

Press Release

Robeco's climate survey shows continued net-zero commitments, biodiversity becoming a major concern, and challenges from energy markets and political pressure

Rotterdam, 21 March 2023 – For the third year in a row Robeco has published its annual Climate Survey, an in-depth study on how investors are approaching the opportunities and risks associated with climate change. The survey covers 300 of the world's largest institutional and wholesale investors in Europe, North America, Asia-Pacific and South Africa, representing a total of around USD 27.4 trillion in assets under management.

Carried out by CoreData Research, Robeco's 2023 Global Climate Survey shows that this year slightly more investors have made, or are in the process of making, a public commitment to net zero by 2050 compared to last year (48% vs. 45%). They are now doing the hard work of implementation, thereby reshaping portfolios. The survey shows a lot of progress on materiality assessment with a majority of investors (55%) assessing the impact of their portfolios on carbon emissions. Scope 3 emissions, or indirect emissions such as business travel and waste disposal, remain a challenge, however, with only 20% of investors measuring these. Also, only 27% have obtained a forward-looking view of investee companies' emissions pathways, which is critical to investment opportunities, engagement and divestment decisions. The survey indicates a significant take-up of climate change scenarios with 25% of investors having either already integrated these into capital market assumptions or are likely to do so in the next 12 months. Furthermore, 29% have adopted or will adopt climate-tilted benchmarks over the next year.

This year's Climate Survey also reveals that the energy crisis has reinforced the importance of backing renewables for over half (51%) of investors, yet only 30% have accelerated their portfolio decarbonization efforts in the light of recent events. Nearly half of investors (47%) have reviewed some of their ESG approaches to avoid short-term underperformance, including unwillingness to miss out on strong returns in the oil and gas sector. In fact, 38% of investors in Europe have been allowing higher allocations to oil and gas companies in the short term, rising to 48% in North America and 59% in APAC. In the process of moving to a low-carbon economy, a just transition - or addressing the social implications of the energy shift - is also becoming more important to investors. 68% say it will be a significant factor to their investment policy in the next two years, however only 41% have the knowledge to support this.

One of the key findings of this year's climate survey is biodiversity becoming a majority concern and moving towards parity with climate change. Nearly half (48%) of investors say it is important or central to their investment policy and this is projected to increase to 66% over the next two years. Equities, green bonds and private markets are the leading asset classes for biodiversity integration, however the biggest barriers to implementation are a lack of suitable data and ratings (53%) and insufficient internal expertise (41%). Only 25% of investors are currently using funds specifically targeting biodiversity goals, but there has been a big jump in demand for impact funds (60%) and thematic funds (57%) compared to 2022.

A final notable outcome of the 2023 Climate Survey is the intensified political pressure investors face, highlighting an important regional divergence. As the anti-ESG movement in the US picks up, 47% of investors in North America are concerned about rising political and legal resistance to their sustainable investment plans versus only 30% in Europe. A

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majority of European (63%) and APAC (57%) investors, on the other hand, are more concerned about political pressure for failing to act on ESG and climate compared to a minority in North America (40%) that feels the same.

Lucian Peppelenbos, Climate & Biodiversity Strategist at Robeco: *"Sustainability and the climate are the most discussed topics with our clients. The Climate Survey shows that investors are progressing in implementing their commitments to net zero and stepping up on biodiversity, while at the same time navigating challenging energy markets and political pressures. While a lack of knowledge and data can still create barriers for implementation, we need to act now because as investors we have the means to put money to work where it can make a difference. At Robeco, we see it as our duty to share our expertise with others and we hope that this research will further stimulate the investment industry to help tackle climate change and loss of nature and to work on decarbonization".*

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About Robeco

Robeco is a pure-play international asset manager founded in 1929 with headquarters in Rotterdam, the Netherlands, and 16 offices worldwide. A global leader in sustainable investing since 1995, its integration of sustainable as well as fundamental and quantitative research enables the company to offer institutional and private investors an extensive selection of active investment strategies, for a broad range of asset classes. As at 31 December 2022, Robeco had EUR 171 billion in assets under management, of which EUR 168 billion is committed to ESG integration. Robeco is a subsidiary of ORIX Corporation Europe N.V. More information is available at www.robeco.com.