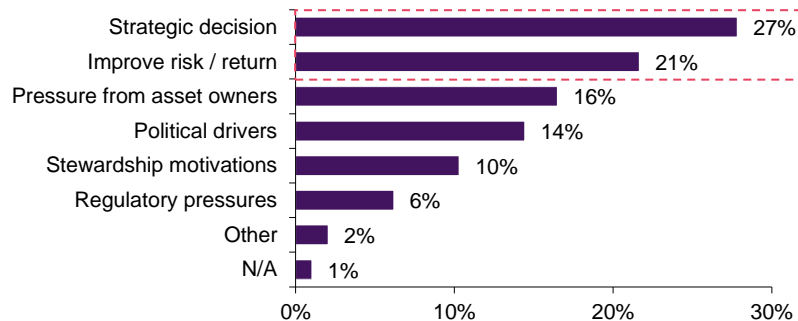


NatWest Markets ESG Global Investor Survey 2019

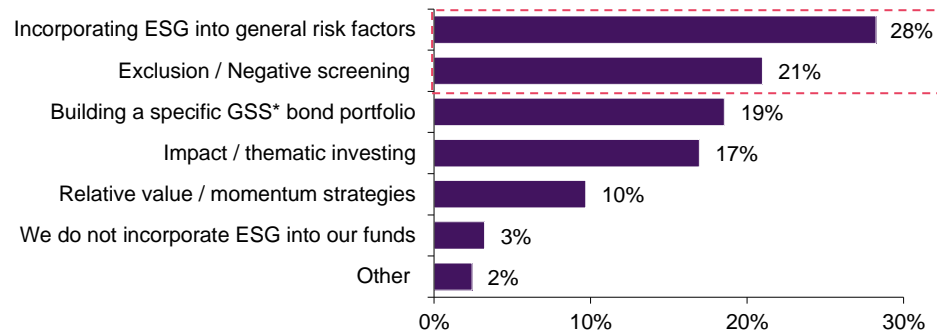
Responses from 50+ investors with over USD16tn in AuM

- **Adoption of Sustainable Investment ('SI') strategies viewed as a commercial decision:** strategic and financial considerations top motivations
- **ESG integration remains the most popular SI strategy,** followed by negative screening/exclusion
- Despite the rise of ESG, **application of ESG analysis varies both across and within firms** (i.e., by fund/mandate, asset class)
- **PMs primarily responsible for incorporating ESG considerations** in their investment analysis, often **supported by dedicated ESG teams**

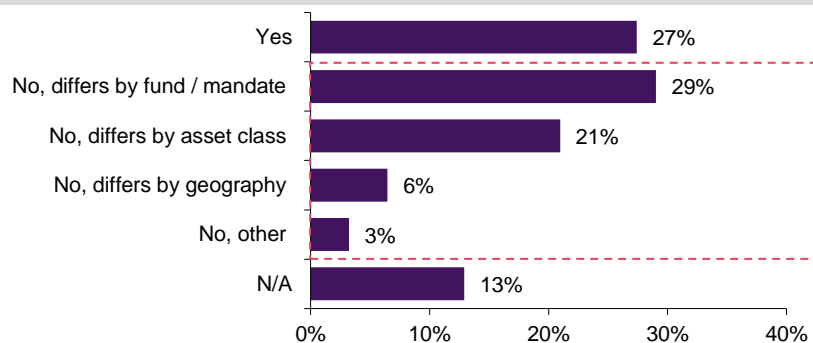
What have been the two main motivations to incorporate sustainability strategies?



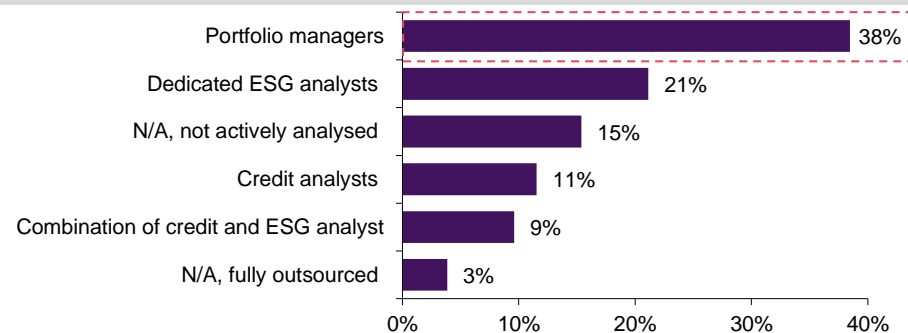
How does your organisation incorporate sustainability into its overall investment strategy ?



Is your organisation's ESG strategy consistently applied across investments ?



Who in your organisation is primarily responsible for ESG analysis?



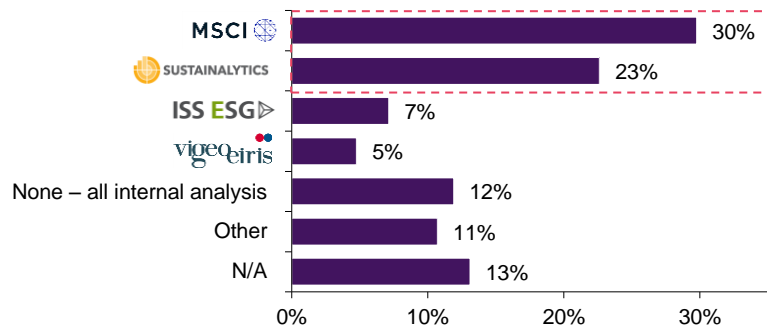
*Note: GSS abbreviation for Green, Social and Sustainable
Source: NatWest Markets Global ESG Investor Survey 2019

ESG Tools for Analysis and Respective Challenges

A balance between external ESG ratings and developing internal ESG ratings

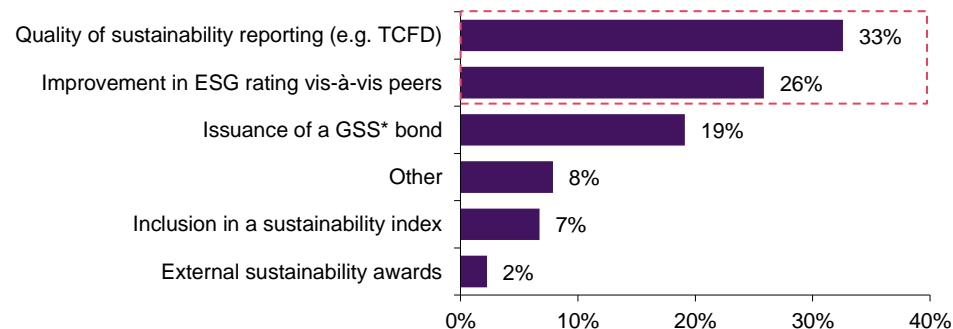
- **MSCI remains the ‘incumbent’ ESG agency for credit investors, followed by Sustainalytics. ESG ratings/data impact 50% of investment decisions**
- **ESG data quality remains a key challenge/focus for investors; improvement in disclosure and ESG ratings viewed favourably**
- Although <10% are actively aligning metrics to the proposed EU Taxonomy, c. 70% are monitoring developments and 11% plan to align within the next 12 months
- **Quality of an issuer’s sustainability reporting** (including alignment with TCFD) acknowledged as valuable by investors

Which sustainability agencies support you in assessing an issuer's ESG profile?



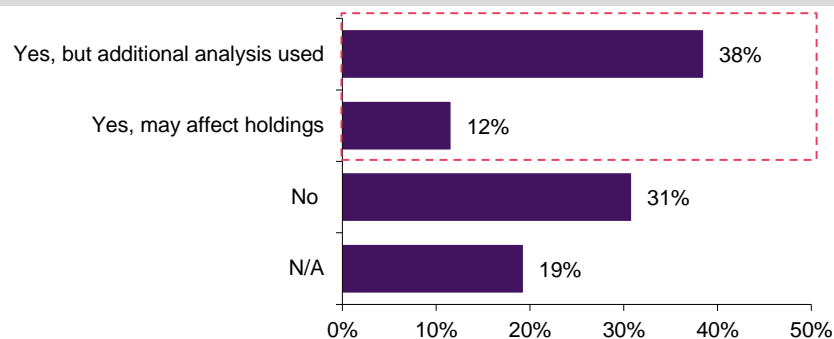
Other: GBI; RepRisk; TruValue Labs; Verisk Maplecroft; Bloomberg; Reuters, Dow Jones Sustainability.

Which two actions best underscore an issuer's commitment to sustainability?

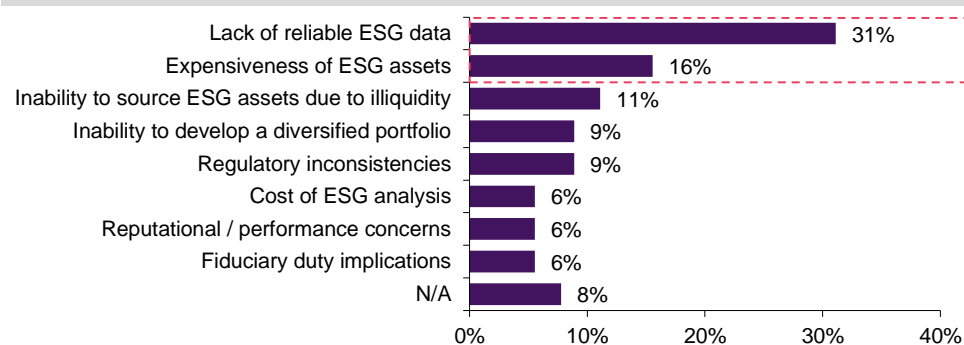


Other: External verification/assurance; integrating sustainability into corporate strategy; face-to-face engagement.

Do ESG ratings/data from one of the providers impact your investment decisions?



What are your two main barriers to ESG investing?



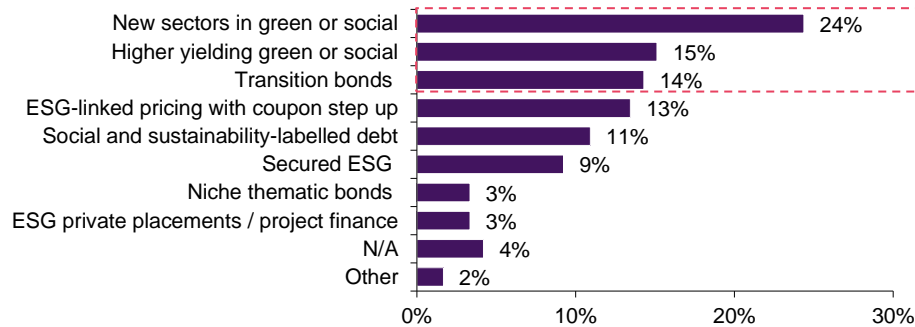
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Source: NatWest Markets Global ESG Investor Survey 2019

Position towards Green, Social and Sustainable (GSS) bonds

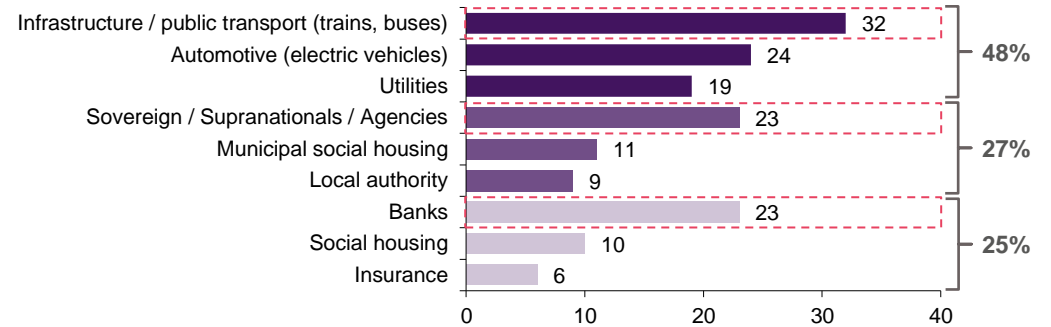
Demand for new and higher yielding GSS issuance

- Investors want a greater breadth of GSS issuers (i.e., new sectors, transition focus) and higher yielding GSS products (e.g. green hybrid, T2, AT1)
- Independent review and internal analysis used to assess GSS frameworks – external ESG ratings (issue & issuer) and CBI certification also credible
- Investors were almost evenly split in their preference for corporate supply (48%) vs. Sovereign / Gov't Agency (27%) and FIs (25%) combined
- Investors were split on the trading delta: 35% would expect zero premium; 33% expect outperformance (25% at 0-5 bps and 8% at 5-10bps)

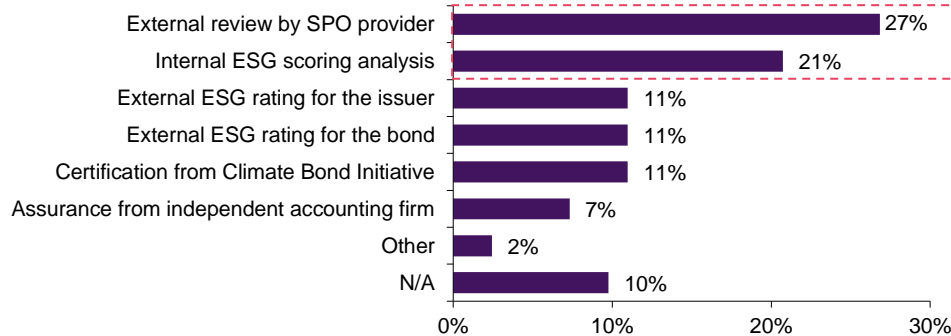
Select up to three types of GSS* debt issuance would you most like to see



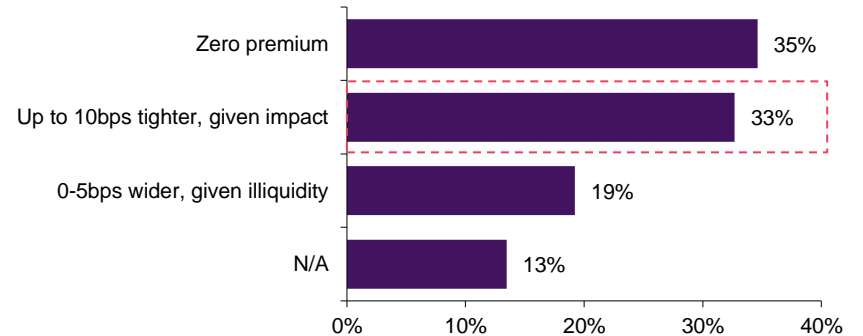
Select up to four sectors from which you would like to see more GSS* bond supply



Which two factors are most important when assessing the robustness of GSS* frameworks?



Noting the scarcity of GSS* "Use of Proceeds" bonds, should these instruments trade at a premium/discount?



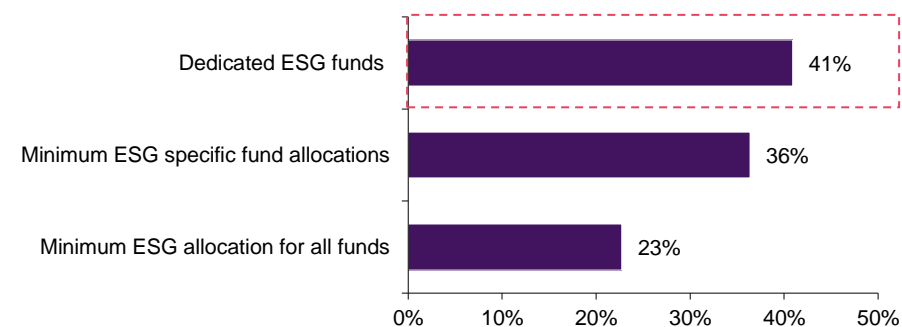
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Overview of Institutional Investor Participants

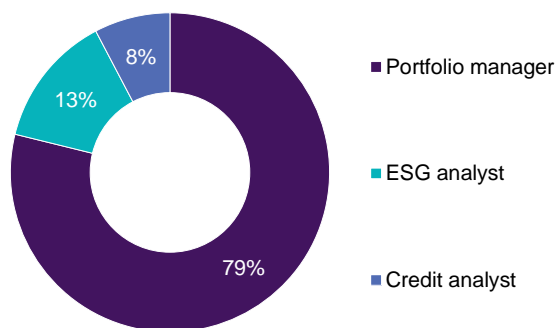
Responses from 50+ investors with over USD16tn in AuM

- The survey was completed by leading **ESG focused** investors globally – with **over 40% having dedicated ESG funds**
- **Majority of investor participants were from the UK**; however, the survey attracted broad geographic mix (**10% from North America and 9% from Asia**)
- Primary respondents were **portfolio managers** in line with the decision takers concerning sustainable investments
- Survey covered a **range of asset classes** from money markets to credit, as well as rates; **56% focused on IG credit** (corporates and financials) and **33% invested in rates** (governments, supranational and covered bond)

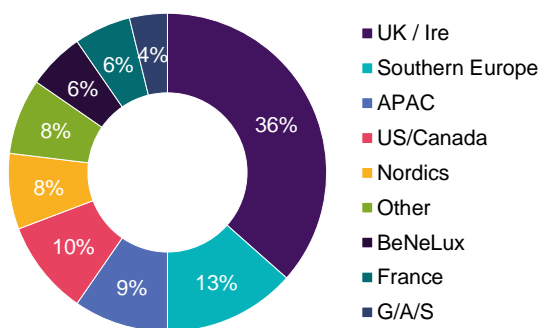
How does your organisation manage its ESG Strategies?



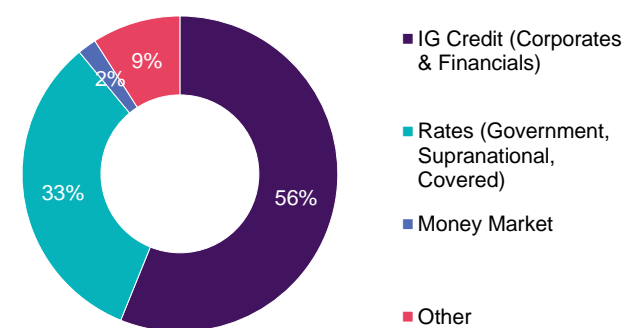
Investor breakdown by type



Investor breakdown by geography



Fixed Income class of primary focus



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