



Responsible Investment Association

# 2019 RIA INVESTOR OPINION SURVEY

## CANADIAN INVESTOR PERSPECTIVES ON PLASTIC

OCTOBER 2019

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## Foreword

*By Judy Goldring, President and Chief Administration Officer, AGF Management Limited*

AGF has long been committed to advancing sustainable investing reflected in our participation in developing standards and best practices within our industry and acting as a leader in the development of sustainable investing initiatives.

We also believe strongly that our commitment to responsible and sustainable corporate behaviour with respect to environmental, social and governance (ESG) factors will have a positive influence on shaping the future of our organization.

One of my first initiatives as President was to establish AGF's Sustainability Council. The Council provides oversight of AGF's policies, programs and related risks that concern key public policy and sustainability matters, including issues of significance to AGF and its stakeholders that may affect AGF's business strategy, operations, performance or reputation.

The Council's mandate covers a number of matters. We are incorporating ESG issues into our investment management processes. We are engaging in corporate social responsibility focused on creating a positive social impact in the communities in which we operate, including managing our environmental footprint. At the same time, we are committed to inclusion and diversity as we work to retain the best talent. We have also created a framework around AGF's involvement in national and international initiatives and agreements related to ESG matters.

We believe that this is an approach more companies should take and that sustainability initiatives should form a key part of their overall strategy.

This year's RIA Investor Opinion Survey reinforces that Canadian investors also see environmental and financial relationships between key sustainability issues and companies.



The vast majority (79%) of respondents agreed strongly or somewhat that they would like their advisor or financial institution to inform them about responsible investments that are aligned with their values.

These findings indicate that investors are aware of the benefits of investing in companies committed to change.

As a pioneer in this space, we are excited to hear that investor interest in responsible investing is growing year-over-year. At AGF, we will continue to offer investment options that align with investors' ESG preferences and provide them with the opportunity to marry their interest in improving environmental outcomes with returns.

*The commentaries contained herein are provided as a general source of information based on information available as of October, 2019 and should not be considered as investment advice or an offer or solicitations to buy and/or sell securities. Every effort has been made to ensure accuracy in these commentaries at the time of publication however, accuracy cannot be guaranteed. Investors are expected to obtain professional investment advice.*

## Methodology

This report is based on findings from an Ipsos poll conducted for the Responsible Investment Association from September 16th to 20th, 2019. For the survey, a sample of 1,004 Canadian investors was interviewed online. For the purposes of this research, investors are defined as individuals who currently own investments such as mutual funds, exchange-traded funds, stocks, bonds, or other securities.

Ipsos measures the precision of online polls using a Bayesian credibility interval. In this case, the poll has a credibility interval of plus or minus 3.5 percentage points. This is comparable to a “classical” margin of error of plus or minus 3.0 percentage points. For more information about credibility intervals, please read this [statement](#) from Ipsos. The data were weighted to the Canadian population data by region, gender, age, and education.

Note that for the purpose of this survey, the classification of gender was limited to Male/ Female to correspond to data available through the most recent (2016) Census of Canada, which has yet to implement other categories for gender.

## Related Research

- [2018 RIA Investor Opinion Survey](#)
- [2018 Canadian Responsible Investment Trends Report](#)
- [2017 RIA Investor Opinion Survey](#)

## Acknowledgements



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## About the RIA

The RIA Investor Opinion Survey is released annually by the Responsible Investment Association (RIA), Canada’s industry association dedicated to responsible investing. RIA members include fund companies, financial institutions, asset management firms, asset owners, advisors, research firms, consultants and others who practice and support the incorporation of environmental, social and governance (ESG) factors into investment decisions.

Learn more at [www.riacanada.ca](http://www.riacanada.ca)

## Background

The 2019 RIA Investor Opinion Survey examines Canadian investors’ attitudes towards responsible investment (RI), an investment approach that incorporates environmental, social and governance (ESG) considerations into the selection and management of investments.

This is the RIA’s fourth annual survey of individual investors, and is based on data from 1,004 investors across Canada.

The first section of the report examines general investor interest and knowledge about RI. The second section reveals investors’ perspectives on the topical issue of single-use plastic waste—including its environmental and financial impacts.

According to our most recent data as of December 31, 2017, RI assets under management in Canada exceed \$2 trillion, including \$435 billion being managed on behalf of individual investors. Given such significant capital being directed into RI strategies, this survey provides important insights for financial advisors and financial institutions about individual investors’ interest in RI and their attitudes towards exposure to plastics in their portfolios.

## Executive Summary

The 2019 RIA Investor Opinion Survey examines Canadian investors' perspectives on responsible investing (RI), which incorporates environmental, social and governance (ESG) factors into investment decisions.

Our survey data, collected from 1,004 individual investors by Ipsos, finds continued growth in investor interest in and knowledge about RI.

While the vast majority of respondents expressed interest in RI, knowledge levels and ownership of responsible investments remain low. A majority of respondents want their financial advisors to present them with investment options that align with their ESG preferences.

In our 2018 survey, respondents ranked environmental concerns as their highest ESG priority. Given those results, we chose to focus significant attention this year on a single environmental topic: the waste generated by single-use plastics.

The choice is a timely one. Public awareness of the negative impact of plastic waste on the environment is growing, and the international policy landscape has shifted to promote sustainable solutions and penalize polluters. In response, a large majority of respondents expressed interest in investing in companies that seek to minimize their plastic waste. They also agreed that companies may face future financial and reputational risks by not adopting waste-cutting strategies.

These findings demonstrate an opportunity for financial professionals to add value to client relationships by informing clients about RI, engaging clients in discussions about their ESG preferences, and providing them with RI options that both provide exposure to companies that are committed to reducing their plastic waste, and that are providing tangible solutions to our collective plastic waste crisis.

***79% of respondents would like their financial services provider to inform them about RI options but only 23% of respondents have been asked if they are interested in RI options.***

## Key Findings

**Interest in RI has grown since last year's survey, while the desire for RI information holds steady.**

- **72%** of 2019 respondents expressed interest in RI, up from 60% in 2018. Knowledge continues to lag interest, however: **72%** of respondents know little or nothing about RI, an improvement from 81% in 2018.
- **79%** of respondents would like their financial services provider to inform them about RI options. However, only **23%** of respondents have been asked by their provider if they are interested in RI options.
- Overall, **26%** of respondents currently hold responsible investments. Young people are at the forefront of RI ownership, with **36%** of respondents aged 18-34 owning RI, compared to just **18%** of those 55+.

**Respondents are overwhelmingly concerned about the environmental and financial implications of single-use plastic waste.**

- **82%** of respondents believe it is important for companies in their investment portfolio to reduce plastic waste. **75%** of respondents would like to invest in solutions to reduce plastic waste.
- **58%** believe companies continuing to rely on single-use plastics in their products or packaging will incur a reputational decline.
- **70%** believe companies that reduce plastic waste from their products and packaging will be better long-term investments.

**There is a clear business opportunity for financial services providers to be informed and engage investors in discussions about RI.**

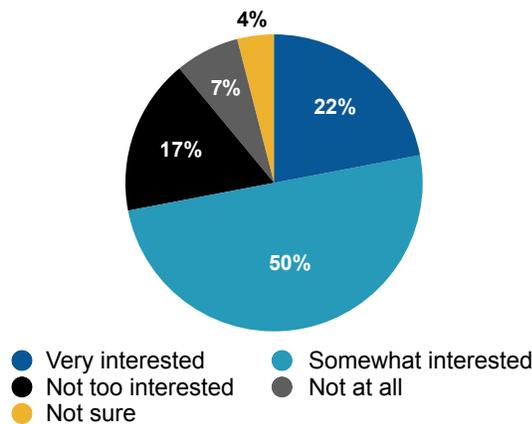
- Clients want to be informed about RI options. This presents an educational opportunity for their advisors. Increasing investors' knowledge about RI will potentially turn interest into action — investments that are aligned with the client's ESG preferences.
- Investors are concerned about plastic waste both from an environmental and financial perspective, and are interested in aligning their investments to address the plastic waste crisis.

## Responsible Investing on the Rise

As noted in our [2018 Canadian RI Trends Report](#), RI is experiencing rapid growth in Canada. With a wide range of RI strategies available, and significant media attention being paid to environmental, social and governance (ESG) issues, RI represented 50.6% of Canada’s investment industry — up from 37.8% in 2016.

The RIA 2019 Investor Opinion Survey charts a similar rise in both interest and knowledge levels that individual investors have about RI.

### To what extent are you interested in responsible investments that incorporate environmental, social and governance issues?



Overall, 72% of respondents expressed interest in RI (based on the combined responses of “very interested” and “somewhat interested”); this has risen significantly from 60% in 2018.

RI interest grew across all demographic categories, and some groups reported stronger interest than others. Women and younger investors were more likely to be interested in RI, including a staggering 81% of investors aged 18-34. 76% of university graduates were interested, compared those with some post-secondary or a high school diploma or less (71%, 67%).

78% of respondents with children expressed interest, compared to 69% of respondents without children.

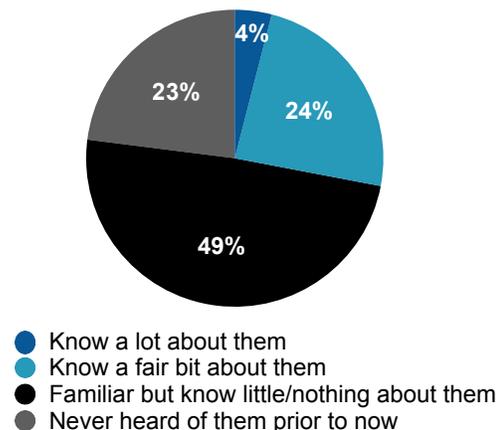
Respondents in Atlantic Canada and British Columbia reported the highest interest levels (75%) with Saskatchewan and Manitoba showing the lowest interest (65%).

**72% of respondents are interested in responsible investments that incorporate environmental, social and governance issues.**

Despite strong investor interest in RI options, few consider themselves knowledgeable in the subject — a consistent theme from our previous surveys. We refer to this discrepancy as the “RI knowledge gap.”

In this year’s survey, 72% of respondents reported knowing little or nothing about RI. This represents an improvement over our 2018 survey, when 81% reported the same.

### To what extent are you knowledgeable about responsible investments that incorporate environmental, social and governance issues?

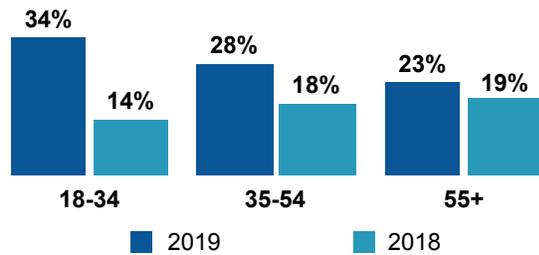


Notably, 2019’s rise in RI knowledge is stratified across demographics.

The survey results indicate that RI knowledge is highest among younger, male, and university-educated investors who have children.

The 18-34 age group saw an incredible 20% jump in RI knowledge levels between 2018 and 2019: 34% of respondents in this age group reported they know a lot or a fair bit about RI, compared to 14% in 2018. This level of knowledge was reported by 28% of respondents in the 35-54 age group (up from 18% in 2018), and 23% of respondents in the 55+ age group (up from 19% in 2018).

**Percentage of respondents that know “a lot” or “a fair bit” about RI, by age group**



Men reported higher knowledge than women (34% vs. 22%), as did university graduates (35%) over those with some post-secondary education (25%) and high school diploma or less (15%). Investors with children were more knowledgeable than those without (36% vs. 25%). By region, respondents in Ontario and Quebec (34% and 32%) reported higher knowledge than those in Atlantic Canada (16%), though the Atlantic group had a relatively small sample size.

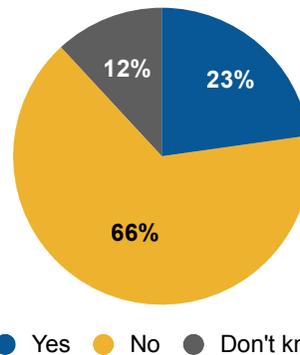
## Interest to Action: Bridging the RI Knowledge Gap

In this year’s survey, we sought to better understand the extent to which individual investors’ RI interest is being addressed by financial professionals, and ultimately translating into RI ownership. Consistent with results of our previous surveys, some of the responses can be viewed as a clear call to action for financial professionals to support their clients’ interest in RI by informing them about RI options that are aligned with their values.

Overall, the survey indicates that conversations between individual investors and their advisors about RI are not common: only about one-quarter (23%) of respondents reported that their financial advisor or financial institution had asked if they are interested in responsible investments that are aligned with their values.

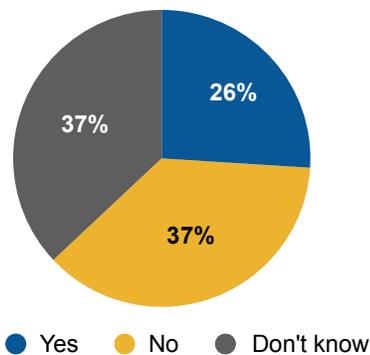
The same groups who reported the highest interest in and knowledge of RI (young investors, university graduates, have children) were most likely to be asked by their financial advisor about RI—suggesting investor interest and knowledge may be prompting these conversations. 34% of 18-34 year-olds have been asked this question, compared to just 14% of those age 55+.

**Has your financial advisor or financial institution<sup>1</sup> ever asked if you are interested in responsible investments that are aligned with your values?**



Despite high interest in RI, ownership is very moderate. About one-quarter (26%) of respondents said they currently own RI, with younger investors again leading the pack. 36% of investors in the 18-34 age group responded that they currently own RI, compared to 26% of those aged 35-54 and 18% of the 55+ group.

**Do you currently own responsible investments that incorporate environmental, social and governance issues?**



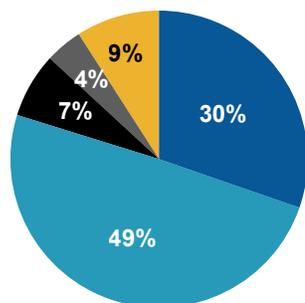
Other demographic groups were relatively uniform in their ownership rates. Men and women own RI in similar numbers (27% to 25%), as do those with different levels of education. 30% of university graduates own RI, compared to 22% with some post secondary and 27% with a high school diploma or less.

As we have seen in previous surveys, the vast majority of respondents (79%) agreed they would like their financial services provider to inform them about responsible investments that are aligned with their values (based on the combined

<sup>1</sup> For this survey, “financial institutions” include banks, credit unions, brokerages, self-directed trading platforms, and other investment services.

responses to “strongly agree” and “somewhat agree”).

**Do you agree or disagree with this statement:  
“I would like my financial advisor or financial institution to inform me about responsible investments that are aligned with my values.”**



- Strongly Agree
- Somewhat Agree
- Somewhat Disagree
- Strongly Disagree
- Not Sure

The desire to be informed about RI was highest among the 18-34 age group, with 86% strongly or somewhat agreeing that they would like to be informed about RI options by their financial advisor.

There was no distinction between men and women in the desire to be informed (79% vs. 81%), however, respondents with children were more likely than those without children (86% vs. 76%) to wish to be informed.

The results of this survey clearly show that an overwhelming majority of the Canadian investors surveyed are interested in RI but lack sound knowledge on the subject. They want their financial advisors and institutions to inform them about investments that are aligned with their values, but so far those conversations are happening infrequently. It isn't surprising then, to see that RI ownership among individual investors is relatively low.

Financial services providers who develop expertise in RI and engage their clients in discussions about their ESG preferences are well-positioned to bolster their clients' RI knowledge and help them translate their interest into suitable investment choices.

## In Focus: Single-Use Plastics

Convenient to use and cheap to produce, plastic can be found in everything from fabrics to face washes.

Although plastic is easy to manufacture, effectively disposing of the material has become a global crisis.

Scientists have estimated that of the 8.3 billion metric tons of plastic the world has ever produced, 6.3 billion metric tons has become plastic waste. Unfortunately, only 9% of this plastic waste has been properly recycled.<sup>2</sup> The vast quantities of remaining waste are incinerated, sent to landfills or discarded in the natural environment.<sup>3</sup>

This has resulted in 8 million metric tons of plastics entering our ocean *every year* — which has been compared to dumping one New York City garbage truck full of plastic into the ocean every minute of every day.<sup>4</sup>

To curb runaway waste, 52 countries have now legislated some type of national ban on single-use plastics, while 24 impose a levy such as charging consumers for use of plastic bags. An additional 18 countries have some form of levy or ban at the regional level. More regulations of this nature are in the works.<sup>5</sup>

These policies have wide public backing in Canada: a Nanos Research poll in June 2019 found that 81% of Canadians support a total ban on single-use plastics.<sup>6</sup>

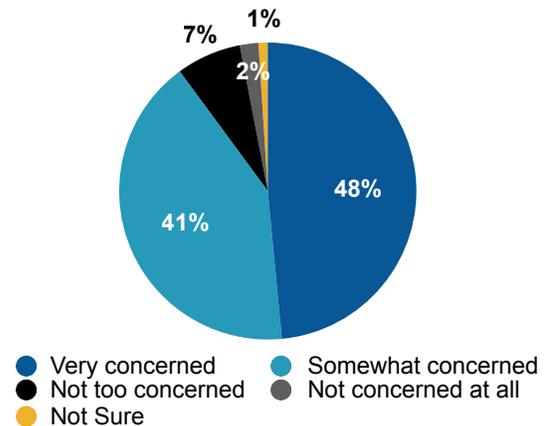
Our survey respondents were similarly concerned about the environmental impacts of single-use plastic waste. Across demographic groups, 89% state that they are “very” or “somewhat concerned,” while only 2% of respondents were “not concerned at all”.

Concern about single-use plastic waste was expressed in similar numbers by every demographic group. Men and women expressed similar levels of concern (88% and 90%), as did those with children and those without (89% and 90%), people aged 34-54 and those in the other

**89% of respondents are very or somewhat concerned about single-use plastic waste and its effects on the environment.**

age categories (86% and 91%) and those with a high school education or less compared to other education categories (83% and 90-94%).

**To what extent are you concerned about single-use plastic waste and its effects on the environment?**



Investors' concern about plastic waste extends to their own portfolios. Overwhelmingly, 82% of respondents said that it was important for companies in their investment portfolio to commit to reducing single-use plastic waste.

The desire to align investments with commitments to reduce plastic waste is highest among the 18-34 age group (87% ranked this important), compared to 79% in the other age groups. 85% of respondents with children considered this important, compared to 80% of those without.

<sup>2</sup> UNEP (2018). SINGLE-USE PLASTICS: A Roadmap for Sustainability. [Single Use Plastics: A Road Map to Sustainability](#)

<sup>3</sup> Roland Geyer, Jenna R. Jambeck and Kara Lavender Law (2017). [Production, use, and fate of all plastics ever made](#). Science Advances.

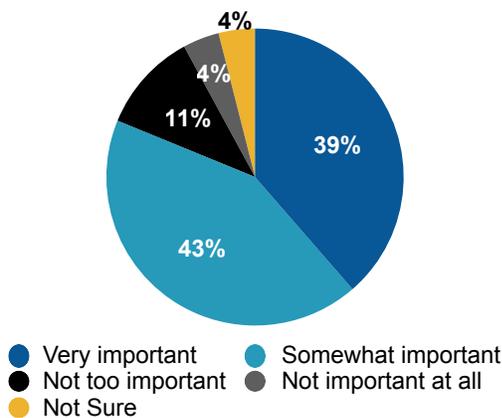
<sup>4</sup> [Ocean Conservancy.org](#). Accessed on October 18, 2019.

<sup>5</sup> UNEP (2018). SINGLE-USE PLASTICS: A Roadmap for Sustainability. [Single Use Plastics: A Road Map to Sustainability](#)

<sup>6</sup> Globe & Mail, July 14, 2019. [Majority of Canadians support a ban on plastics: poll](#). Accessed on October 18, 2019.

**82% of respondents said that it was very or somewhat important for companies in their investment portfolio to be committed to reducing plastic waste.**

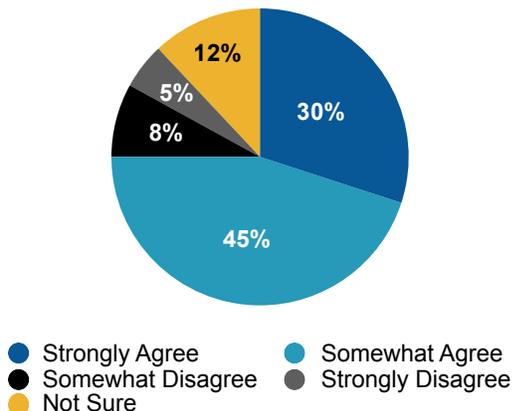
**How important is it that the companies in your investment portfolio are committed to reducing plastic waste from their products and packaging?**



Furthermore, a majority of survey respondents (75%) strongly or somewhat agreed that they would like a portion of their investment portfolio to be invested in companies that are providing solutions to reducing plastic waste.

**Do you agree or disagree with this statement?**

**- "I would like a portion of my investment portfolio to be invested in companies that are providing solutions to reducing plastic waste."**



This sentiment was strongest among the 18-34 age group (83%) while 68% of the 55+ age group was in agreement. It was also stronger among investors with children, where 82% agreed (strongly or somewhat), compared to 71% for those without children.

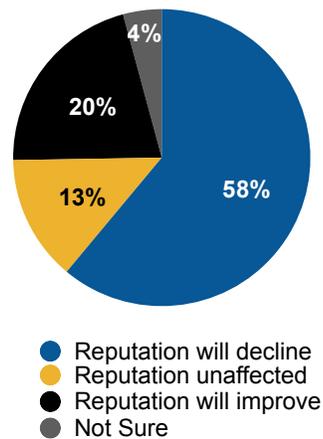
Investors in Ontario (78%), the Atlantic provinces (76%), and British Columbia (75%) were most likely to consider pursuing investments in plastic waste solutions compared to Alberta (68%) and Saskatchewan/Manitoba (69%).

## Investment Risks and Opportunities

As awareness grows around the harmful impacts of plastic waste, companies that rely on single-use plastics may face the risks of stricter regulations (including policies to reduce, ban or impose levies on plastics), changing consumer preferences, and potentially risk to their reputation, or brand.

In fact, a clear majority of respondents (58%) predict a reputational decline for companies that continue to rely on single-use plastics. There were minimal differences in response levels between demographics, but notably, this belief was highest among the 55+ age group (62% vs 56% for the younger age groups).

**Thinking about the future, what do you believe will be the impact, if any, on the reputation of companies that continue to rely on single-use plastics in their products or packaging?**

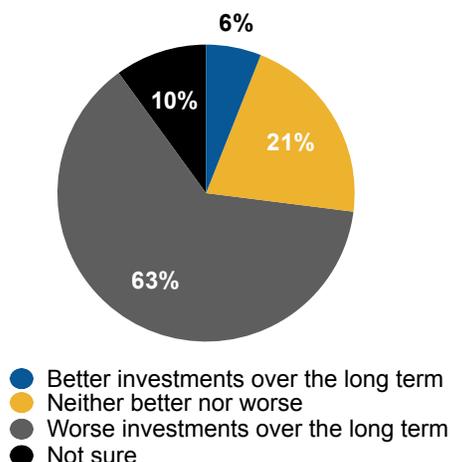


Given the potential risk to a company's reputation, along with the changing regulatory backdrop and consumer preferences affecting plastics, we asked survey respondents how they feel

companies would be financially affected by strategies to address plastic waste, over the long term.

**Thinking over the long-term, how do you feel companies will be financially impacted by strategies to address plastic waste, if at all?**

**- Companies that *do not* reduce their plastic waste will be:**



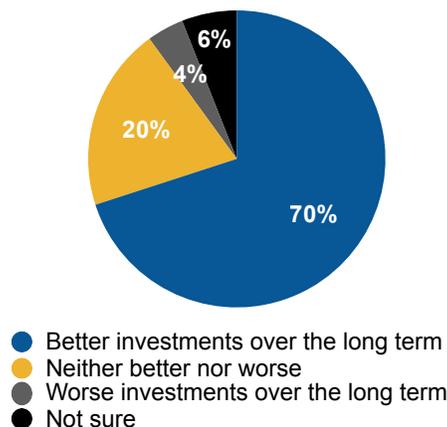
A majority (63%) of respondents feel that companies that *do not* reduce plastic waste from their products and packaging will be worse investments over the long term. Women (67%) were somewhat more likely than men (59%) to express this belief, but there was little differentiation between respondents with children (65%) and those without (62%).

Conversely, a majority of 70% of respondents see potential for positive financial benefit for companies that *do* reduce plastic waste from their products and packaging.

Notably, 77% of respondents in the 18-34 age group said that they feel companies taking action to reduce plastic waste will be better investments over the long term. Women (75%) were somewhat more likely than men (65%) to feel this way, as were respondents with children (76%) compared to those without children (68%).

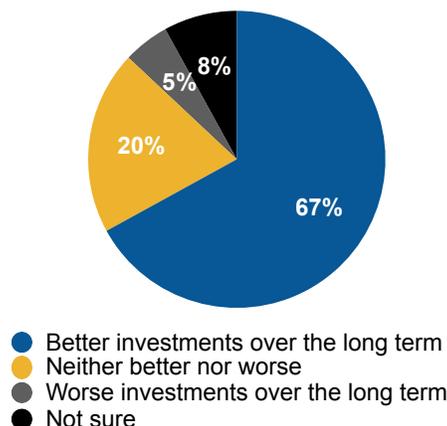
**67% of survey respondents feel that companies that develop solutions to reducing plastic waste will be better investments.**

**- Companies that *reduce plastic waste from their products and packaging* will be:**



Similarly, two-thirds of respondents believe that companies that display leadership by developing solutions to single-use plastics waste will be better long-term investments.

**- Companies that *develop solutions to reducing plastic waste* will be:**



This sentiment is highest among the 18-34 age group, with 75% responding positively. Women (73%) were somewhat more likely than men (62%) to feel this way, as were respondents with children (74%) compared to those without (65%).

## Conclusion

Interest in RI among Canadian investors remains high, and is growing year over year. The growth in interest is broad-based, across all demographic groups, but has been particularly strong among younger investors and those with children and a university education.

Canadian investors are also deeply concerned about the environmental harms caused by single-use plastic waste. They believe that companies may face reputational and financial risks by not addressing plastic waste. They seek to invest in companies that are proactively committing to reducing their plastic waste and/ or identifying plastic waste solutions.

The results of this survey point to a number of potential opportunities for market participants to address the risks and opportunities around plastics in their portfolios, and thereby influence outcomes that may help bring solutions to the looming plastics crisis.

Investment managers can incorporate plastic-related issues into their ESG integration process, and some may offer thematic solutions that feature leaders in providing solutions to plastic waste. Active owners could undertake shareholder engagement with companies who are laggards in their management of plastic waste in their products and packaging, and encourage companies to improve their practices to enhance shareholder value and environmental outcomes.

Given the large and lingering gap between investor interest in and knowledge of RI, client-facing investment professionals have a clear opportunity to develop expertise in RI, inform their clients about RI strategies and offer investment options that align with their ESG preferences.

