

Press Release

14/09/2023



Despite short-term dip, Canadian asset owners have positive long-term sentiment for sustainable investing, finds FTSE Russell global asset owner survey

- Climate/carbon is the number one priority for asset owners in Canada at 47%, followed by governance at 46%
- 47% of asset owners in Canada feel regulation helps them meet sustainable investment (SI) goals very well, compared to 36% of global respondents
- 55% of asset owners in Canada find the greatest challenge with regulation to be the inability to align portfolio / index with SI, compared to 35% on average globally

FTSE Russell, the leading global index provider, has today published the results of its annual survey analyzing how SI is perceived, considered and used by asset owners across the world.

By and large, this year's survey findings indicate global asset owners continue to take a robust long-term view of their SI strategies, although macroeconomic and geopolitical factors have also influenced respondents' short-term sentiment.

Tony Campos, Head of Sustainable Investment, Index Investments Group at FTSE Russell comments: "Despite challenging short-term macroeconomic and geopolitical factors causing a directional dip this year in terms of how global asset owners are evaluating and implementing their SI strategies, we found trends still suggest long-term growth. This year's survey highlights the long-term outlook for asset owners in Canada consistently implementing SI remains positive as we see regulatory requirements driving demand."

Paul Bowes, Canada Country Head at FTSE Russell comments: "We're seeing a contrast in Canada compared to other countries where regulatory requirement is driving asset owners' long-term conviction of adopting SI strategies within portfolios. Almost half of the survey respondents view regulation as helpful in meeting their SI goals, rather than a barrier. This is consistent with how independent Canadian pension boards have worked together with regulatory bodies to create one of the best run pension industries in the world."

Sustainable investment continues to mature

Following five years of steady growth as our previous surveys indicate, there has been a directional dip to 80% this year from 88% in 2022 in the level of asset owners globally that are implementing and evaluating SI. This dip can

be attributed to influential macroeconomic factors, such as high interest rates to combat inflation, and geopolitical volatility caused by the war in Ukraine.

Despite short-term influences on sentiment towards SI, respondents maintain long-term conviction for this continually maturing investment theme, with asset owners in Canada now driven primarily by regulatory requirements (40%).

Asset owners prioritize climate / carbon

Governance is a priority that has significantly risen across all regions, increasing notably from one in three (33%) in 2022 to 54% of asset owners globally in 2023. In Canada, climate / carbon is a priority for 47% of asset owners, followed closely by governance at 46%.

Regulation viewed as largely supportive

Regulation of SI and ESG helps asset owners meet their SI goals very well, according to 47% of Canadian respondents.

Over half (58%) of respondents in Canada say regulation is helpful in removing barriers to SI adoption while 50% note it may improve investor disclosures to the market around SI strategies and SI outcomes. Another 32% say regulation helps improve the quality and consistency of corporate reporting and disclosures, with 23% indicating it might be helpful with respect to providing guidance around fiduciary / investor duty.

Certain pressures on asset owners appear to be more complex as sustainable investment industry matures

As SI matures, asset owners believe their firms are successfully meeting top priorities for governance and climate/carbon related strategies, although some data and regulatory challenges do persist as perceived barriers to increased implementation of sustainable investment.

57% of respondents in Canada expressed concerns around the availability of ESG data and use of estimated data. Respondents also indicated the most challenging factors to meet regulatory requirements as the inability to align portfolio / index with SI / climate (55%) and the lack of transparency across ESG ratings (45%).

For more information about the survey, please visit: <https://www.ftserussell.com/index/spotlight/sustainable-investment-global-survey-findings-asset-owners>

ENDS

For more information please contact:

LSEG Global Press Office

Hayley Fewster

newsroom@lseg.com

0207 797 1222

Notes to editors:

Since 2018, FTSE Russell has annually interviewed asset owners globally to understand their priorities, frustrations, and opportunities in SI.

FTSE Russell spoke to 350 asset owners with AUM between US\$7.9 trillion and US\$14.2 trillion between March 27 – April 28, 2023.

About FTSE Russell:

FTSE Russell is a global index leader that provides innovative benchmarking, analytics and data solutions for investors worldwide. FTSE Russell calculates thousands of indexes that measure and benchmark markets and asset classes in more than 70 countries, covering 98% of the investable market globally.

FTSE Russell index expertise and products are used extensively by institutional and retail investors globally. Approximately \$20.1 trillion is currently benchmarked to FTSE Russell indexes. For over 30 years, leading asset owners, asset managers, ETF providers and investment banks have chosen FTSE Russell indexes to benchmark their investment performance and create ETFs, structured products and index-based derivatives.

A core set of universal principles guides FTSE Russell index design and management: a transparent rules-based methodology is informed by independent committees of leading market participants. FTSE Russell is focused on applying the highest industry standards in index design and governance and embraces the IOSCO Principles. FTSE Russell is also focused on index innovation and customer partnerships as it seeks to enhance the breadth, depth and reach of its offering.

FTSE Russell is wholly owned by London Stock Exchange Group.

For more information, visit www.ftserussell.com.

© 2023 London Stock Exchange Group plc and its applicable group undertakings (the "LSE Group"). The LSE Group includes (1) FTSE International Limited ("FTSE"), (2) Frank Russell Company ("Russell"), (3) FTSE Global Debt Capital Markets Inc. and FTSE Global Debt Capital Markets Limited (together, "FTSE Canada"), (4) FTSE Fixed Income Europe Limited ("FTSE FI Europe"), (5) FTSE Fixed Income LLC ("FTSE FI"), (6) The Yield Book Inc ("YB") and (7) Beyond Ratings S.A.S. ("BR"). All rights reserved.

FTSE Russell® is a trading name of FTSE, Russell, FTSE Canada, FTSE FI, FTSE FI Europe, YB and BR. "FTSE®", "Russell®", "FTSE Russell®", "FTSE4Good®", "ICB®", "The Yield Book®", "Beyond Ratings®" and all other trademarks and service marks used herein (whether registered or unregistered) are trademarks and/or service marks owned or licensed by the applicable member of the LSE Group or their respective licensors and are owned, or used under licence, by FTSE, Russell, FTSE Canada, FTSE FI, FTSE FI Europe, YB or BR. FTSE International Limited is authorised and regulated by the Financial Conduct Authority as a benchmark administrator.

All information is provided for information purposes only. All information and data contained in this publication is obtained by the LSE Group, from sources believed by it to be accurate and reliable. Because of the possibility of human and mechanical error as well as other factors, however, such information and data is provided "as is" without warranty of any kind. No member of the LSE Group nor their respective directors, officers, employees, partners or licensors make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to the accuracy, timeliness, completeness, merchantability of any information or of results to be obtained from the use of FTSE Russell products, including but not limited to indexes, data and analytics, or the fitness or suitability of the FTSE Russell products for any particular purpose to which they might be put. Any representation of historical data accessible through FTSE Russell products is provided for information purposes only and is not a reliable indicator of future performance.

No responsibility or liability can be accepted by any member of the LSE Group nor their respective directors, officers, employees, partners or licensors for (a) any loss or damage in whole or in part caused by, resulting from, or relating to any error (negligent or otherwise) or other circumstance involved in procuring, collecting, compiling, interpreting, analysing, editing, transcribing, transmitting, communicating or delivering any such information or data or from use of this document or links to this document or (b) any direct, indirect, special, consequential or incidental damages whatsoever, even if any member of the LSE Group is advised in advance of the possibility of such damages, resulting from the use of, or inability to use, such information.

No member of the LSE Group nor their respective directors, officers, employees, partners or licensors provide investment advice and nothing in this document should be taken as constituting financial or investment advice. No member of the LSE Group nor their respective directors, officers, employees, partners or licensors make any representation regarding the advisability of investing in any asset or whether such investment creates any legal or compliance risks for the investor. A decision to invest in any such asset should not be made in reliance on any information herein. Indexes cannot be invested in directly. Inclusion of an asset in an index is not a recommendation to buy, sell or hold that asset nor confirmation that any particular investor may lawfully buy, sell or hold the asset or an index containing the asset. The general information contained in this publication should not be acted upon without obtaining specific legal, tax, and investment advice from a licensed professional.

Past performance is no guarantee of future results. Charts and graphs are provided for illustrative purposes only. Index returns shown may not represent the results of the actual trading of investable assets. Certain returns shown may reflect back-tested performance. All performance presented prior to the index inception date is back-tested performance. Back-tested performance is not actual performance, but is hypothetical. The back-test calculations are based on the same methodology that was in effect when the index was officially launched. However, back-tested data may reflect the application of the index methodology with the benefit of hindsight, and the historic calculations of an index may change from month to month based on revisions to the underlying economic data used in the calculation of the index.

This document may contain forward-looking assessments. These are based upon a number of assumptions concerning future conditions that ultimately may prove to be inaccurate. Such forward-looking assessments are subject to risks and uncertainties and may be affected by various factors that may cause actual results to differ materially. No member of the LSE Group nor their licensors assume any duty to and do not undertake to update forward-looking assessments.

No part of this information may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission of the applicable member of the LSE Group. Use and distribution of the LSE Group data requires a licence from FTSE, Russell, FTSE Canada, FTSE FI, FTSE FI Europe, YB, BR and/or their respective licensors.