It is majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics, and data to the capital and commodity markets worldwide.

CRISIL is India's foremost provider of ratings, data, research, analytics, and solutions with a strong record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights and efficient solutions to over 100,000 customers through businesses that operate from India, the U.S., the U.K., Argentina, Poland, China, Hong Kong, and Singapore.

For more information, visit www.crisil.com

Disclaimer and Copyright

This Document is prepared by Crisil Coalition Greenwich, which is a part of Crisil Ltd, a company of S&P Global. All rights reserved. This Document may contain analysis of commercial data relating to revenues, productivity and headcount of financial services organisations (together with any other commercial information set out in the Document). The Document may also include statements, estimates and projections with respect to the anticipated future performance of certain companies and as to the market for those companies' products and services.

The Document does not constitute (or purport to constitute) an accurate or complete representation of past or future activities of the businesses or companies considered in it but rather is designed to only highlight the trends. This Document is not (and does not purport to be) a comprehensive Document on the financial state of any business or company. The Document represents the views of Crisil Coalition Greenwich as on the date of the Document and Crisil Coalition Greenwich has no obligation to update or change it in the light of new or additional information or changed circumstances after submission of the Document.

This Document is not (and does not purport to be) a credit assessment or investment advice and should not form basis of any lending, investment or credit decision. This Document does not constitute nor form part of an offer or invitation to subscribe for, underwrite or purchase securities in any company. Nor should this Document, or any part of it, form the basis to be relied upon in any way in connection with any contract relating to any securities. The Document is not an investment analysis or research and is not subject to regulatory or legal obligations on the production of, or content of, investment analysis or research.

The data contained in the Document is based upon a particular bank's scope, which reflects a bank's data submission, business structure, and sales revenue Reporting methodology. As a result, any data contained in the Document may not be directly comparable to data presented to another bank. For franchise

benchmarking, Crisil Coalition Greenwich has implemented equal ranking logic on aggregate results i.e., when sales revenues are within 5% of at least one competitor ahead, a tie is shown and designated by = (where actual ranks are shown). Entity level data has no equal ranking logic implemented and therefore, on occasion, the differences between rank bands can be very close mathematically.

The data in this Document may reflect the views reported to Crisil Coalition Greenwich by the research participants. Interviewees may be asked about their use of and demand for financial products and services and about investment practices in relevant financial markets. Crisil Coalition Greenwich compiles the data received, conducts statistical analysis and reviews for presentation purposes to produce the final results.

THE DOCUMENT IS COMPILED FROM SOURCES CRISIL COALITION GREENWICH BELIEVES TO BE RELIABLE. CRISIL COALITION GREENWICH DISCLAIMS ALL REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, WITH RESPECT TO THIS DOCUMENT, INCLUDING AS TO THE VALIDITY, ACCURACY, REASONABLENESS OR COMPLETENESS OF THE INFORMATION, STATEMENTS, ASSESSMENTS, ESTIMATES AND PROJECTIONS, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE ARISING OUT OF THE USE OF ALL OR ANY OF THIS DOCUMENT. CRISIL COALITION GREENWICH ACCEPTS NO LIABILITY WHATSOEVER FOR ANY DIRECT, INDIRECT OR CONSEQUENTIAL LOSS OR DAMAGE OF ANY KIND ARISING OUT OF THE USE OF ALL OR ANY OF THIS DOCUMENT.

Crisil Coalition Greenwich is a part of Crisil Ltd., an S&P Global company. ©2025 Crisil Ltd. All rights reserved.