

News Release

The Schroders Global Investor Study 2016:

Millennials put greater importance on ESG factors

28 November 2016

The **Schroders Global Investor Study 2016**, which surveyed 20,000 end investors in 28 countries, found that millennials (aged 18-35) are more likely to place greater importance on Environmental, Social and Governance (ESG) factors than older investors (aged 36+). The survey found that the millennial generation ranked ESG factors as equally important as investment outcomes when considering investments decisions. The study also highlighted that global investors would hold ESG investments for an average of 2.1 years longer than their usual investments.

Millennials demand for ESG

ESG factors such as corporate governance, social responsibility and environmental impact issues, such as world poverty and climate change, were all significantly more important to millennials than to the older generations in their investment decision. Opinions between these two age groups differed the most on world-based social outcomes, like poverty and climate change, with millennials rating these highly (7.2/10) compared to older investor groups (6.4/10), on average. The study also concluded that millennials were more likely to actively pull funds from companies with poor ESG records, companies associated with weapons manufacturing/dealing or linked to repressive regimes would be the primary causes of this.

Most groups of investors are looking for good corporate governance, with the issue topping their list of ESG concerns. However, millennials again appeared to show more concern rating it an average of 7.4/10 compared to older investors rating it 7.0/10.

ESG an alternative to short-termism

The study found that global investors would stay invested in ESG investments longer than usual, with 82% indicating they would do this. Over a third (38%) said they would stay invested in companies with positive ESG philosophies for at least two years longer than they would stay invested in their usual investments.

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The value of ESG

On average, global investors rated ESG issues as less important when making an investment decision, than tangible, long-term growth, which they rated 7.8/10. However, global investors still rated positive ESG factors highly at 6.9/10 on average, indicating a high degree of importance placed on both issues. Many experts would argue the two considerations are inseparable.

Jessica Ground, Global Head of Responsible Investing at Schroders, said:

“The interest in ESG and corporate governance issues for investors only looks set to grow given its prevalence amongst millennials. While returns are still the most important issue, ESG’s importance to end investors means that these factors are too big for any advisor to ignore. At Schroders we have long viewed ESG factors as contributing to investment outcomes and returns. We have been integrating analysis of them in our active fund management processes for almost 20 years. It is important to continue to educate investors on the value and added return ESG can provide.”

“While many policymakers are concerned about the rise of short-termism in markets, encouragingly, those surveyed said they would stay invested in ESG philosophies longer than they would in other investments. It is important that investors recognise the value of being invested for the long term and this is especially relevant when considering ESG factors.”

For more information on the study results please visit www.schroders.com/gis

To discuss the findings of the study in more detail with Jessica Ground, Global Head of Responsible Investing, please contact a member of the Schroders PR team.

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About the Schroders Global Investor Study 2016

Schroders commissioned Research Plus Ltd to conduct, between 30 March and 25 April 2016, an independent online study of 20,000 investors in 28 countries around the world. 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 five years. These individuals represent the views of investors in each country included in the study.

Schroders plc

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