ESG

CAPITAL GROUP®

Resilience and refinement in a changing world

ESG Global Study – Fifth edition (2025)

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Contents

Executive summary: 4 key takeaways

This is the fifth edition of our ESG[1] Global Study, which surveys investors' views on the role of ESG in the investment process, drivers behind evolving approaches to ESG, and other ESG-related topics. This year's results show that, while global ESG adoption has edged lower from the record-high level in 2023 and 2024, numbers remain robust. The modest downshift reflects varying degrees of concern over policy, regulatory changes and economic uncertainty, among other risks. ESG adoption stands at or above 90% in Europe, the Middle East and Africa (EMEA) and Asia-Pacific (APAC), and at 71% in North America. We also learn how investors are refining and developing their approach to ESG, which sustainable investment themes they view as most attractive and how views on ESG-related risks from the rapid development of artificial intelligence (AI) are evolving.

Here are our **four key takeaways** from this year's ESG Global Study:

1 **ESG shows resilience amid macroeconomic and geopolitical uncertainties, though regional attitudes vary.** Our study shows that, globally, ESG adoption stands at 87%, down slightly from the all-time high of 90% in 2023 and 2024. Geopolitical risk, global economic growth uncertainty and regulatory or policy changes are seen as the top three challenges for ESG. Over 90% of the respondents that adopt ESG have either maintained or increased their allocation to strategies with ESG or sustainable investment criteria over the past 12 months, and a similar proportion plans to maintain or increase such allocations over the next 12 months.

2 **Investors refine approach to asset classes and strategies.** ESG issues remain most widely incorporated into equities, though the shares of investors implementing an ESG approach in fixed income and in private markets have each reached record highs. The focus on transitioner companies is increasing.[2] Investors see that multi-thematic strategies offer various advantages over single-thematic ones, including diversification and adaptability to changing market conditions. Perhaps as an outcome of investors' focus on geopolitical risks, defense-exclusion policies in strategies with ESG or sustainable investment criteria are up for debate.

3 **Energy transition, water and health are favored investment themes.** Six in 10 investors have strong conviction in the investment opportunities related to the energy transition. And more than half have strong conviction in water and health as durable investment themes. Within the energy transition theme, energy efficiency and energy infrastructure are preferred over renewable power generation, possibly reflecting concerns over decreasing expected return and uncertain policy in renewables. Meanwhile, the rise of AI has drawn attention to the technology's water-intensive nature, and this is one of the key issues driving up levels of conviction in water as an investment theme.

4 **AI's environmental impact comes into sharper focus.** This year investors are more concerned about the environmental risks associated with AI compared to last year, when social issues featured prominently on the list of top AI-related ESG risks. Among challenges related to the rise of AI, nearly three-quarters of the respondents consider energy consumption or increased greenhouse gas emissions to be the most material ESG risk for their investments over the next 2 to 3 years, though more than half of them also see potential for AI to accelerate the innovation necessary for energy transition. There is also a significant increase in the number of investors concerned about AI's water consumption compared to last year.

[1]ESG is the acronym for environmental, social and governance.
[2]Transitioner companies are companies that are shifting their business models to becoming more sustainable in the future.

Methodology/ Sample breakdown

Methodology

The Capital Group ESG Global Study 2025 was commissioned for a fifth year to gather the views of 1,130 global investors on the role of ESG in the investment process, drivers behind their evolving approaches to ESG, and their views on various ESG-related topics via an online survey conducted by CoreData Research from May to July in 2025.

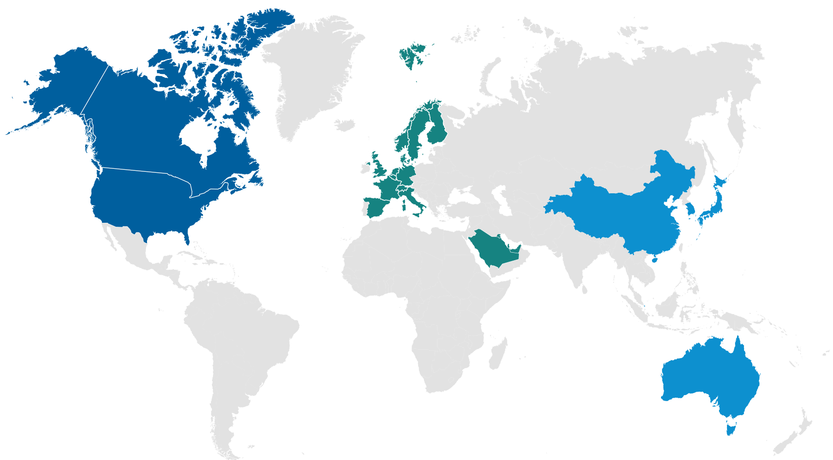
The sample includes 565 institutional investors (pension funds, single family offices, insurance companies, sovereign wealth funds, endowments, foundations) and 565 intermediaries (fund of funds, discretionary fund managers, private banks, wirehouse broker/dealers, wealth managers and financial advisors).

These investors were based in 25 countries and regions from EMEA (50%), APAC (32%) and North America (18%).

Sample breakdown

1,130 global investors

25 countries/regions



North America

18%

12%	U.S.
5%	Canada

APAC

32%

5%	Australia
5%	China[§]
5%	Hong Kong
5%	Japan
5%	Singapore
5%	South Korea

EMEA

50%

8%	Benelux[*]
5%	France
5%	Germany
5%	Italy
5%	Middle East[†]
5%	Nordics[‡]
5%	Spain
5%	Switzerland
5%	U.K.

[§]Excluding Hong Kong
[*]Belgium, Netherlands and Luxembourg
[†]Kuwait, Qatar, Saudi Arabia and UAE
[‡]Norway, Denmark, Finland and Sweden

Totals may not reconcile due to rounding.

Sample breakdown (continued)

		2025
Institutional	Pension fund	35%
	Insurance company	33%
	Single family office	10%
	Investment consulting firm (Institutional)	9%
	Endowment	5%
	Foundation	4%
	Sovereign wealth fund	3%
Intermediaries	Wealth management firm/Financial advice firm	38%
	Private bank	25%
	DFM*/Turnkey asset management provider	11%
	Fund of funds	11%
	Registered investment advisor (RIA)	9%
	Wirehouse broker/Dealer	6%

*Discretionary fund manager

Totals may not reconcile due to rounding.

		2025
Institutional	Portfolio manager/Investment manager	27%
	Investment director (or equivalent)	20%
	Chief investment officer	19%
	Investment strategist	8%
	Senior investment analyst	6%
	Head of manager selection/Fund selection	5%
	Investment consultant	4%
	Chair/member of an investment board/committee	4%
	Head of asset allocation	4%
Intermediaries	Investment team member (portfolio manager, fund analyst, fund selector, model portfolio manager, etc.)	49%
	Director/Head of asset class (equities, fixed income, alternatives etc.)	29%
	Chief investment officer	18%
	Other	4%
Assets under management (AUM)	Less than $1 billion	15%
	$1 billion to less than $5 billion	16%
	$5 billion to less than $10 billion	11%
	$10 billion to less than $50 billion	25%
	$50 billion to less than $100 billion	12%
	$100 billion to less than $250 billion	10%
	$250 billion to less than $500 billion	5%
	$500 billion to less than $1 trillion	3%
	$1 trillion or more	2%

*Discretionary fund manager

Totals may not reconcile due to rounding. The $ sign refers to U.S. dollar.

CHAPTER 1

ESG shows resilience amid macroeconomic and geopolitical uncertainties, though regional attitudes vary

ESG adoption edges lower globally but holds near record-high level

This year's study finds that most investors remain committed to considering ESG issues in the investment process despite heightened macroeconomic and geopolitical headwinds, though the commitment is higher in some regions.

With particularly strong representation from Europe and Asia, our survey shows that the ESG adoption rate stands at 87%, slightly lower than the all-time high of 90% in surveys in the last two years. ESG adoption includes a variety of approaches, including ESG integration, positive or negative screening, as well as intentional allocation to strategies with an ESG or sustainable investment criteria. Managing financially material ESG risks and identifying investment opportunities are listed among the top drivers for ESG adoption.

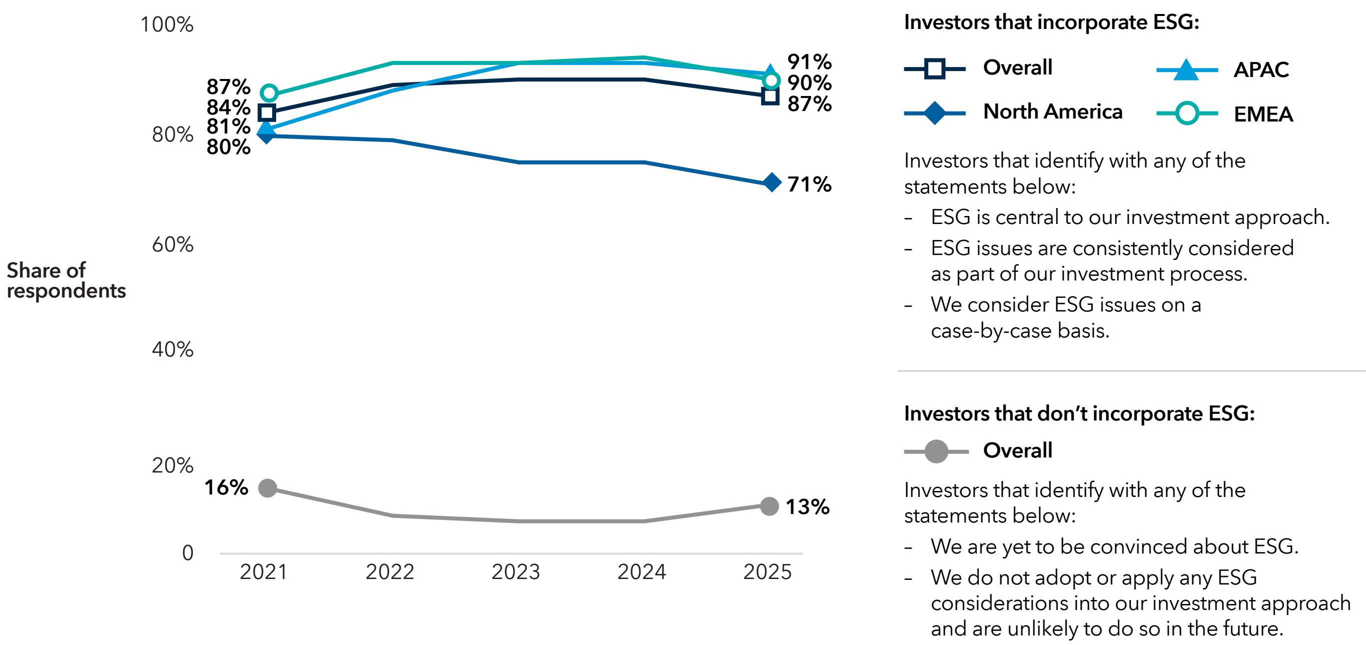
"Sustainability is integral to our mandate. We integrate sustainability factors that will affect the long-term prospects of companies, and we also embed sustainability considerations in a way that will safeguard the reputation of our firm and the clients for whom we manage money," says a portfolio manager at an APAC sovereign wealth fund. "I would say that fiduciary duty is probably the most important driver of our ESG approach."

ESG adoption rates in EMEA and APAC each still stand at or above 90%, while the share of North America respondents adopting ESG is at the lowest level since the survey started in 2021 (71%).

"The political environment has changed significantly in the U.S., and you're going to see even more scrutiny of ESG and sustainable investment practices from the current administration," says a senior investment officer at a U.S. public pension fund. "So I think a lot of funds will look to stay out of the limelight."

> ***"I would say that fiduciary duty is probably the most important driver of our ESG approach,"*** *says a portfolio manager at an APAC sovereign wealth fund.*

Proportion of firms considering ESG issues within their investment approach



Note: The graphic is a summary of answers to the question "Which of the following statements best describes your organization's overall approach to ESG?"

Geopolitical risk remains the strongest headwind over next 12 to 24 months, followed by global growth outlook

Amid rising global tensions, more investors this year than last year identify geopolitical risk as the top challenge to allocate to strategies with ESG or sustainable investment criteria over the next 12 to 24 months (81% vs. 73% in 2024). Global economic growth outlook follows, identified by 67% of respondents as net headwind. Respondents are less concerned about inflation and interest rate outlooks than in last year's study.

Regulatory or policy changes have flipped from net tailwind in last year's survey to net headwind, and appear particularly challenging in North America. Eighty percent of respondents in the region identify it as net headwind, compared with below 60% in APAC and EMEA.

Measures to tackle greenwashing[3] are viewed as net tailwind this year, after being seen as net headwind last year, though some investors are concerned about unintended consequences of such measures.

The chief investment officer of an Italian wealth manager says the European Securities and Markets Authority's (ESMA) guidelines on fund names have created some complications: "ESMA's rules have added to the confusion, because you never know exactly what they mean with ESG or other terms. But it hasn't changed our allocations. It just requires more work on our part to understand what's in a vehicle or fund."

Headwinds to allocations to ESG or sustainable strategies[4] over next 12 to 24 months

		Share of respondents
Geopolitical outlook	2025	81%
	2024	73%
Global economic growth outlook	2025	67%
	2024	55%
Regulatory or policy changes	2025	62%
	2024	43%
Inflation outlook	2025	57%
	2024	68%
Energy market outlook	2025	52%
	2024	60%
Interest rate outlook	2025	49%
	2024	65%
Measures being implemented to tackle greenwashing	2025	41%
	2024	52%

Note: The graphic shows the share of respondents choosing each option as an area that presents net headwind to allocating to strategies with ESG or sustainable investment criteria over the next 12 to 24 months.

[3] Interpretations of what constitutes greenwashing can vary, but broadly the term relates to giving a misleading impression on the ESG or sustainability characteristics of a product, activity or organization.

[4] "ESG or sustainable strategies" are strategies with ESG or sustainable investment criteria.

A majority of investors maintain or increase allocations to ESG or sustainable strategies

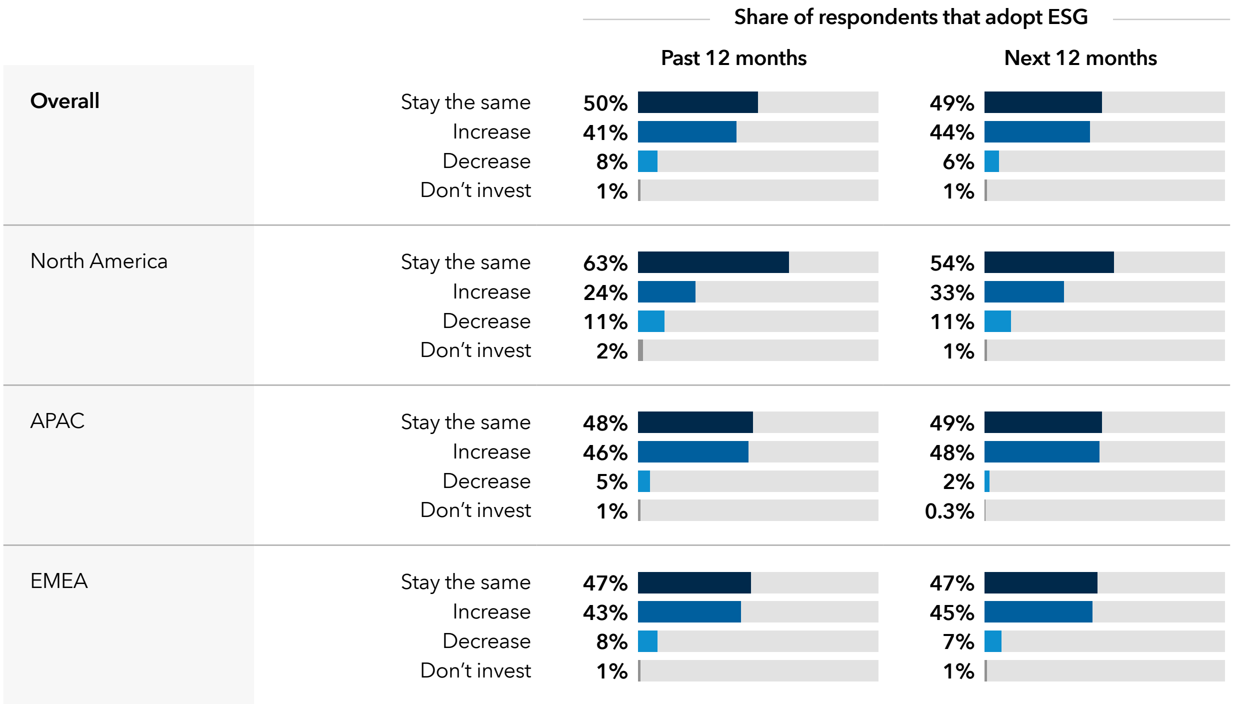
Globally, over 90% of the respondents that adopt ESG report to have maintained or increased allocations to strategies with ESG or sustainable investment criteria over the past 12 months. Looking forward, a similar share of respondents that adopt ESG plan to maintain or increase such allocations over the next 12 months.

Compared to 2024, fewer respondents this year have increased such allocations over the past 12 months (41% vs. 50% in 2024). North America shows the sharpest decline (24% vs. 41% in 2024.)

"We haven't really changed our allocations because of the uncertainty," says the chief investment officer of the Italian wealth manager. "So, for the moment, I would say it's probably more a wait-and-see situation."

Over the next 12 months, slightly more respondents plan to maintain than to make additional allocations (49% vs. 44%). North America has the smallest share of investors that plan to increase such allocations (33%), compared to 48% in APAC and 45% in EMEA.

Past and planned allocations to strategies with ESG or sustainable investment criteria



Note: The graphic shows the share of respondents who, having indicated that they adopt ESG, chose different answer options in response to questions on how their allocations to strategies with ESG or sustainable investment criteria have changed over the last 12 months and how they expect such allocations to change over the next 12 months.

CHAPTER 2

Investors refine approach to asset classes and strategies

ESG implementation reaches new highs in fixed income and private markets

> ***"We actually set a higher bar to make sure our private market assets have strong ESG credentials,"*** *says an investment director at an Australian super fund.*

The share of investors implementing an ESG approach in fixed income has risen from 64% in 2024 to 70%, the highest level since our study launched in 2021. Corporate bonds are the most popular sub-asset class within fixed income (61%).

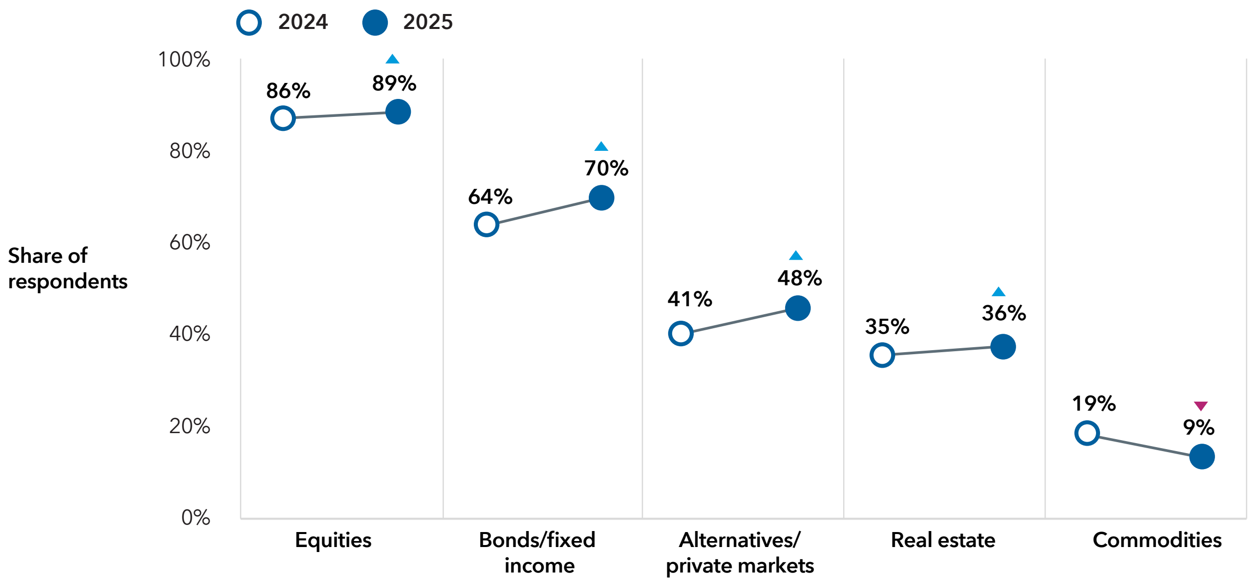
"We had relatively limited ability to assess ESG issues when we first started doing work in credit around five years ago. Now it's become more of an element in rating … and the improved disclosure landscape is definitely helping," said an investment director at a UK insurer.

Sovereign bonds remain an emerging area for implementing ESG approaches. For sovereign bonds, governance is seen as the most significant of the E, S and G pillars. However, more than half of sovereign investors look for climate issues – including carbon emissions intensity and climate change mitigation and adaptation efforts – in frameworks evaluating material sovereign investment risks and opportunities.

Respondents are also increasingly implementing ESG approaches in private markets, with just under half (48%) doing so this year – the highest level since our study launched in 2021. While transparency is a main challenge in private markets, some investors believe that ESG can enhance decision-making in these investments.

"With private markets your capital might be tied up for years, so issues like stranded asset risk are more prominent. So we actually set a higher bar to make sure our private market assets have strong ESG credentials," says an investment director at an Australian super fund.[5]

Asset classes in which investors have implemented an ESG approach



Note: The graphic shows the share of respondents choosing each asset class where they have implemented ESG. Multiple answers were allowed.

[5]"Super" stands for "superannuation." "Super funds" are Australian pension funds.

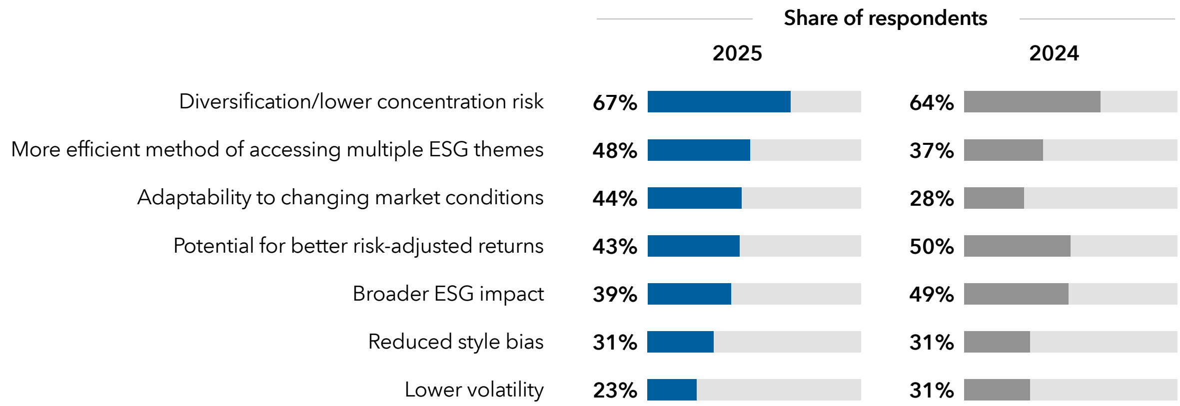
Multi-thematic ESG strategies seen to offer various advantages over single-thematic ones

Compared with 2024, more respondents this year point to the benefits of diversification, adaptability to changing market conditions and efficiency in accessing multiple ESG themes in multi-thematic strategies over single-thematic strategies.

"We as a bank always recommend being well-diversified over different industries using the multi-thematic approach," says a portfolio manager at a German bank. "[We believe that] multi-thematic funds provide a more stable portfolio with less volatility."

Investor allocations to multi-thematic and single-thematic strategies look to be largely evenly split over the next 2 to 3 years, although a third of investors indicate a plan to increase allocations to multi-thematic ESG strategies compared to a quarter looking to raise allocations to single-thematic strategies.

Perceived main advantages of multi-thematic strategies over single-thematic strategies



Note: The graphic shows the combined share of respondents who rank each option as one of the top three choices when answering the question "You have said you plan to increase or maintain allocations to multi-thematic strategies with ESG or sustainable investment criteria. What do you see as the main advantages of multi-thematic strategies versus single-thematic strategies?"

Investors highlight the importance of transitioners

A majority of respondents say they are increasingly focusing on transitioner companies through strategies with ESG or sustainable investment criteria. And 58% of respondents agree that investing in transitioner companies with credible transition plans can be a source of outperformance over the long term.

"There can be a lot of value in investing in transitioners, so it's something we are quite exposed to," says the portfolio manager at the previously mentioned APAC sovereign wealth fund. "But we need to see a clear path outlined by the management with very solid checkpoints that they're going to hit in 5 and 10 years during the transition."

Nearly three-quarters of respondents think fundamental research is critical to finding companies with credible transition plans, as inconsistent frameworks and lack of company data disclosure are identified as top challenges to investing in transitioner companies.

Views on investing in transitioner companies

		Share of respondents
Fundamental research is critical to identifying companies with credible transition plans, as standard ESG disclosures cannot provide the full picture.	Agree	74%
	Neither agree nor disagree	19%
	Disagree	8%
It will not be possible to achieve the goals of the UN SDGs if transitioner companies are excluded from investors' portfolios.	Agree	63%
	Neither agree nor disagree	27%
	Disagree	10%
Investing in transitioner companies that have credible transition plans can be a source of outperformance over the long term.	Agree	58%
	Neither agree nor disagree	30%
	Disagree	13%
Transitioner companies are an increasingly important focus for my organization when investing in strategies with ESG or sustainable investment criteria.	Agree	56%
	Neither agree nor disagree	26%
	Disagree	18%
When my organization invests in strategies with ESG or sustainable investment criteria, transitioner companies are of equal or greater importance than 'aligned' companies.	Agree	42%
	Neither agree nor disagree	35%
	Disagree	23%

% Agree (Strongly agree + Somewhat agree)
% Disagree (Strongly disagree + Somewhat disagree)

Note: The graphic shows the share of respondents that agree, neither agree nor disagree, or disagree with the statements about investing in transitioner companies through strategies with ESG or sustainable investment criteria. UN SDGs stand for the United Nations Sustainable Development Goals.

Investors wait and see on defense in ESG or sustainable strategies

With rising geopolitical tensions, whether to include defense companies in strategies with ESG or sustainable investment criteria has become a contentious topic around the world. Nearly 80% of respondents have defense-exclusion policies in such strategies, and a majority of respondents have not changed their stance on defense exclusion. A quarter of respondents have shifted from excluding to supporting the inclusion of some defense companies. A similar proportion are considering changing their policy on excluding defense companies.

Attitudes toward defense also vary by region. In North America, 42% of respondents support the inclusion of all defense companies, much higher than in APAC (18%) and EMEA (16%). In APAC and EMEA, more than a quarter of respondents are considering making changes to their defense exclusion policies, compared to just 16% in North America.

Approach to defense companies in ESG or sustainable strategies

	Share of respondents		
	Overall	**Region**	
Change from some/all exclusion to some/more inclusion	25%	North America	15%
		APAC	28%
		EMEA	28%
No change – considering making changes to exclusion policy	24%	North America	16%
		APAC	26%
		EMEA	27%
No change – continue to support some/all exclusion	29%	North America	29%
		APAC	29%
		EMEA	29%
No change – supporting inclusion of all	21%	North America	42%
		APAC	18%
		EMEA	16%

Note: The graphic shows the share of respondents in each category in relation to their policy on including or excluding defense companies in strategies with ESG or sustainable investment criteria. The category "Change from some/all exclusion to some/more inclusion" includes the options "We previously excluded all defense-related companies/issuers, but now support the inclusion of some defense-related companies and issuers" and "We previously excluded some defense-related companies/issuers (e.g., controversial weapons or nuclear), but now support the inclusion of some additional defense-related companies and issuers." The category "No change – continue to support some/all exclusion" includes the options "We've made no changes and continue to support the exclusion of all defense-related companies/issuers" and "We've made no changes and continue to support the exclusion of some defense-related companies/issuers (e.g., for controversial weapons or nuclear)."

CHAPTER 3

Energy transition, water and health are favored investment themes

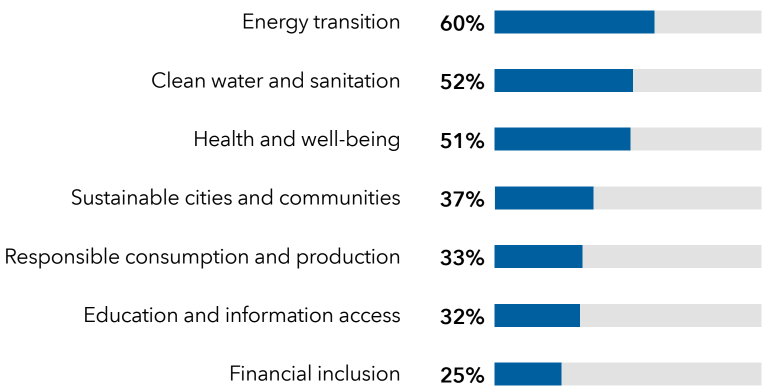
A majority say energy transition, water and health present attractive investment opportunities

Six in 10 respondents have strong conviction in investment opportunities related to energy transition. Clean water and sanitation, and health and well-being are also popular, viewed by more than half of the respondents as high-conviction themes.

EMEA (66%) and APAC (59%) investors are more attracted to opportunities linked to energy transition, while in North America the top choice is clean water and sanitation (49%), followed by energy transition (47%).

"Broadly speaking, we see energy transition and ways to lower power consumption as a really durable theme, and it's one that we continue to look at how best to invest in," says the head of equities at a U.S. foundation.

Share of respondents with strong conviction in the following themes



Top choice in each region:

EMEA
66% **Energy transition**

APAC
59% **Energy transition**

North America
49% **Clean water and sanitation**

Note: The graphic shows the share of respondents with strong conviction in each investment theme. Respondents are asked to rate their conviction in each theme on a scale of 0 to 10, with 0 representing no conviction and 10 representing the strongest conviction. Strong conviction includes scores 7 to 10.

"Broadly speaking, we see energy transition and ways to lower power consumption as a really durable theme," *says the head of equities at a U.S. foundation.*

Energy efficiency and energy infrastructure seen as most compelling within energy transition

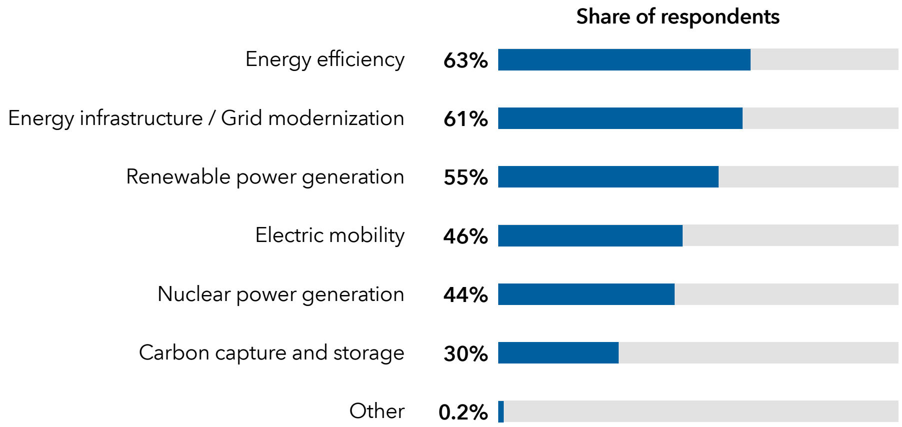
Within the energy-transition theme, respondents have strongest conviction in the long-term investment opportunities presented by energy efficiency (63%) and energy infrastructure or grid modernization (61%).

The massive blackout in Spain in April has highlighted the importance of modernizing the power grid. Three-quarters of North America respondents have strong conviction in energy infrastructure or grid modernization, the highest among three regions. They also have the highest conviction in nuclear power.

Survey respondents have less conviction in renewable power (55%), possibly reflecting concerns over decreasing expected return and uncertain policy.

"There's been a wall of capital going into renewable energy projects, particularly wind and solar. That's distorted the environment, so the expected return on new investments is now not high enough for them to be competitive," says the chief investment officer of an Australian super fund.

Levels of conviction in investment opportunities linked to energy transition



Note: The graphic shows the combined share of respondents that rank each option as one of their top three highest conviction opportunities within the energy transition theme.

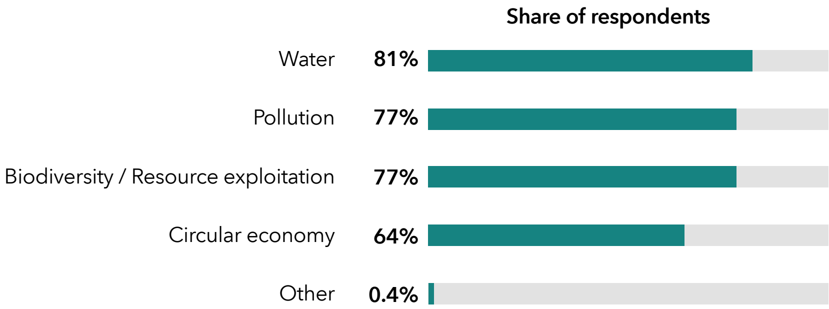
Rise of AI drives up levels of conviction in water

Respondents rank water as the top-conviction nature-related investment theme, followed by biodiversity. Rapid development of AI is likely helping to drive investor interest in water – with North America leading the pack. More than half of respondents in North America rank water with the highest conviction, compared to under 40% in APAC and EMEA, reflecting the fact that the U.S. has been on the forefront of the AI buildout.

Innovative liquid cooling for AI data centers, as well as other products and services that address water shortages and limit water consumption, appeal to investors seeking opportunities under this theme.

"In order for AI to grow the way that we believe it will grow, we need solutions to help minimize water consumption, so that's driving innovation in water-cooling technology for data centers," says the head of equities at the previously mentioned U.S. foundation.

Levels of conviction in long-term investment opportunities linked to nature



Note: The graphic shows the combined share of respondents that rank each option as one of the top three highest conviction opportunities within nature.

APAC investors place increasing focus on nature

APAC investors show a robust level of interest in nature, our survey shows. The region has the highest share of respondents that engage with asset managers on how they address nature (71%). In addition, more than two-thirds of APAC respondents have either invested or are looking to invest in thematic funds that specifically target addressing nature-related issues, such as biodiversity, deforestation and circular economy, among others, slightly higher than EMEA (67%) and much higher than North America (32%).

Among the three regions, EMEA has the highest share of respondents that include nature as a priority in responsible investment policy (63%), followed by APAC, where China-based respondents show the strongest interest (70%) in the region.

Approaches to incorporate nature in investment decision-making

	Share of respondents		
	Overall	**Region**	
Include nature as a priority in our responsible investment policy	56%	North America	**31%**
		APAC	**58%**
		EMEA	**63%**
Undertake a materiality assessment of nature-related issues across our portfolio holdings	57%	North America	**32%**
		APAC	**61%**
		EMEA	**63%**
Engage external asset managers on how they are addressing nature in their funds	61%	North America	**35%**
		APAC	**71%**
		EMEA	**63%**
Undertake engagement/active ownership with investee companies to encourage action on nature	56%	North America	**27%**
		APAC	**64%**
		EMEA	**61%**
Invest in funds/mandates that specifically target nature-related issues	61%	North America	**32%**
		APAC	**68%**
		EMEA	**67%**

Note: Each number is the combined share of respondents that choose "In the process of doing this" and "Already done this."

CHAPTER 4

AI’s environmental impact moves into sharper focus

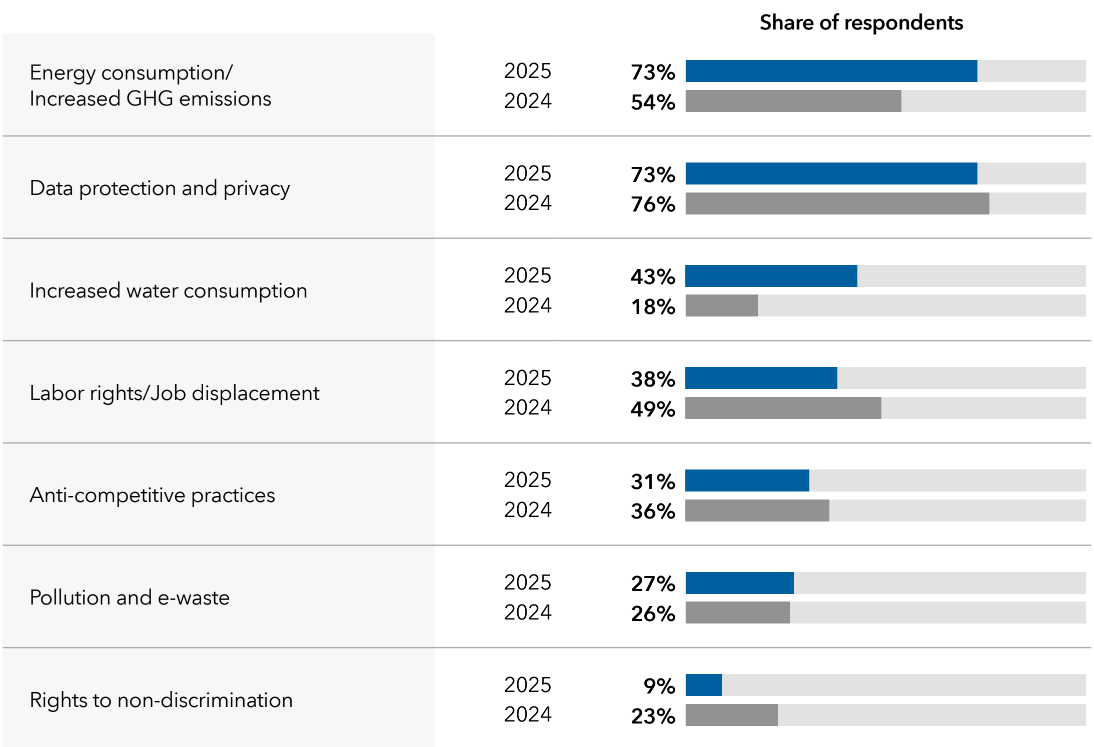
Energy and water consumption seen as top AI-related environmental risks

This year investors are more concerned about environmental risks associated with AI compared to last year, when social issues featured prominently on the list of top AI-related ESG risks. The share of respondents identifying energy consumption and increased greenhouse gas emissions as the most material ESG risks over the next 2 to 3 years jumped from 54% to 73%; and more than 40% see increased water consumption as the most material ESG risks this year, up from 18% last year.

“Water consumption is definitely an issue we’ve grown more nervous about, given already the challenges associated with water scarcity, both locally and globally,” says the investment director at a U.K. insurer. “You start to think about reputational risks and your ability to manage those over a long duration.”

Meanwhile, fewer investors are concerned about labor rights or job displacement, and about rights to non-discrimination, compared to last year. Data protection and privacy are still high on the list, identified by 73% of respondents as the most material ESG risk.

Most material AI-related ESG investment risks over 2 to 3 years



Note: The graphic shows the combined share of respondents choosing each option as one of their top three AI-related ESG risks over the next 2 to 3 years.

Investors see AI as both a threat and an opportunity for energy transition

While 58% of respondents believe that AI's energy-intensive nature is a significant threat to progress on energy transition, more than half are also hopeful that AI can help accelerate energy transition by fueling innovation in decarbonization solutions, which could contribute to attractive investment opportunities in transition solutions as early as the next 2 to 3 years.

North America respondents appear the least optimistic. This region has the highest share of respondents (62%) identifying AI's energy consumption as a threat and the lowest share of respondents (48%) believing that AI will help with energy transition. In comparison, 60% of investors in EMEA see the rise of AI as spurring innovation benefiting energy transition.

Views on the role of AI in energy transition

Statement	Response	Share of respondents
AI's energy-intensive nature is a significant threat to progress on energy transition.	Agree	58%
	Neither agree nor disagree	20%
	Disagree	22%
AI will ultimately accelerate innovation in decarbonization-related technologies and products, which will in turn help accelerate energy transition.	Agree	56%
	Neither agree nor disagree	32%
	Diasagree	12%
AI will ultimately help to improve energy efficiency and grid operation, which will offset the impact from its high electricity usage.	Agree	45%
	Neither agree nor disagree	35%
	Disagree	20%
AI's rising energy demand is exaggerated and will have limited impact on energy transition.	Agree	29%
	Neither agree nor disagree	21%
	Disagree	51%
When investing in companies that generate revenues from AI, my organization will favor the most environmentally sustainable companies over those with poor environmental practices.	Agree	50%
	Neither agree nor disagree	32%
	Disagree	18%
My organization would be willing to reduce its allocation to one or more of the 'Magnificent 7' companies if we thought they were not taking the environmental impact of AI seriously.	Agree	37%
	Neither agree nor disagree	33%
	Disagree	30%

Note: The graphic shows the share of respondents that agree, neither agree nor disagree, or disagree with the statements. "Magnificent 7" refers to a group of large technology companies, including Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia and Tesla.

Final thoughts

This year's ESG Global Study underscores the enduring role of ESG in the investment process – with regional nuances in how investors approach it. Geopolitical, macroeconomic and policy volatility are viewed as top headwinds for investors to allocate to strategies with ESG or sustainable criteria over the next 12 to 24 months.

Investors are refining their approach to ESG. The consideration of ESG issues in corporate bonds is gaining traction, supported by improved data availability. Interest in private markets is also rising as some investors learn to navigate transparency challenges. Many investors also express long-term confidence in transition companies with credible transition plans. And investors are recognizing the benefits of multi-thematic strategies over single-thematic ones, including diversification and adaptability to changing market conditions.

While more investors this year have chosen to maintain allocations to strategies with ESG or sustainable investment criteria, four in 10 investors that adopt ESG still plan on increasing such allocations over the next 12 months. Only a small minority plans to reduce their allocations to these strategies.

As the AI boom continues, concerns about its environmental risks are growing. Investors are beginning to assess how AI intersects with ESG themes such as energy transition and water, presenting both emerging risks and opportunities.

Our survey of 1,130 institutional investors and intermediaries shows that investors may be recalibrating their ESG approach in response to macroeconomic and geopolitical uncertainty, as well as evolving policy and regulatory landscape. Yet, most investors still see managing material ESG risks and unearthing ESG-related opportunities as advantageous to their investment process.

Explore our latest ESG research and insights, and learn more about our approach →

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