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## About half of investors globally say lack of robust data biggest barrier to ESG adoption

- Overcoming lack of consistency in ESG scores is a challenge when incorporating ESG data, ratings and research into the investment decision-making process
- Accessing information and data is a stumbling block when implementing ESG investment

LONDON, U.K. – About half of institutional and wholesale investors globally say that a lack of robust data is holding back their organizations' further adoption of ESG, according to a new global study by Capital Group, one of the largest and most experienced investment companies in the world.

[Capital Group's ESG Global Study 2021](#) surveyed 1,040 global institutional and wholesale investors, including pension funds, family offices and insurance companies, as well as funds of funds, retail/private banks and financial advisors, located across 16 different countries. The study seeks to identify the key drivers behind how these professional investors are integrating ESG into their operating models and where the challenges lie.

The global study found three-quarters (75%) of those surveyed use active investment decisions to ensure ESG factors are integrated into their funds and two-thirds of global investors (67%) said integration is the preferred ESG implementation strategy. Thinking about how asset managers can most effectively engage investee companies on ESG, nearly half of those surveyed pointed to exercising voting rights and monitoring and reporting to assess outcomes (both 45%) as key engagement tools. Slightly more (46%) cited the importance of having regular meetings with senior executives at investee companies.

More than half of respondents globally (53%) said lack of consistency in ESG scores from ratings firms is a stumbling block when incorporating research data into their investment decision-making process. More than a quarter (27%) ranked difficulties accessing the information they need as the leading challenge they face.

Jessica Ground, Capital Group's Global Head of ESG, explains: "ESG is an increasing area of focus for institutional and wholesale investors globally. While investors appreciate the importance of ESG integration – and qualitative analysis and engagement by active fund managers – they also report that the lack of robust and consistent data is the main challenge when investing in ESG. It's understandable that as ESG becomes more important to these investors, the desire to be rigorous in their assessment of ESG grows."

When asked what would enhance their organizations' focus on sustainable investing, nearly half of investors (49%) highlighted the need for greater transparency and consistency in fund reporting frameworks. Looking at how these challenges can be overcome, about four in 10 investors globally (43%) said consistent reporting is the top driver for better ESG analysis and implementation. This is closely followed by greater cross-industry analysis of ESG factors in portfolios, and automated analysis tools such as artificial intelligence, which would be welcomed by more than a third of investors (37% and 34%, respectively).

## About Capital Group

Capital International Asset Management (Canada), Inc. is part of Capital Group, a global investment management firm originating in Los Angeles, California. Since 1931, the Capital Group organization has been singularly focused on delivering superior results for long-term investors using high-conviction portfolios, rigorous research, and individual accountability. As of June 30, 2021, Capital Group manages more than US\$2.6 trillion in equity and fixed income assets for millions of individual and institutional investors around the world.

Capital Group manages equity assets through three investment groups. These groups make investment and proxy voting decisions independently. Fixed income investment professionals provide fixed income research and investment management across the Capital organization; however, for securities with equity characteristics, they act solely on behalf of one of the three equity investment groups.

For more information, visit: [www.capitalgroup.com/ca/en](http://www.capitalgroup.com/ca/en)

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Capital Group's ESG Global Study 2021 gathered the views of 1,040 global investors on ESG investing. The independent study was conducted by CoreData Research during June 2021.

The sample includes 520 global institutional investors (pension funds, family offices, insurance companies, sovereign wealth funds, endowments and foundations) and 520 global wholesale investors (funds of funds, discretionary fund managers, private banks, wirehouse broker/dealers, registered investment advisors, independent advisory, investment division of insurance).

These investors are located in Europe (52%), Asia-Pacific excluding China (29%), and North America (19%).

The sample also includes ESG users/adopters (84%) and ESG non-users/non-adopters (16%).

Data as of June 30, 2021. Source: Capital Group. All references to Capital Group refer to the global organization.

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