

Schroders Global Investor Study 2016

**Environmental,
Social & Governance Issues
Consumers: Worldwide, Europe
and The Netherlands**



Schroders

November 2016 | For use with media only

Content



- Global overview, p 2 – 5
- Europe overview, p 6 – 7
- Country highlights:
The Netherlands vs Global & Europe, p 8 - 18
- Background information, p 20 – 21
- Contact, p 22

Global Overview

**Environmental,
Social & Governance
Issues**



Schroders

Global Overview

Environmental, Social & Governance Issues



- ESG issues were considerations rather than drivers; global investors are primarily concerned with their own personal returns, and positive environmental or societal effects would be a nice bonus.

- Understandably, ESG drivers were rated as being less important overall to investors, than the investment outcome drivers;
 - The only one close and the most important ESG driver was felt to be good corporate governance (7.2).
 - Other issues of social responsibility (6.9), positive environment impact (6.8), positive local social outcomes (6.7) and positive non-local social outcomes (6.7) were rated similarly as secondary ESG considerations.

- Investors claimed they would stay invested in a positive ESG investment product for around two (2.1) years longer, hardly long enough for most influences to have had any real effect;
 - Over half (56%) said they would stay invested less than two years longer than usual, including 12% who would not stay invested any longer at all.
 - Over a third (38%) said they'd invest 2-10 years longer than usual, leaving 6% who didn't know.

- Negative ESG issues were more emotive and provided greater variations in response;
 - Around two-fifths said they would definitely move their investment if they discovered it was invested in a company that had links to repressive regimes (40%), associated with pornography/sex industry (39%) or associated with dealing arms/weapons (38%).
 - Less definitive but still potentially motivating, with around half who would consider moving their investment, were poor record of social responsibility (47%), negatively contribute to climate change (48%) and in the news for the wrong reasons (48%).

Global Overview

Environmental, Social & Governance Issues



- Understandably, ESG drivers were rated as being less important overall to investors, than the investment outcome drivers mentioned previously;
 - The only one close and the most important ESG driver was felt to be good corporate governance (7.2).
 - Other issues of social responsibility (6.9), positive environment impact (6.8), positive local social outcomes (6.7) and positive non-local social outcomes (6.7) were rated similarly as secondary ESG considerations.

- Investors claimed they would stay invested in a positive ESG investment product for around two (2.1) years longer, hardly long enough for most influences to have had any real effect;
 - Over half (56%) said they would stay invested less than two years longer than usual, including 12% who would not stay invested any longer at all.
 - Over a third (38%) said they'd invest 2-10 years longer than usual, leaving 6% who didn't know.

- Negative ESG issues were more emotive and provided greater variations in response;
 - Around two-fifths said they would definitely move their investment if they discovered it was invested in a company that had links to repressive regimes (40%), associated with pornography/sex industry (39%) or associated with dealing arms/weapons (38%).
 - Less definitive but still potentially motivating, with around half who would consider moving their investment, were poor record of social responsibility (47%), negatively contribute to climate change (48%) and in the news for the wrong reasons (48%).

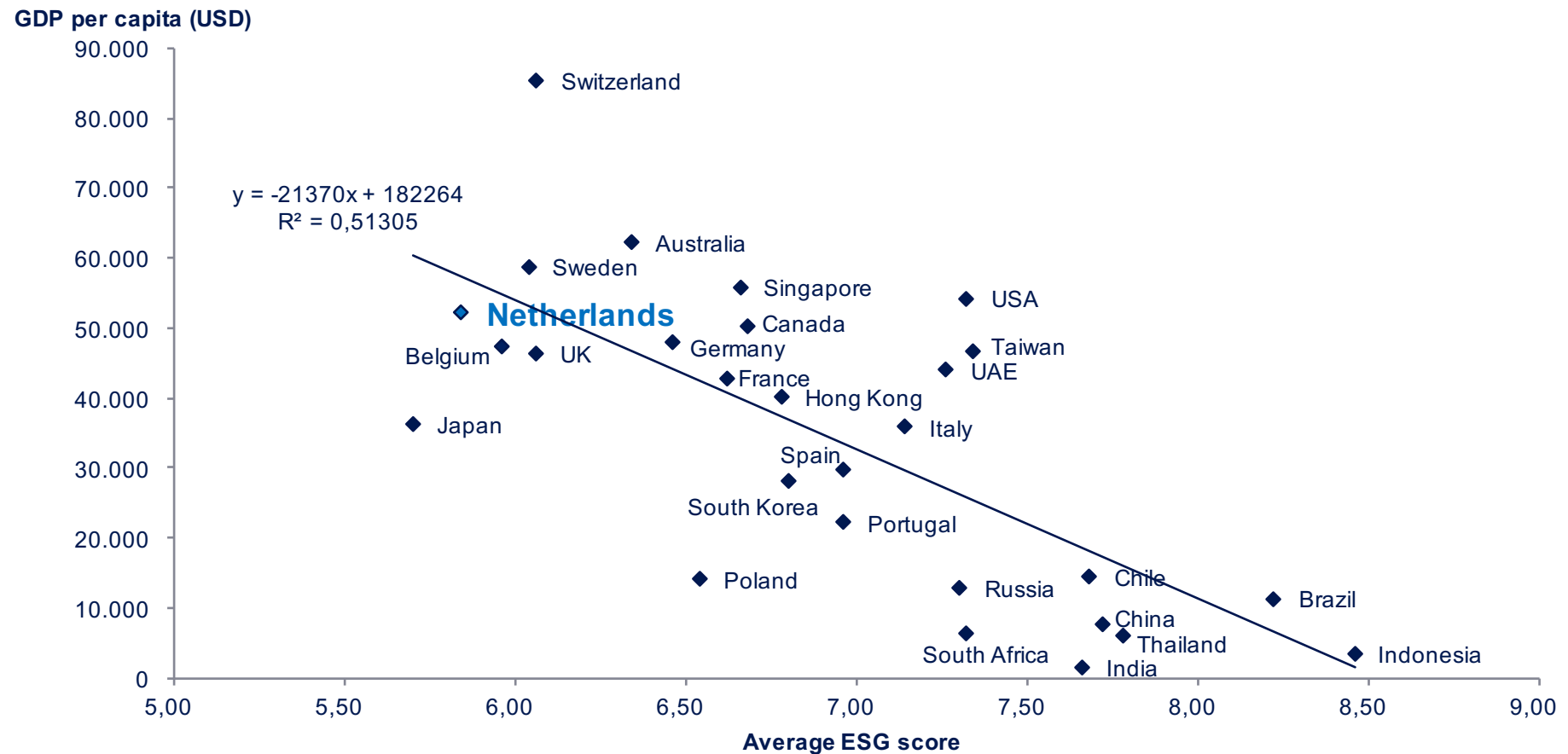
Global Overview



How important are ESG issues to investors in different countries?

Investors from wealthier countries appear less influenced by ESG issues

Question asked: How important are the following environmental and social issues when it comes to your choice of investments? (averages out of 10)



Source: Schroders GIS2016 for Average ESG Score, UN data at data.un.org for GDP per capita figures (2014), CIA The World Factbook for Taiwan GDP per capita figures (2015)

Europe Overview

**Environmental,
Social & Governance
Issues**



Schroders

Europe Overview

Environmental, Social & Governance Issues



- ESG drivers were rated as being less important overall to investors, than the investment outcome drivers mentioned previously and lower than in the other two continents;
 - The highest rated ESG driver was felt to be good corporate governance (6.8), although other issues of social responsibility (6.6), positive environment impact (6.5), positive local social outcomes (6.4) and positive non-local social outcomes (6.3) were rated as almost as important.
- Similarly to those in other continents, investors claimed they would stay invested in a positive ESG investment product for around two (2.1) years longer, hardly long enough for most influences to have had any real effect;
 - Over half (55%) would stay invested less than two years longer than usual, including 13% who would not stay invested any longer at all.
 - Over a third (38%) said they'd invest 2-10 years longer than usual, leaving 7% who didn't know.
- Negative ESG issues were more emotive and provided greater variations in response;
 - Around two-fifths said they would definitely move their investment if they discovered it was invested in a company that had links to repressive regimes (41%) or associated with dealing arms/weapons (38%), with slightly less for companies associated with pornography/sex industry (35%) .
 - Less definitive but still potentially motivating, with around half who would consider moving their investment, were poor record of social responsibility (47%), negatively contribute to climate change (49%) and in the news for the wrong reasons (48%).

Country Highlights: The Netherlands vs Global & Europe

**Environmental,
Social & Governance
Issues**



Schroders

Country Highlights

Environmental, Social & Governance Issues



- Netherland investors rated ESG drivers least important out of all countries, and much less than the investment outcome drivers;
 - Good corporate governance (5.9), good social responsibility (5.9), positive environment impact (5.9), positive local social outcomes (5.7) and positive non-local social outcomes (5.8) were all rated similarly.
- Reflecting this feeling, investors claimed they would stay invested in a positive ESG investment product for only two (2.0) years longer, amongst the lowest of all countries;
 - Over half (55%) said they would stay invested less than two years longer than usual, including a fifth (19%) who would not stay invested any longer at all.
 - Just over a third (37%) said they'd invest 2-10 years longer than usual, leaving 9% who didn't know.
- Negative ESG issues were more emotive and provided greater variations in response;
 - Around two-fifths said they would definitely move their investment if they discovered it was invested in a company that had links to repressive regimes (40%) or associated with dealing arms/weapons (38%).
 - Less definitive but still potentially motivating, with around half who would consider moving their investment, were those that have a poor record of social responsibility (49%), negatively contribute to climate change (53%) or are in the news for the wrong reasons (45%).

Environmental,
Social &
Governance Issues
The Netherlands



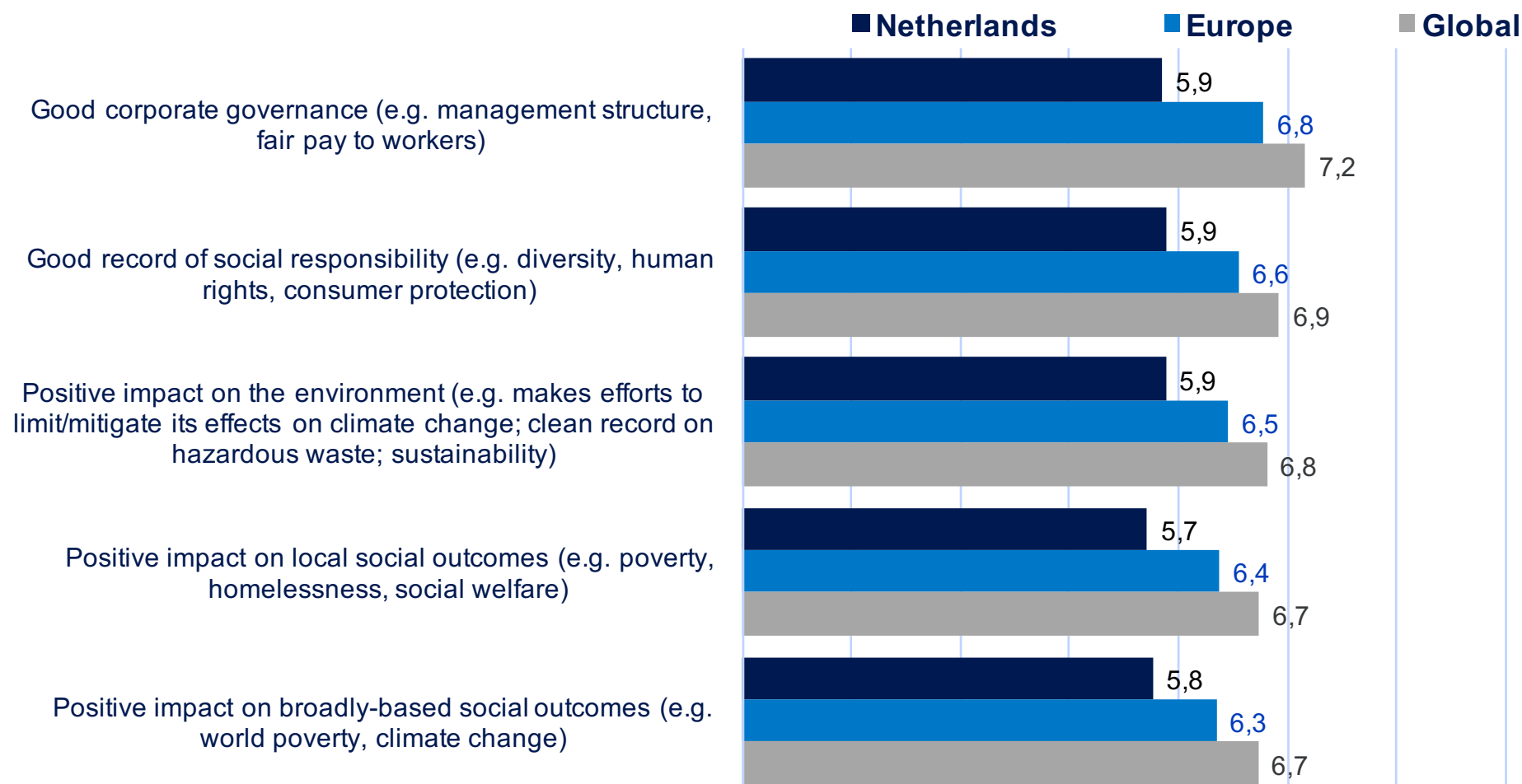
Schrodgers

Investment Drivers – Environmental & Social Issues

Relative Importance



How important to you are each of the following environmental and social issues when it comes to your choice of investments? Relative importance rating : (0) Not at all – (10) Critical

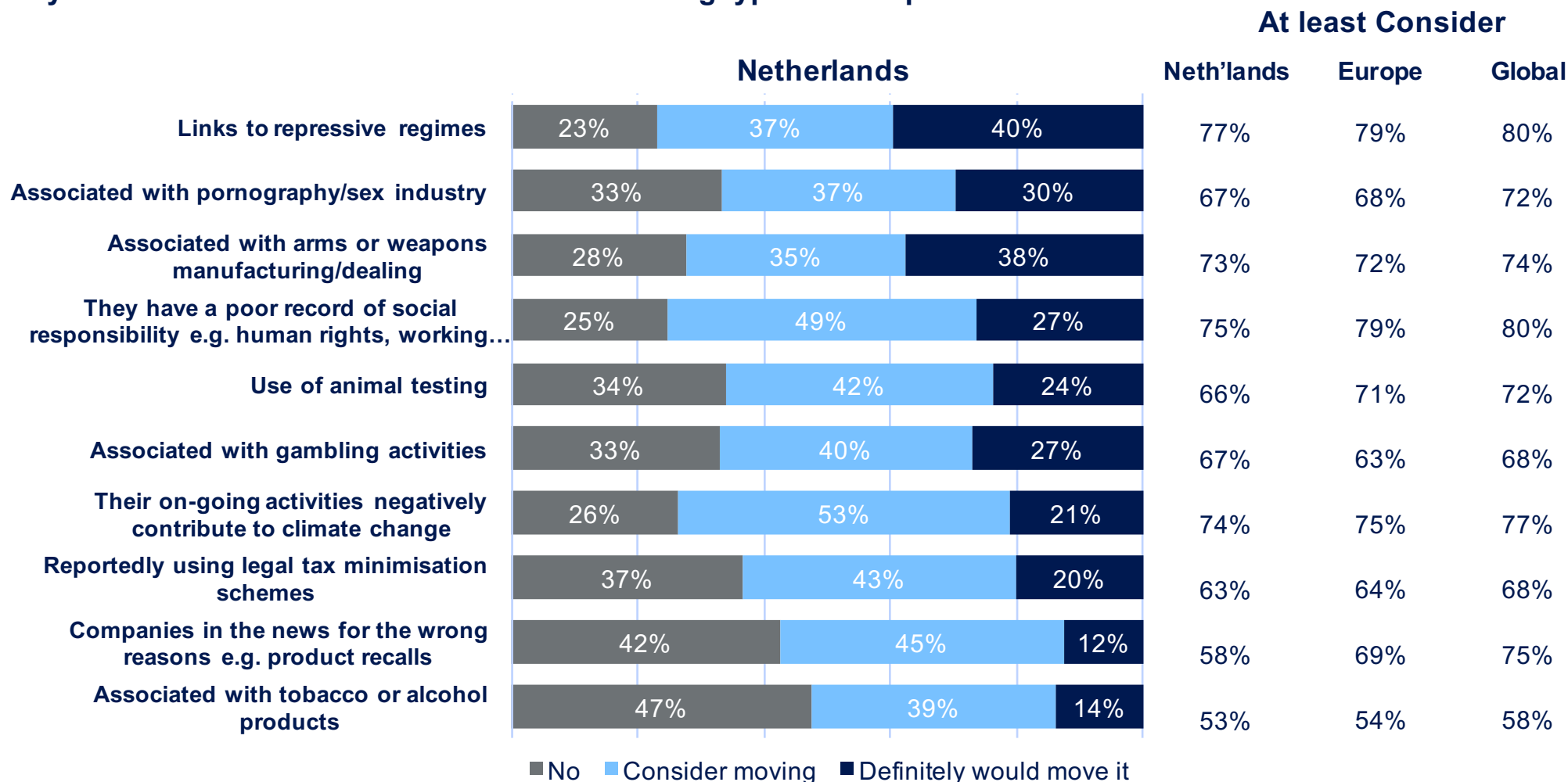


Negative ESG Effects On Investment

Call to Action



Would you move, or consider moving, your money out of an investment that was performing well, if you discovered it was invested in the following types of companies?

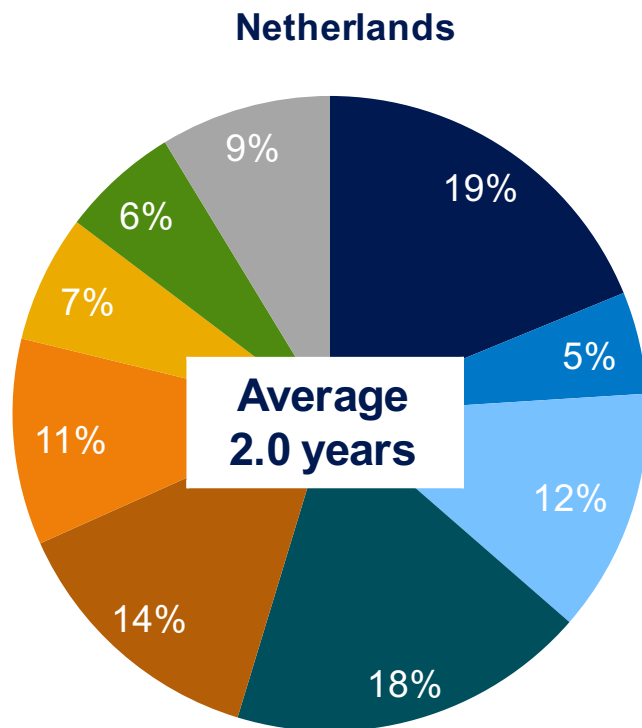


Positive ESG Effect On Investment

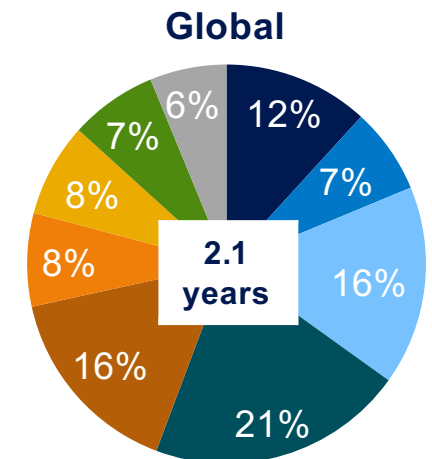
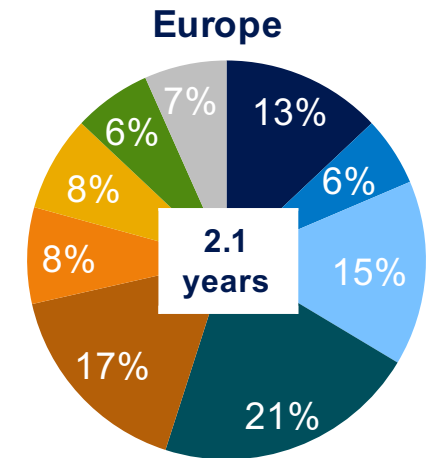
Length of Time



Investments with the potential to have a positive environmental or social impact may take time to achieve this. How much longer than usual would you stay invested in investment products like this?



- No longer than usual
- Up to 6 months longer
- 6-12 months longer
- 1-2 years longer
- 2-3 years longer
- 3-4 years longer
- 4-5 years longer
- 5-10 years longer
- Don't know



Relative preference towards exclusion factors

Large differences between millennials and older group



- Animal testing carries more weight with millennials than climate change and human rights
- The Netherlands is more conservative than Europe, on just one issue: gambling
- Surprisingly negative (relative) opinion of millennials on alcohol and tobacco
- Investors in the Netherlands only view weapons dealing and trade with suppressive regimes comparably serious as other European countries, but consider other exclusion factors (as tax evasion, sex industry, climate change) as far less serious
- Millennials see repressive regimes as a less serious factor (or trespass) than the older generation
- Millennials see tax evasion as a very serious offense, much more so than the older generation

Differences: global, Europe and Dutch age groups

Millennials and older group have different insights



Would you move, or consider moving, your money out of an investment that was performing well, if you discovered it was invested in companies contributing to factors which are considered contrary to responsible investing?

	Global, move for sure	Europe, move for sure	Netherlands, move for sure	Millennials (18-36) move for sure	>36 move for sure
Contributing to climate change	28	26	21	23	20
Not taking care of social situation and human rights	34	32	27	26	27
Involved in animal testing	32	32	24	29	22
Gambling	30	25	27	25	28
Alcohol and tobacco	21	17	14	24	11
Weapon production and -dealing	38	38	38	33	39
Pornography and sex trade	39	35	30	29	30
Links to a repressive regime	40	41	40	34	41
Use of tax evasion and optimisation	27	22	20	28	18
Negative news, recalls of products	26	21	12	19	10

Level of concern global regions

Americas and Asia very aware



Level of concern when making investment decisions - score out of 10

Issue	Europe	Asia	Americas	Global
Good corporate governance (e.g. fair pay to workers, management structure)	6.8	7.4	7.7	7.2
Good record of social responsibility (e.g. diversity, human rights, consumer protection)	6.6	7.1	7.5	6.9
Positive impact on the environment (e.g. climate change policies)	6.5	7.0	7.3	6.8
Positive impact on local social outcomes (e.g. poverty, homelessness)	6.4	6.9	7.3	6.7
Positive impact on social outcomes (e.g. world poverty, climate change)	6.3	7.0	7.2	6.7

Level of concern about environmental issues

Countries



Level of concern about environmental issues when making investment decisions

Country	Score
1. Indonesia	8.5
2. Brazil	8.2
3. China	7.7
4. Chile	7.6
5. India	7.6
6. Thailand	7.6
7. South Africa	7.3
8. Taiwan	7.3
9. US	7.2
10. UAE	7.1
11. Italy	7.1
12. Russia	7.1
13. Portugal	6.9
14. Spain	6.8
15. France	6.7

Country	Score
16. South Korea	6.7
17. Hong Kong	6.6
18. Singapore	6.6
19. Canada	6.5
20. Germany	6.4
21. Poland	6.4
22. Australia	6.2
23. Sweden	6.1
24. Switzerland	6.1
25. Belgium	6.0
26. UK	6.0
27. Netherlands	5.9
28. Japan	5.6

Investment performance & ESG

Holding period



Would you move, or consider moving, your money out of an investment that was performing well, if you discovered it was invested in companies contributing to factors which are considered contrary to responsible investing*?

Issue	No	Would consider	Definitely
Europe	31	41	29
Asia	20	44	35
Americas	18	38	44
Global	20	40	40

* Factors considered contrary to responsible investing

- Contributing to climate change
- Not taking care of social situation and human rights
- Involved in animal testing
- Gambling
- Alcohol and tobacco
- Weapon production and -dealing
- Pornography and sex trade
- Links to a repressive regime
- Use of tax evasion and optimisation
- Negative news, recalls of products

Investment performance & ESG

Holding period



Would you move, or consider moving, your money out of an investment that was performing well, if you discovered it was invested in companies contributing to factors which are considered contrary to responsible investing*?

Top and bottom four 'definitely sell'.

TOP FOUR	'Definitely sell'
Indonesia	49%
Chile	43%
Brazil	42%
Thailand	41%

BOTTOM FOUR	'Definitely sell'
Netherlands	25%
Sweden	25%
Belgium	24%
Hong Kong	24%

* Factors considered contrary to responsible investing

- Contributing to climate change
- Not taking care of social situation and human rights
- Involved in animal testing
- Gambling
- Alcohol and tobacco
- Weapon production and -dealing
- Pornography and sex trade
- Links to a repressive regime
- Use of tax evasion and optimisation
- Negative news, recalls of products

Background Information



Schroders

Sample Details



- Schrodgers commissioned Research Plus Ltd to conduct an independent online survey of 20,000 investors in 28 countries around the world, between 30th March – 25th April 2016.
- This research defines ‘investors’ as those who will be investing at least €10,000 (or the equivalent) in the next 12 months and who have made changes to their investments within the last 5 years; these individuals represent the views of investors in each country included in the survey.



Schroders Global Investor Study



More information

To find out more about people's investment goals, attitudes and behaviours when investing visit:

www.schroders.nl/gis

Contact

Michel Vermeulen

Managing Director Benelux
+31 20 305 2840

Tânia Jerónimo Cabral

Head of Marketing Benelux
tania.jeronimo@schroders.com

+31 20 305 2851



Important information



This presentation is intended to be for information purposes only and it is not intended as promotional material in any respect. The material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The material is not intended to provide, and should not be relied on for, accounting, legal or tax advice, or investment recommendations. Information herein is believed to be reliable but Schrodgers does not warrant its completeness or accuracy. No responsibility can be accepted for errors of fact or opinion. Reliance should not be placed on the views and information in the document when taking individual investment and/or strategic decisions.

Past performance is not a reliable indicator of future results, prices of shares and the income from them may fall as well as rise and investors may not get back the amount originally invested.

Issued by Schroder Investment Management (Luxembourg) S.A. Netherlands branch, WTC – Tower A, Level 5, Strawinskyiaan 521, NL-1077 XX Amsterdam. For your security, communications may be taped or monitored.