



## **Update on ESG trends and practices**

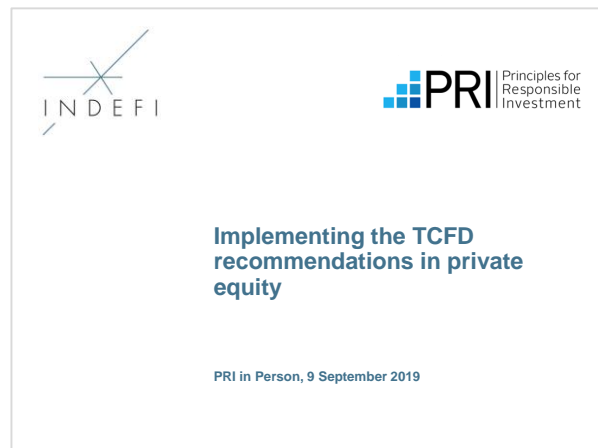
Key take-aways of INDEFI's latest market research

**28 January 2020**

# Several market researches have been published by INDEFI in 2019



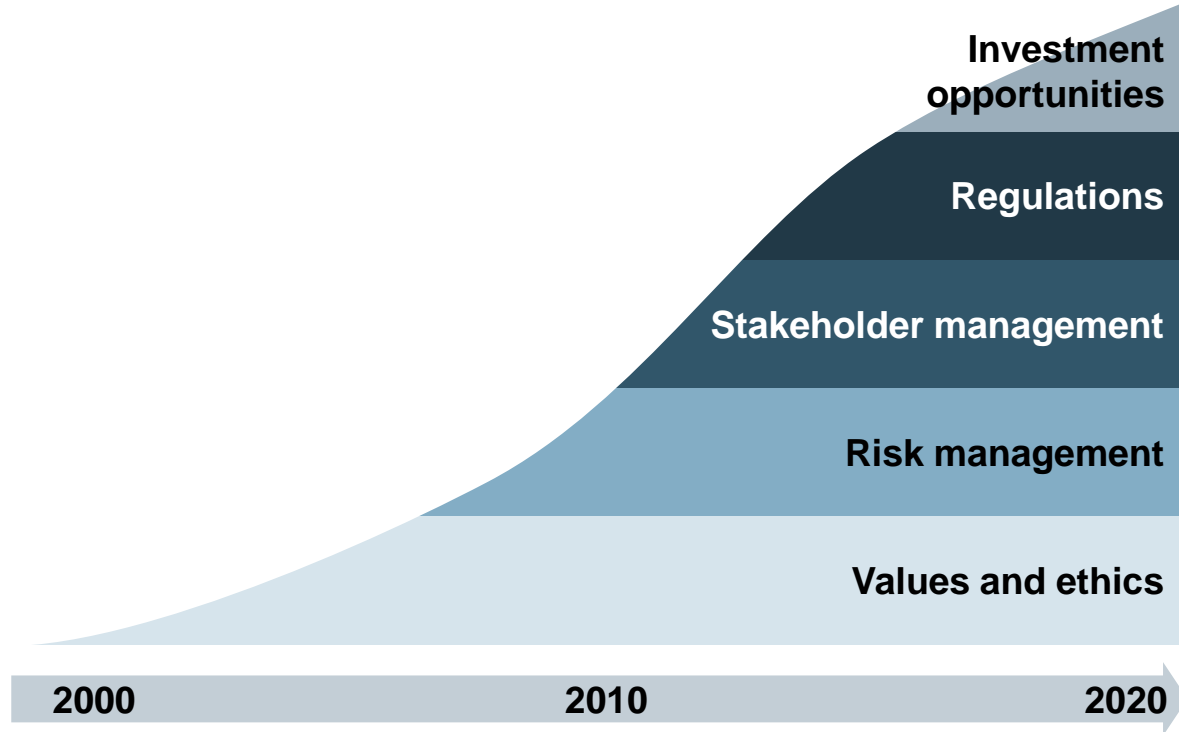
- **Total market size of €15.1tn**
- **205 asset owners**
- **9 European regions**



- **Global project**
- **26 interviews with LPs & GPs**
- **95 PRI signatory reports analysed**

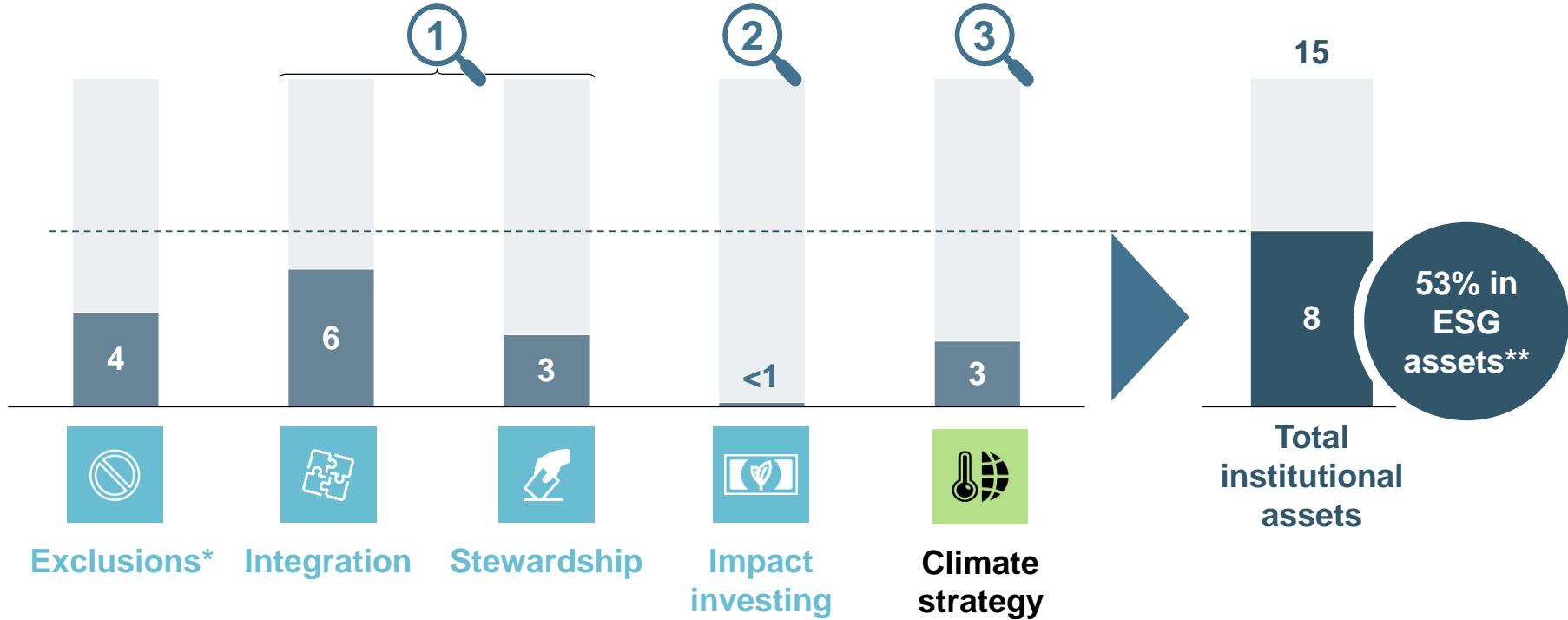


## Five ESG investment drivers



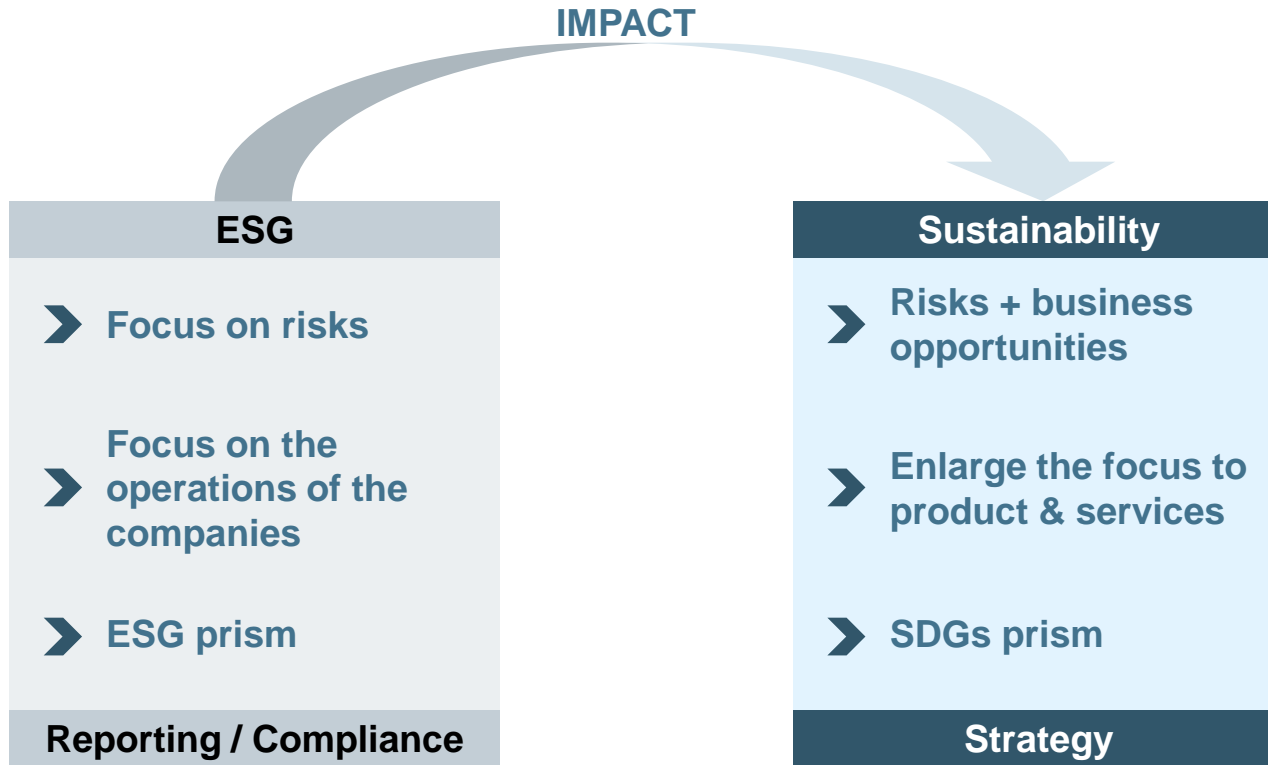
# More than half of European institutional assets are covered by one or several ESG investment practice(s)

## Sizing ESG investment in Europe (€tn)



Notes: (\*) The exclusion of controversial weapons is a regulatory imperative and is therefore not taken into account in our analysis; (\*\*) All assets covered by at least one ESG practice.  
Sources: interviews; INDEFI analyses.

# 1 Integration & stewardship in private assets: from ESG to sustainability





## Climate change in private assets: what do LPs expect from GPs?

### What LPs expect

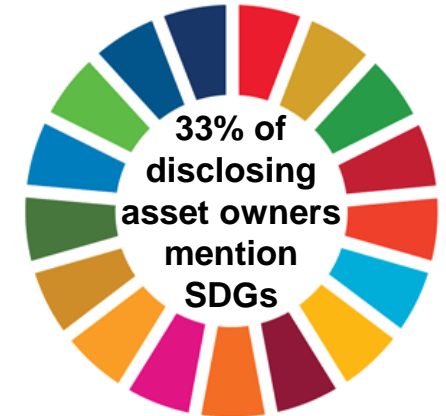
- 1 Knowledge and awareness
- 2 Transparent processes
- 3 Clear strategic climate thinking
- 4 Concrete action plans

### What LPs do not expect

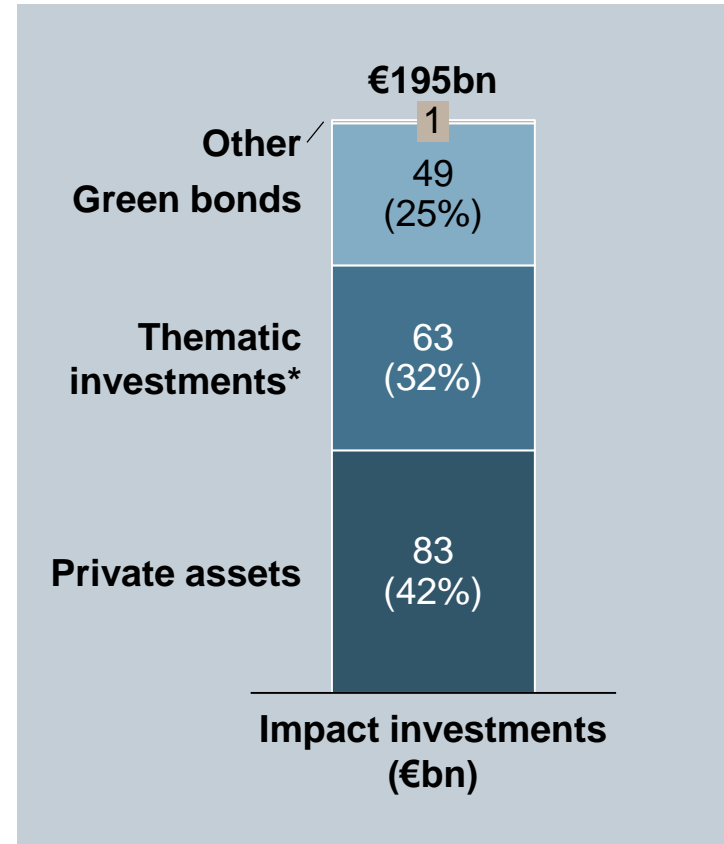
- 1 Complex methodologies
- 2 Metrics without meaning
- 3 Dramatic shifts in investment strategy
- 4 Greenwashing

3

# Impact and private assets: a €83 bn opportunity, with strong growth perspective



49% of disclosing asset owners have impact investments



Note: (\*) Listed asset classes.  
Sources: interviews, INDEFI analyses.

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## Key takeaways for private asset managers

### Private assets are ideal asset classes to address sustainability challenges

- Long term view
- Finance the “real economy”
- Naturally suited for impact investing
- Strong influence on companies / projects

*Growing allocations on private assets*

### LPs’ demands keep increasing

- ESG reporting & compliance is no longer enough
- Strong ESG integration & stewardship is a pre-requisite.
  - Link with investment strategy is a differentiator (“sustainability”)
- Innovations are expected on climate and on impact issues

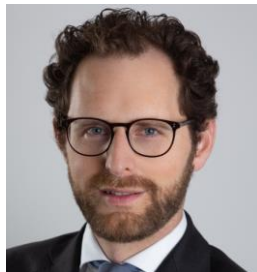
*Stronger competition on ESG*





## How to spot genuine ESG integration? An investor's views

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