

2022 RESPONSIBLE INVESTMENTS TRENDS REPORT

METHOD

- Objective:** RI Trends Report tracks responsible investments in Canada including RI AUM, asset allocations, policies and practices within organizations, and ESG factors.
- Method:** Email invitation with unique organization link to online survey.
- Timing:** Fieldwork dates: August 2nd to September 29th, 2022
- Respondents:** Mix of RIA members and non-members
 - 9 Sustaining members
 - 52 Associate
 - 5 Supporting
 - 9 Pension
 - 6 Non-profits
 - 35 Non-members
- Sample size:** Total: 116 organizations
 - Completed survey: 90 organizations
 - Desk research: 26 organizations

**Responsible Investment (RI) refers to investments that systematically consider environmental, social and governance (ESG) factors. Common RI strategies include: negative or positive screening, shareholder engagement, thematic investing, and integration of ESG factors into financial analysis.*

[See Appendix for full list of definitions used in survey.](#)

Data
All data is shown in Canadian dollars as of December 31st, 2021 and represents assets managed on behalf of Canadian-domiciled clients.

- Statement of limitations:**
 - This research represents the best-efforts of the RIA and Environics Research to establish a baseline level of RI Investments in Canada
 - 2022 data was obtained through a combination of complete surveys and desk research (consistent with previous year’s reports)

Statistical significance testing done at the 90% level.

KEY TAKEAWAYS

Reported responsible investment AUM now \$3,014 trillion.

A modest change from the \$3,166 trillion reported in 2019.



Responsible investments represents 47% of Canadian AUM.

ESG integration and negative screening
are both used by more than nine in ten
organizations.

The definition of RI is changing, and so are the expected frameworks and standards.

Amid increased scrutiny over greenwashing, organizations are being more selective about what investments they say are RI.



Top 4 ESG factors include all 3 categories.

GHG emissions (E), climate change mitigation (E), board diversity & inclusion (G) and human rights (S) are the top 4 factors.

Top RI strategies all increase in prevalence.

Top RI strategies include ESG integration, negative screening, corporate engagement and thematic investing.



Expectations of growth are shifting.

More organizations now say they expect moderate growth in RI in the coming years, as opposed to the high levels expected in past years.

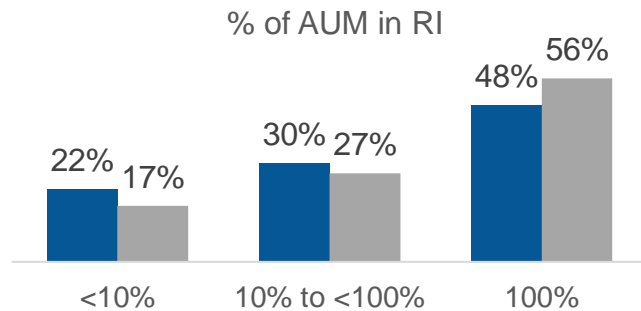
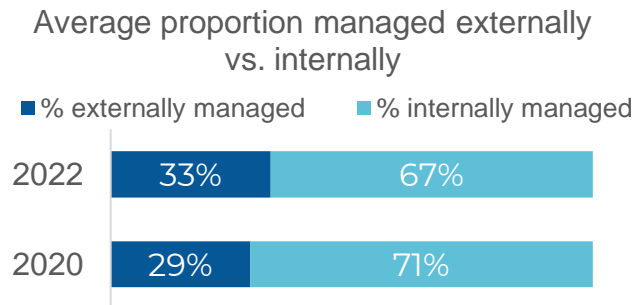
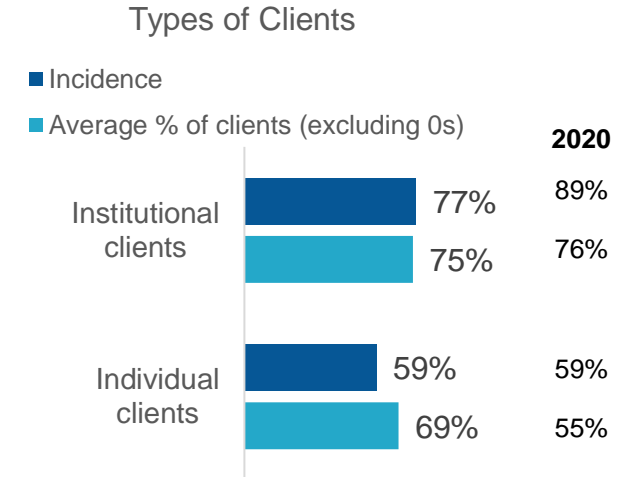
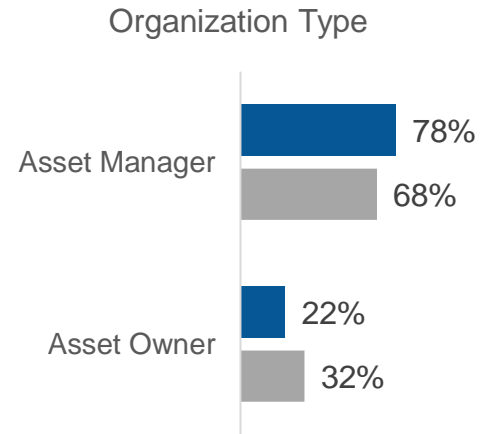
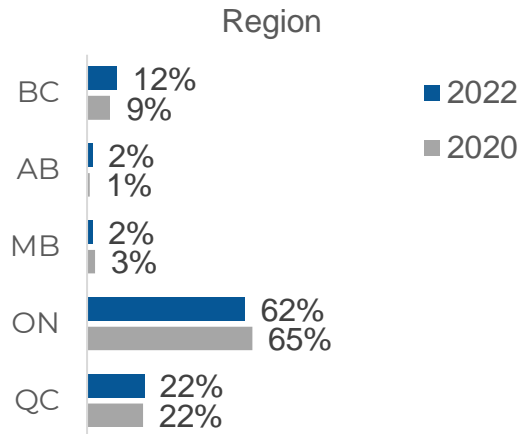
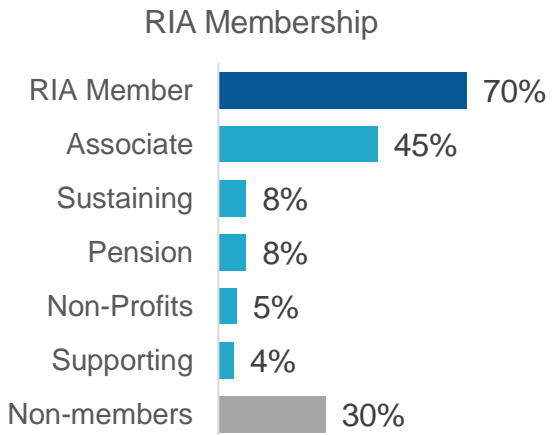


The RI landscape is maturing.

It's less about exuberance and more about realism. There is forward progress to be seen amidst the tension of declining numbers.

RESPONDENT PROFILE

2022 Respondent Profile



- 41% of 2022 respondents also completed in 2020.
- 36% of respondents are new in 2022.
- 22% of responses completed via desk research.

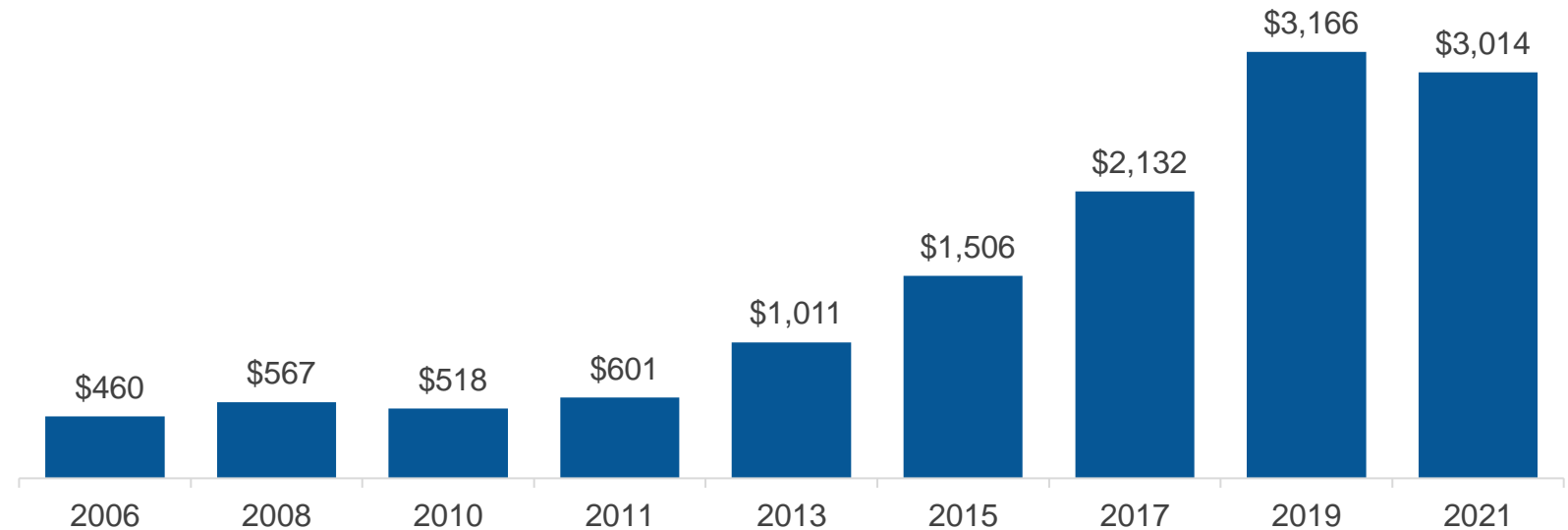
CANADIAN RI MARKET OVERVIEW

REPORTED RI AUM BY TOTAL ASSETS

Reported Canadian Responsible Investment Assets

RI assets are down slightly; \$3.0 trillion as of Dec 31st, 2021 compared to \$3.2 trillion in 2019.

Reported total assets under management in responsible investments
(CAD billions)



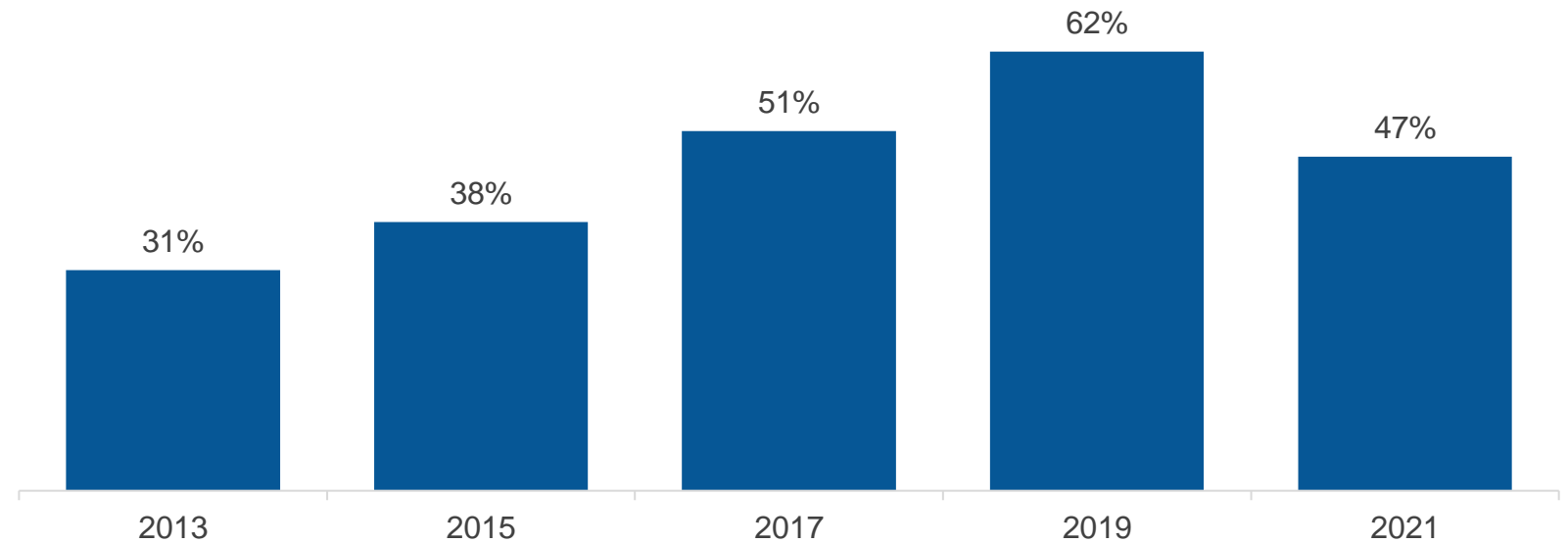
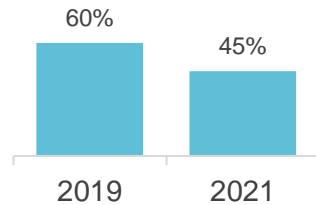
REPORTED RI AUM BY MARKET SHARE

Responsible Investment Market Share

The proportion of responsible investments assets under management (AUM) relative to total professional managed AUM at the end of 2021 sees a decrease from 2019.

Proportion of total AUM in RI

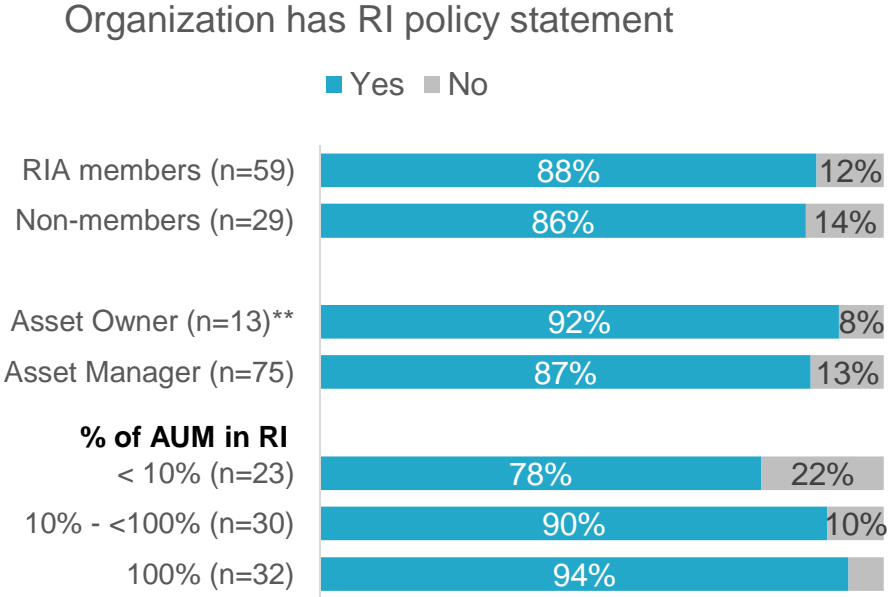
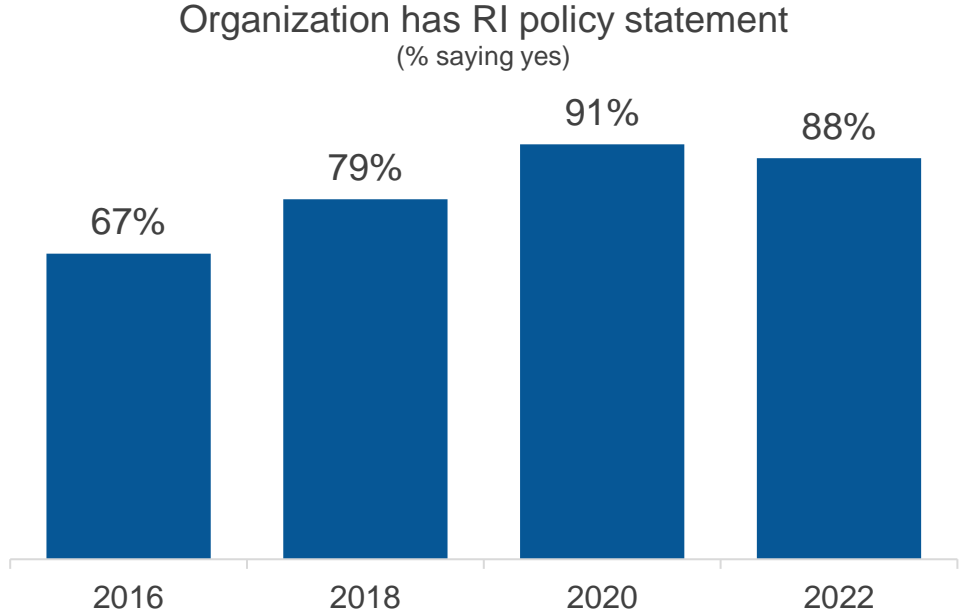
Among organizations that submitted RI AUM in 2019 & 2021



ORGANIZATION'S RI POLICY

RI Policy | Policy Statements

The proportion of organizations with a Responsible Investing Policy Statement has stayed relatively consistent in the past two years.



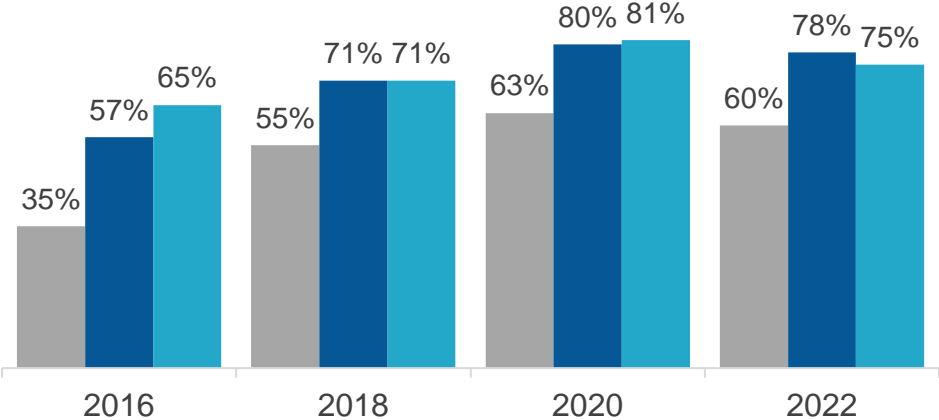
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RI Policy | Additional Policies/Programs

The percent of organizations that say they have specific RI policies in place has remained relatively consistent in the past two years. If an organization has an RI policy statement, they are more likely to also have the other three prompted formal policies.

Organization Policies
(% saying yes)

- Shareholder Engagement policy (n=85)
- ESG integration program (n=86)
- Guidelines for proxy voting (n=87)



On average, organizations have

2.1 formal policies

	Total	RI policy statement	ESG integration program	Shareholder engagement policy	Guidelines for proxy voting
<i>% saying yes</i>					
RI policy statement	88%	-	96%	98%	98%
ESG integration program	78%	85%	-	94%	87%
Shareholder engagement policy	60%	68%	73%	-	76%
Guidelines for proxy voting	75%	84%	82%	94%	-

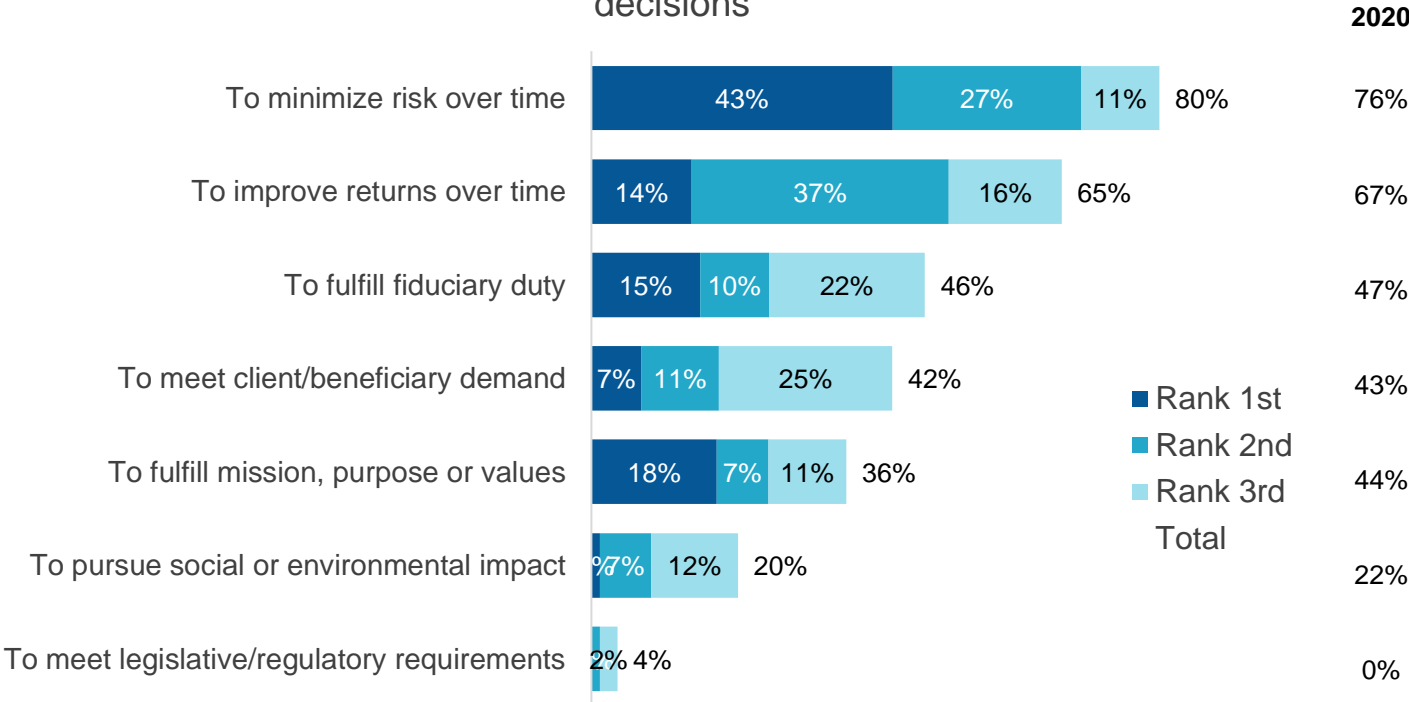
Significantly higher vs. Total

WHY CONSIDER ESG? ESG FACTORS / SCREENS CONSIDERED IN INVESTMENTS

RI Investments | Why Consider ESG?

To minimize risk continues to be the top ranked reason organizations consider ESG factors, followed by to improve returns over time and to fulfill fiduciary duty.

Reasons organizations consider ESG factors in investment decisions



Key Differences:

- Organizations with 100% of AUM in RI are more likely to rank *to fulfill mission, purpose or values* as 1st (28%) and *to pursue social or environmental impact* (16%) as 2nd.
- RIA members (57%) are more likely to rank *to fulfill fiduciary duty* in top three.
- Organizations with an RI policy statement (84%) are more likely to rank *to minimize risk* in top three.
- Organizations which manage all RI AUM internally (77%) are more likely to rank *improve returns over time* in top three.
- Asset managers (45%) are more likely to rank *to meet client/beneficiary demand* in top three.

Q34: (n=84) Why does your organization consider environmental, social and governance (ESG) factors when making investment decisions?

ESG Factors | Overall

Social and environmental factors/screens make up the majority of the top 10 ESG issues systematically considered in organization’s decisions. Just two governance issues are included in the top 10 ESG issues; however, on average organizations consider 6.5 governance issues in their investment decisions, second to social issues at 8.3.

On average, respondents select:

5.7

Environment issues

Orgs with an RI Policy Statement: 6.0

8.3

Social issues

Orgs with an RI Policy Statement: 9.0

6.5

Governance issues

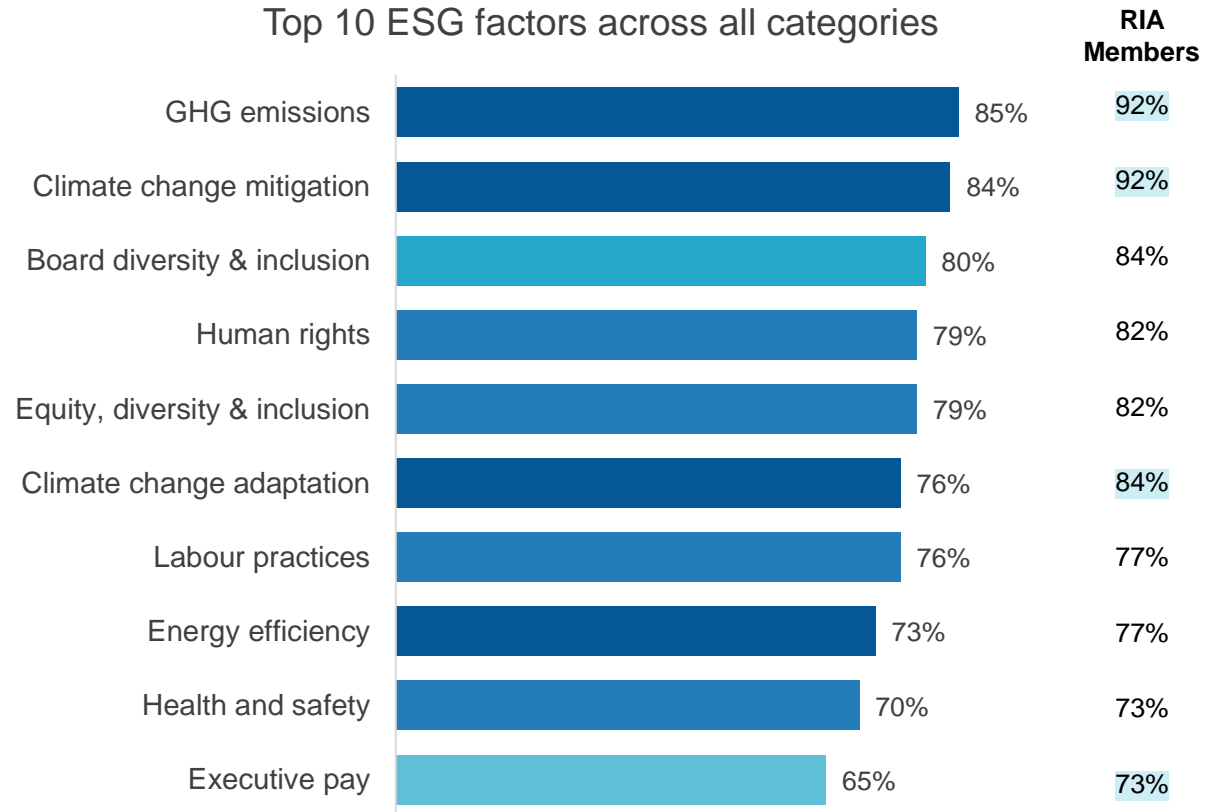
Orgs with an RI Policy Statement: 7.1

20.5

ESG issues overall

Orgs with an RI Policy Statement: 22.1

Top 10 ESG factors across all categories



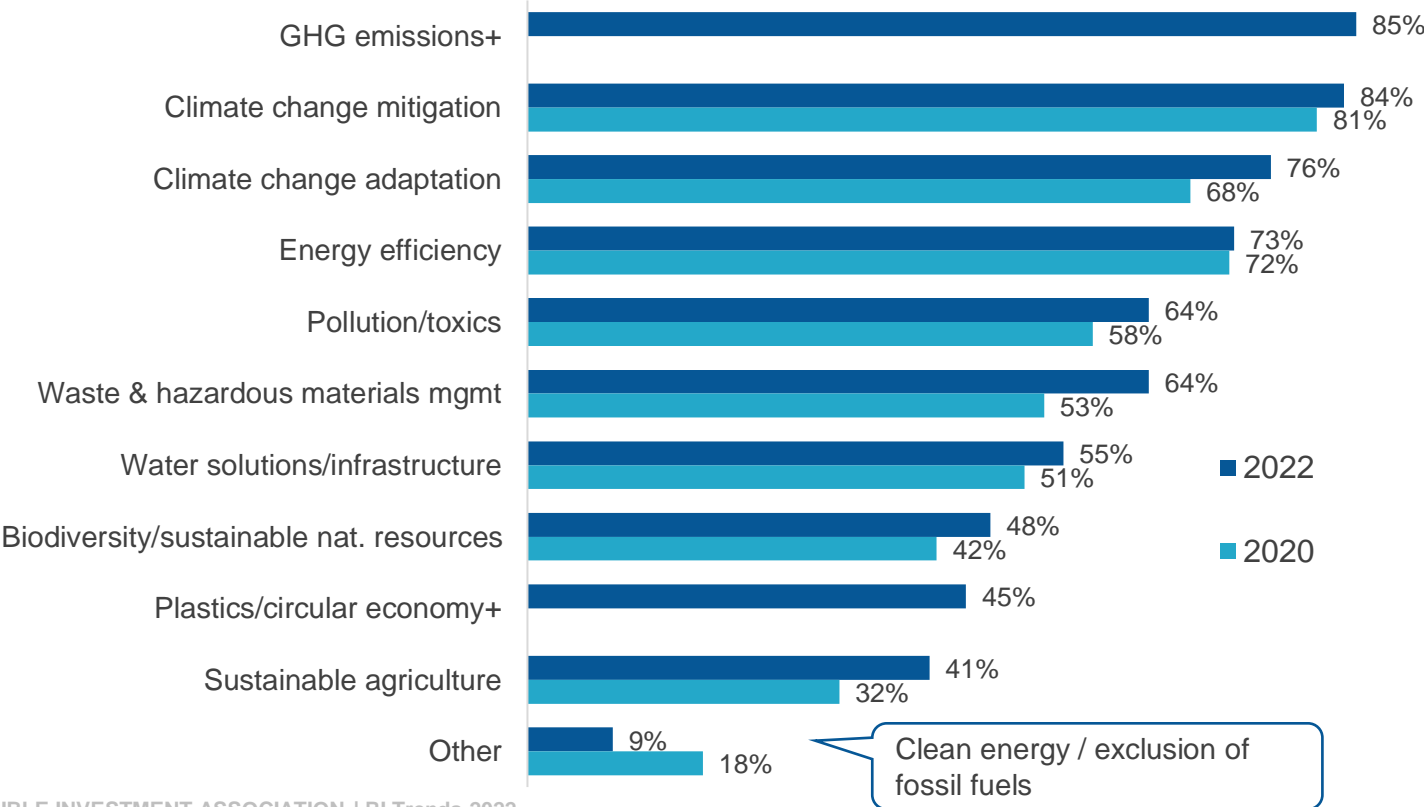
Significantly Higher

21

ESG Factors | Environment

Climate change factors top the environmental factor / screen usage list with greenhouse gas emissions (85%) and climate change mitigation (84%) mentioned most frequently, followed by climate change adaptation (76%). Over seven in ten (73%) mention energy efficiency screens.

Environmental factors/screens considered in investment decisions



Key Differences:

- Organizations that have GHG targets are more likely to say *GHG emissions* (96%)
- RIA members are more likely to say:
 - GHG Emissions (92%)
 - Climate change mitigation (92%)
 - Climate change adaptation (84%)
 - Water solutions/infrastructure (63%).
- Organizations which manage all RI AUM internally are more likely to say:
 - *Pollution/toxics* (73%)
 - *Waste/haz. materials mgmt.* (73%)

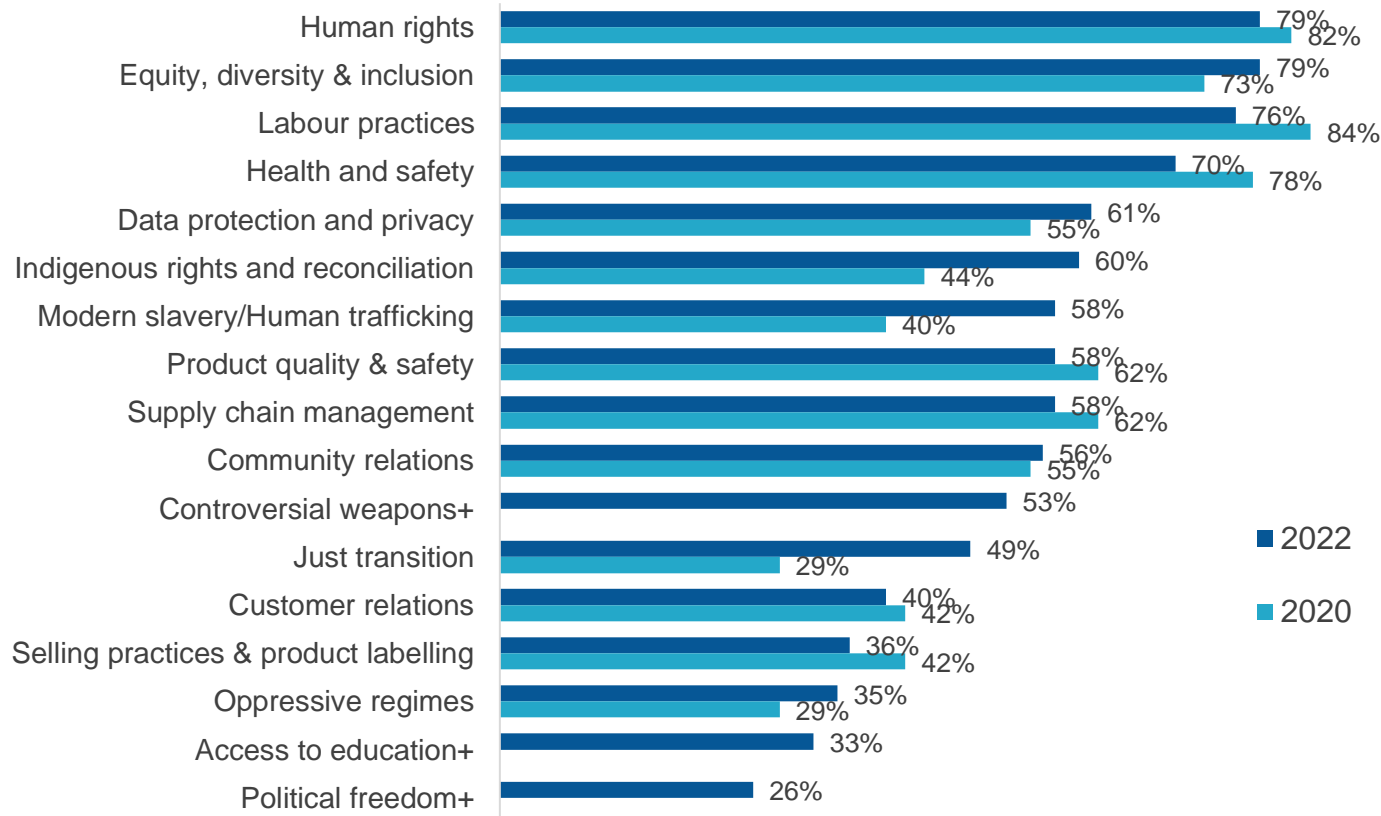
+New categories added to 2022 questionnaire

Q26: (n=80) Please indicate any and all ESG factors/screens that are systematically considered in your organization's investment decisions. We recognize that different ESG factors will be considered across sectors, but please select the most prevalent ESG considerations across all of your investment decisions.

ESG Factors | Social

Eight in ten organizations are using human rights (79%) and equity, diversity & inclusion (79%) screens in their investment decisions.

Social factors / screens considered in investment decisions



Key Differences:

- Organizations with <10% of AUM in RI are more likely to say *Product quality and safety* (75%)
- RIA members are more likely to say:
 - Modern slavery/Human trafficking (65%)
 - Supply chain management (67%)
 - Controversial weapons (65%)
 - Just transition (57%)
 - Selling practices and product labelling (45%)
- Organizations which have >40% of RI AUM managed externally are more likely say *oppressive regimes* (50%)

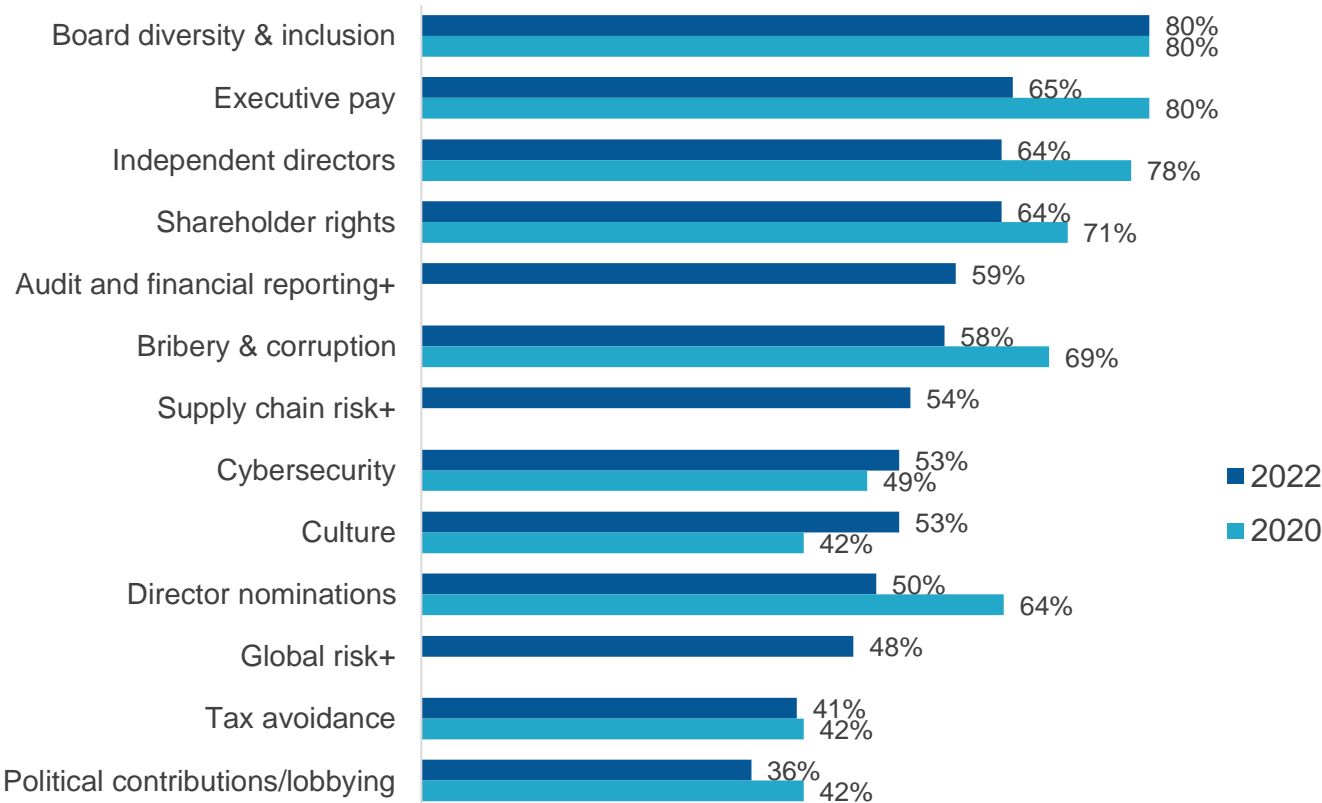
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ESG Factors | Governance

Board diversity & inclusion is the most commonly used governance screen, used by eight in ten. Executive pay (65%), independent directors (64%) and shareholder rights (64%) round out the top three most commonly used governance issues.

Governance factors / screens considered in investment decisions



Key Differences:

- RIA members are more likely to say:
 - Executive Pay (73%)
 - Independent Directors (75%)
 - Shareholder rights (75%)
 - Bribery and Corruption (71%)
 - Supply chain risk (63%)
 - Global risk (55%)
 - Tax avoidance (49%)
 - Political Contributions (47%)

+New categories added to 2022 questionnaire

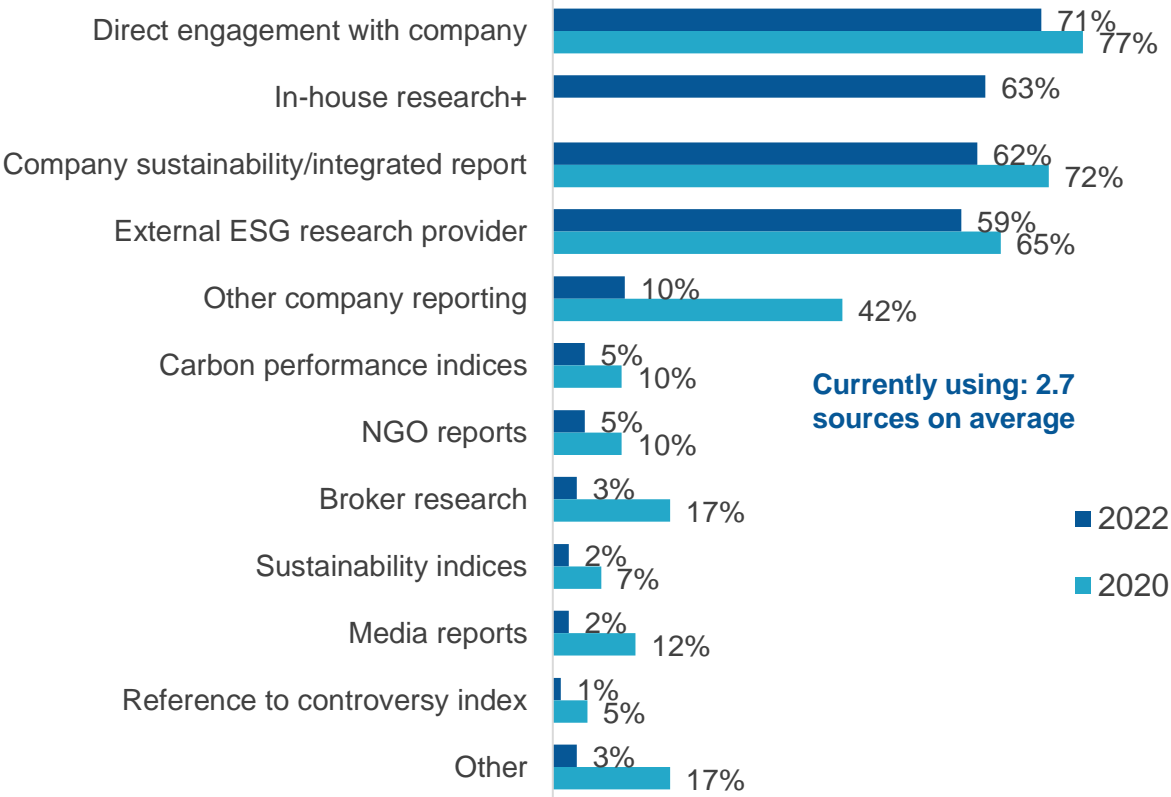
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ESG STANDARDS

ESG Standards | Sources of ESG Info

Direct engagement with company, in-house research and company sustainability / integrated report are the top three key sources of ESG information.

Key sources of ESG information



Key Differences:

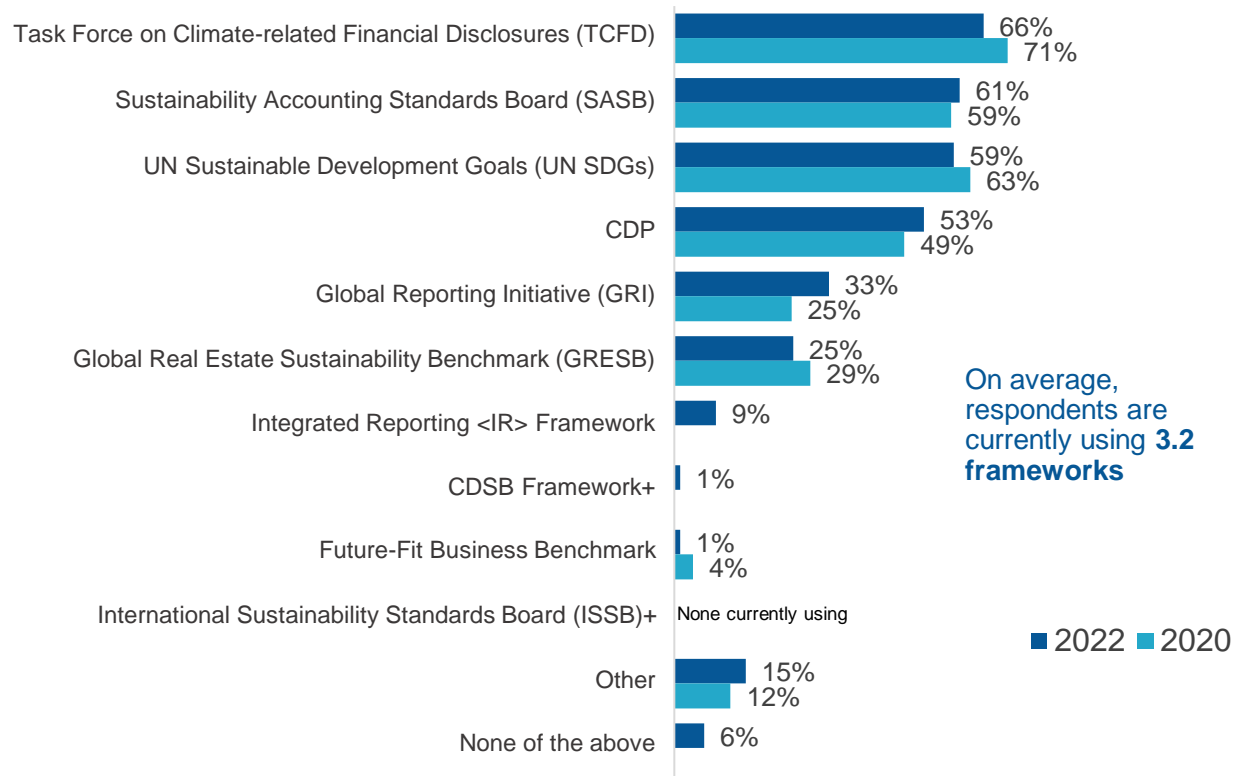
- Asset Managers are more likely to say:
 - Direct engagement with company (75%)
 - In-house research (70%)

Q29: (n=86) What are the key sources of ESG information you use to make investment decisions?

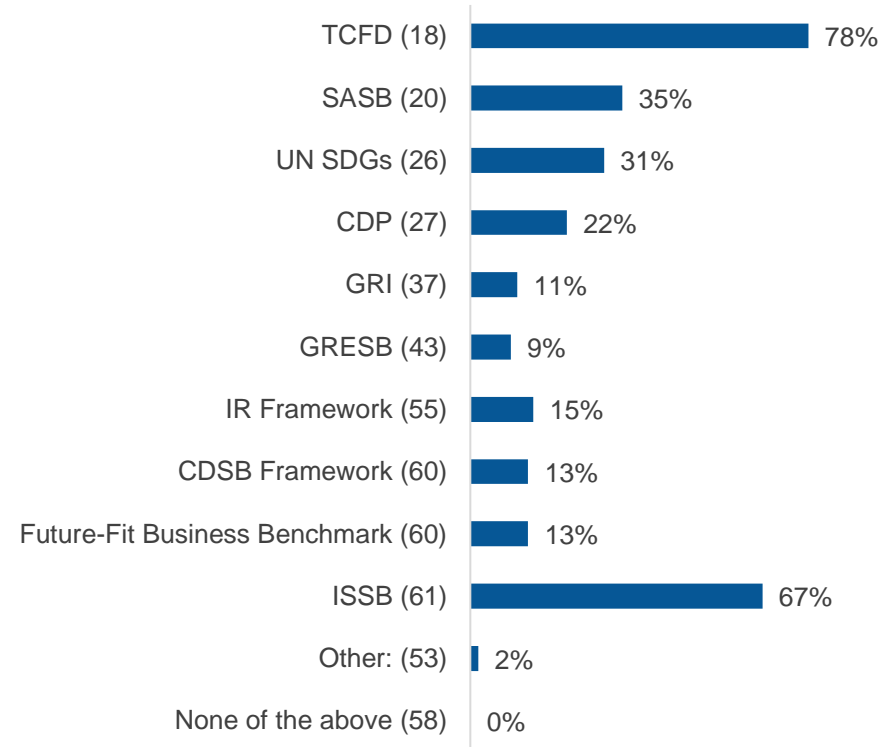
ESG Standards | Frameworks

TCFD, SASB and UN SDGs continue to be the top three ESG frameworks currently being used by respondents in 2022. Looking forward, the majority of those not currently using TCFD (78%) and ISSB (67%) frameworks plan to start using them over the next 2-5 years.

Framework incorporated into 2021 investments



Framework expected to use over next 2 – 5 years (Among those not currently using)



Q27a (n=79) Which of the following ESG frameworks did you incorporate in your investment analysis in 2021?
b. (base vary) Please also indicate which of the following ESG frameworks you expect to start using in your investment analysis over the next 2-5 years.
[Question expanded in 2022]

+New categories added to 2022 questionnaire

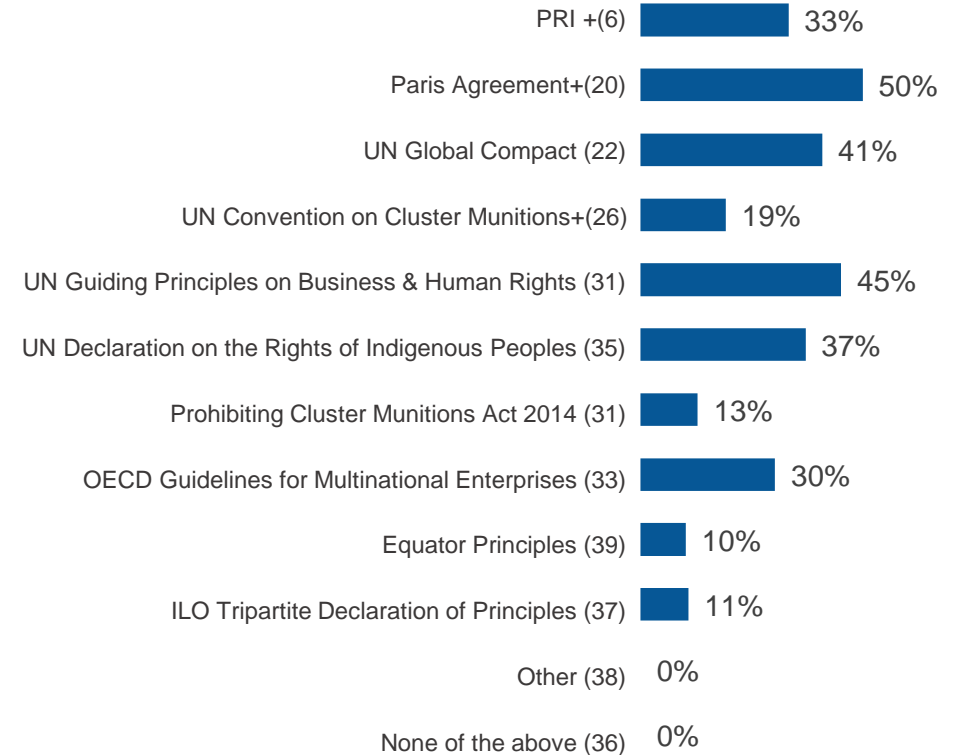
ESG Standards | Norms

PRI is the most commonly incorporated norm in 2021, followed by the Paris Agreement and UN Global Compact. Among those who are not currently using, half expect to incorporate the Paris Agreement (50%) and nearly half expect to incorporate the UN Guiding Principles on Business & Human Rights (45%) in the next 2 to 5 years.

Norms incorporated into 2021 investment analyses



Expected to be incorporated over next 2-5 years (Among those not currently using)

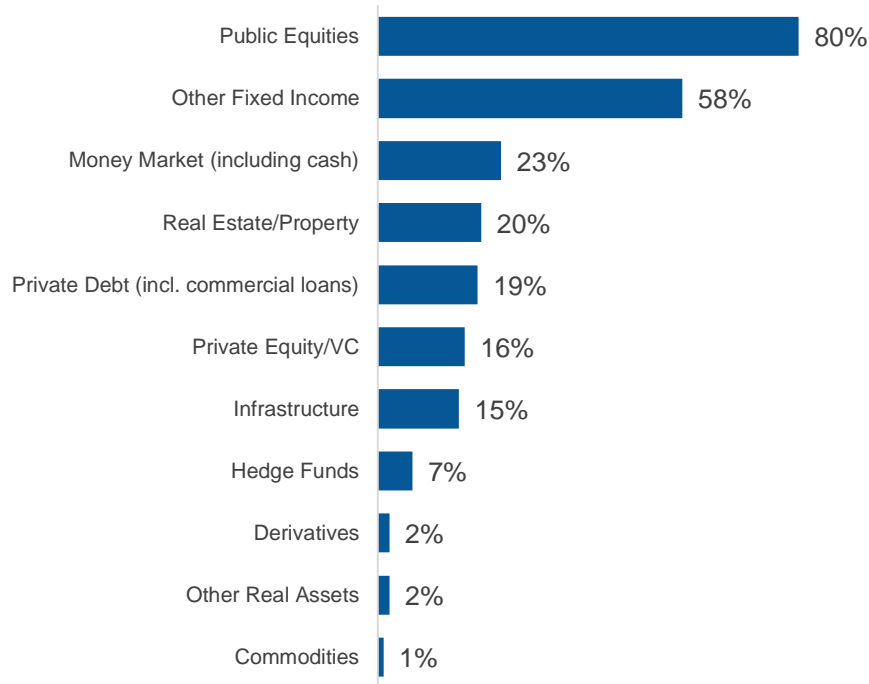


RI ASSET ALLOCATION

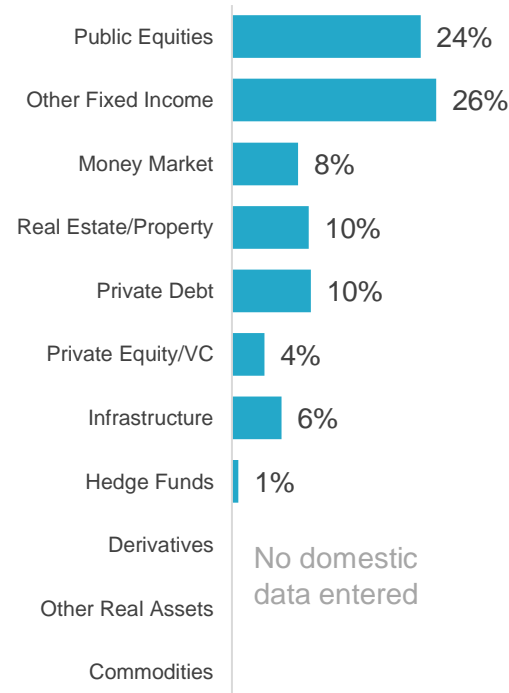
RI Asset Allocation | By Investment Type

The majority of respondents use public equities and other fixed income for RI assets. Of those invested in public equities, nearly forty percent (38%) of the RI assets are invested domestically in Canadian securities / assets. More than half (58%) of other fixed income assets are invested domestically.

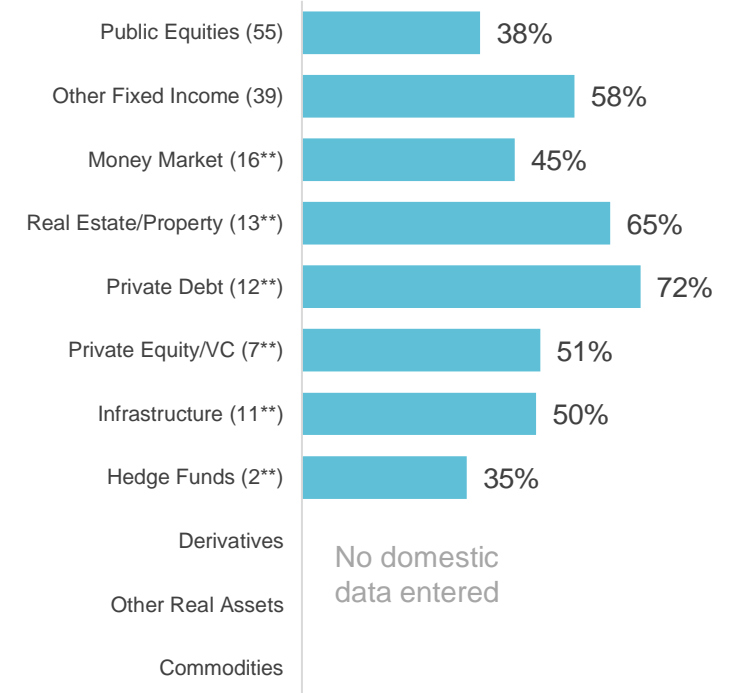
Incidence of allocation of RI assets



Average % invested domestically
Including 0s



Average % invested domestically
Among those using, excluding 0s



Q14: (n=93) Overall, what percentage of your responsible investment (RI) assets are allocated to these categories? 8% selected Other & 6% say none of the above.
Q15: (base sizes vary) What percentage of your responsible investment (RI) assets are invested domestically, in Canadian securities/assets? [New Question in 2022]

RI Asset Allocation | By Investment Type Cross Usage

Organizations that say their RI assets are in Public Equities are more likely to also have RI assets in *Other Fixed Income* (67%) and *Money Market* (28%)

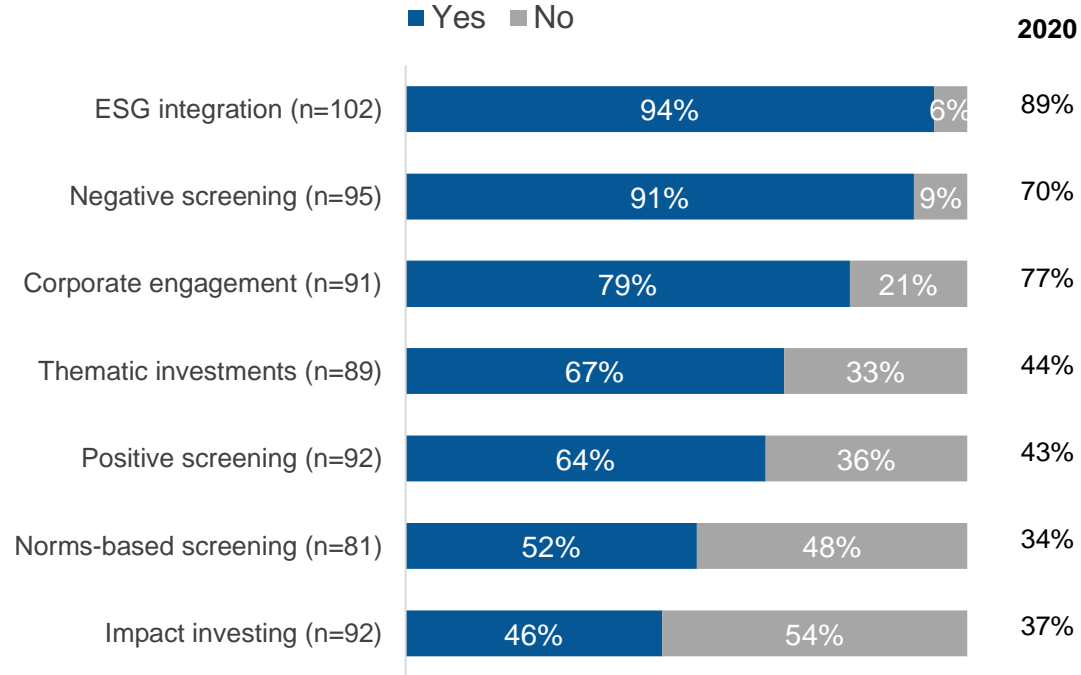
% saying yes								
	Overall Usage	Public Equities	Other Fixed Income	Money Market	Real Estate/	Private Debt	Private Equity/VC	Infrastructure
n=	93	74	53	21	18	17	15	14
Public Equities	80%	-	92%	95%	89%	71%	73%	86%
Other Fixed Income	58%	67%	-	81%	83%	59%	73%	71%
Money Market	23%	28%	33%	-	38%	41%	36%	38%
Real Estate/Property	20%	22%	28%	29%	-	47%	67%	79%
Private Debt	19%	17%	20%	33%	50%	-	71%	62%
Private Equity/VC	16%	15%	21%	24%	59%	59%	-	64%
Infrastructure	15%	17%	19%	24%	65%	47%	60%	-

Significantly higher vs. Total

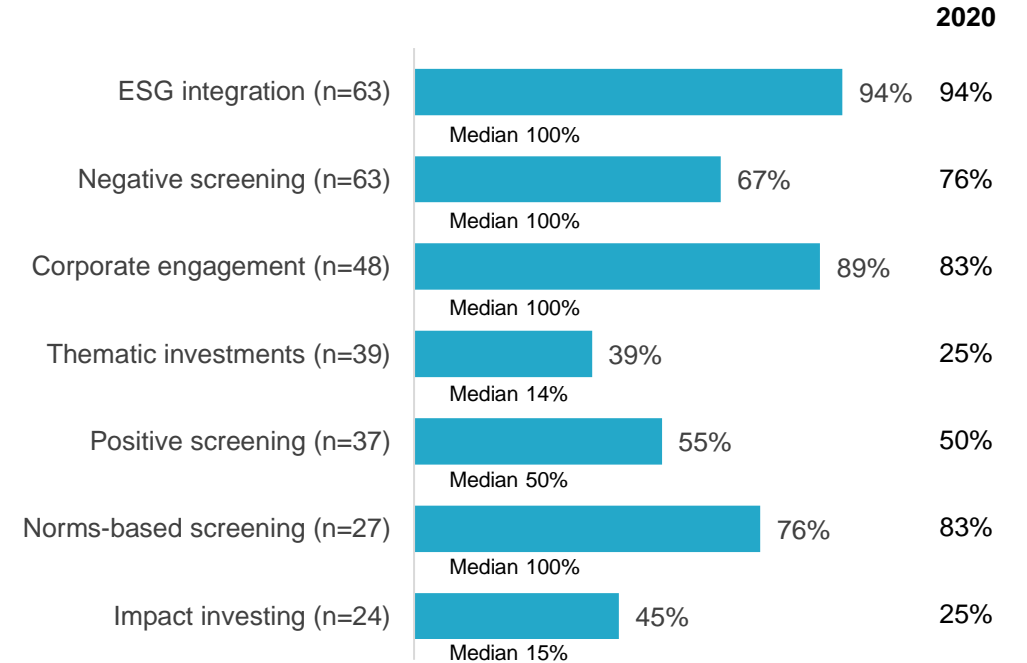
RI Asset Allocation | By Strategy

ESG integration is the most commonly used RI strategy (94%), followed by negative screening (91%) and corporate engagement (79%). Among those using, ESG integration (94%) and corporate engagement (89%) are on average used for nearly all RI investments.

RI strategies used



Average % of RI investments invested by strategy
(Among those using, excluding 0s)



Q17: (n varies) Which of the following responsible investment strategies do you use? (Yes/No) For Definitions used, please see [Appendix](#).
Q18: (n varies) What percentage of your RI are invested using each strategy?

RI Asset Allocation | By Strategy Cross Usage

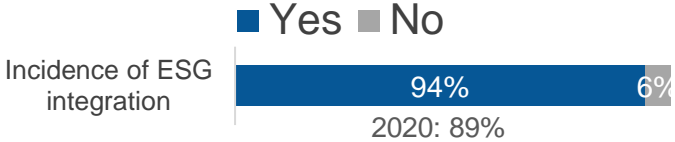
Organizations using ESG integration are more likely to say they are using corporate engagement & shareholder action (82%) and thematic investments (72%)

	% saying yes	Overall Usage	ESG integration	Negative/exclusionary screening	Corp. engagement & shareholder action	Thematic (ESG) investments	Positive screening	Norms-based screening	Impact investing
	n=	108	96	86	72	60	59	42	42
ESG integration		94%	-	94%	97%	100%	97%	98%	95%
Negative/exclusionary screening		91%	91%	-	94%	95%	98%	95%	100%
Corporate engagement & shareholder action		79%	82%	83%	-	84%	89%	92%	83%
Thematic (ESG) investments		67%	72%	71%	72%	-	85%	82%	84%
Positive screening		64%	66%	70%	69%	79%	-	80%	86%
Norms-based screening		52%	54%	54%	59%	65%	70%	-	67%
Impact investing		46%	44%	47%	45%	53%	59%	51%	-

Significantly higher vs. Total

RI Strategies | ESG Integration

ESG integration is the most commonly used RI strategy, in both incidence (94%) and in % of total RI AUM (94%).

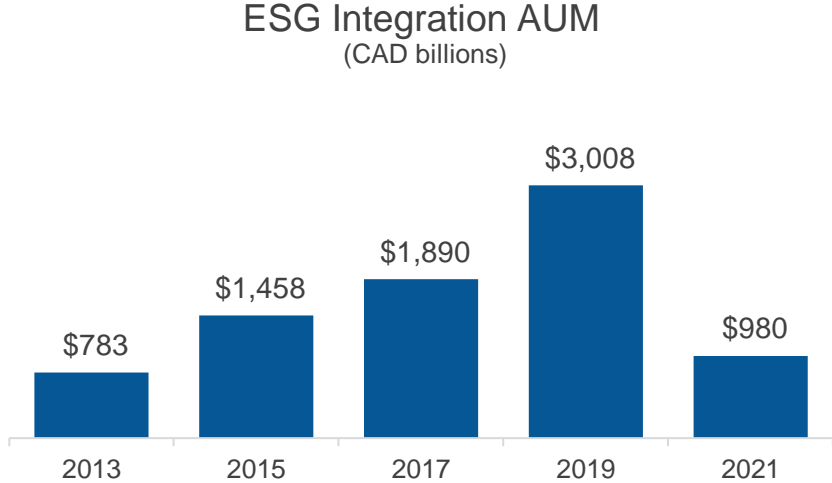


Of those using **ESG integration**, on average

94%
2020: 94%

of their total RI AUM is invested using this strategy.

median: 100%



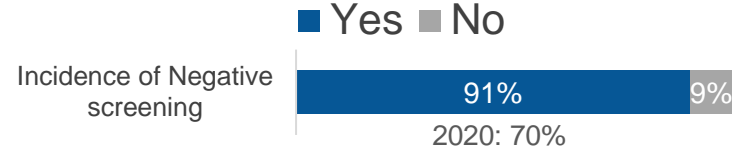
Key Differences:

- Organizations with 100% of AUM in RI (100%), those with a formal ESG program (95%) and those managing all RI AUM internally (97%) are using ESG integration for more than 50% of their RI AUM.

Q17F: (n=102) Which of the following responsible investment strategies do you use?
Q18F: (n=65) What percentage of your RI are invested using each strategy? Calculation: total internal RI AUM (\$) x % by % in strategy and then sum all values for that strategy.

RI Strategies | Negative Screening

Negative Screening is used by more than nine in ten organizations for their RI.



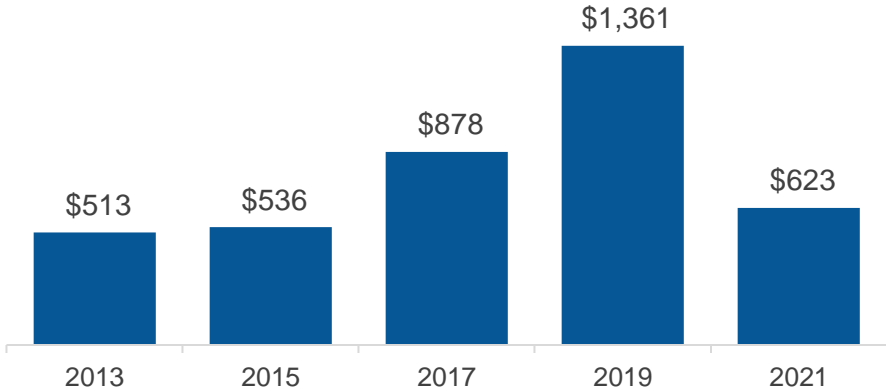
Of those using **Negative Screening**, on average

67% 2020: 76%

of their total RI AUM is invested using this strategy.

median: 100%

Negative Screening AUM (CAD billions)



Key Differences:

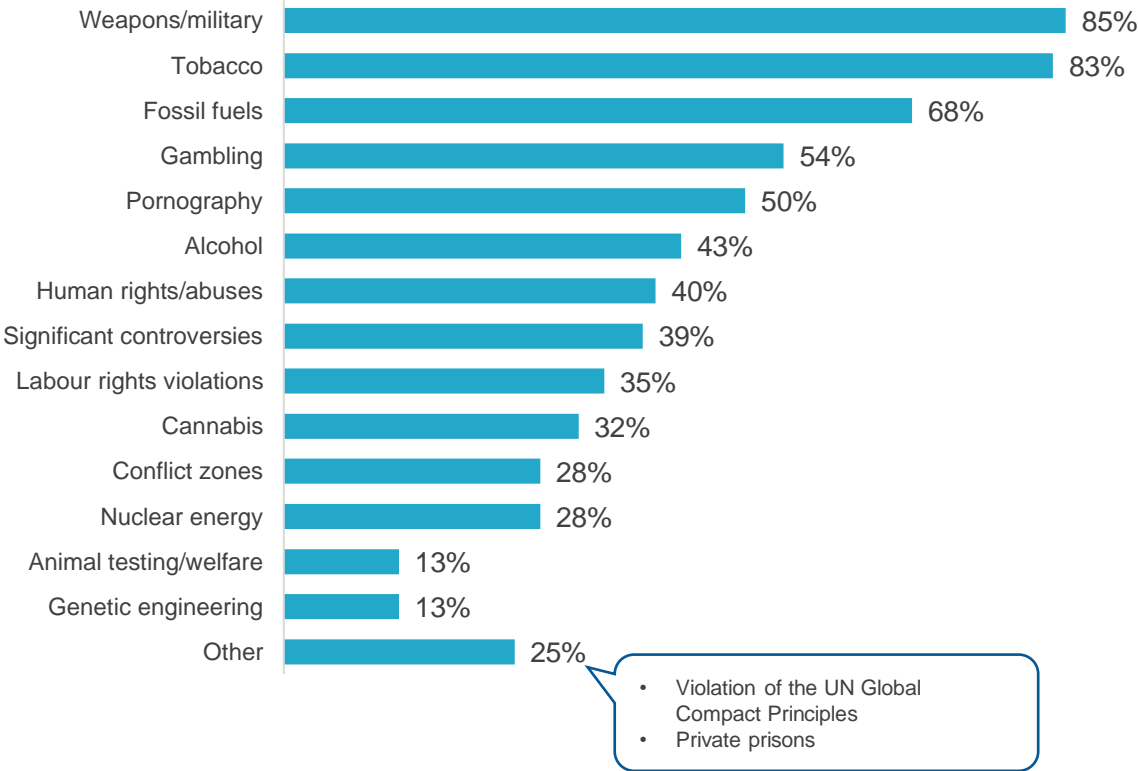
- Organizations which have GHG targets (82%) are more likely to be using negative screening for more than 50% of their RI AUM.

Q17A: (n=95) Which of the following responsible investment strategies do you use?
Q18A: (n=63) What percentage of your RI are invested using each strategy? Calculation: total internal RI AUM (\$) x % in strategy and then sum all values for that strategy.

RI Strategies | Negative Screening

The most common negative screens / exclusions used are weapons / military (85%), tobacco (83%) and fossil fuels (68%). More than half exclude gambling.

Negative Screens / Exclusions Used



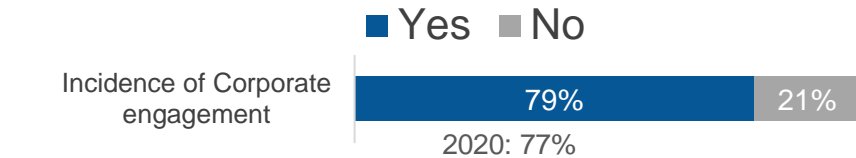
On average, organizations use

6 negative screens

Q19: (n=72) Please indicate any and all negative screens/exclusions applied in your organization's investment decisions

RI Strategies | Corporate Engagement/Action

Eight in ten organizations say they use corporate engagement/action as an RI strategy, and of those they invest on average 89% of their RI AUM using this strategy.



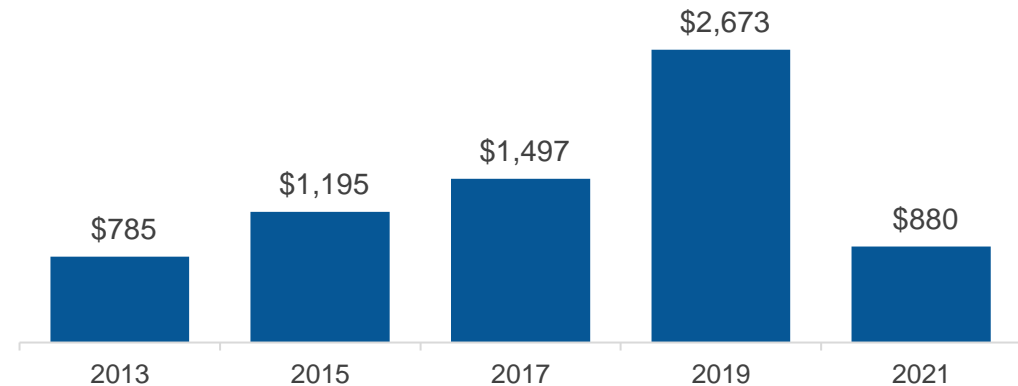
Of those using **Corporate Engagement and Shareholder Action**, on average

89%
2020: 83%

of their total RI AUM is invested using this strategy.

median: 100%

Corporate Engagement/Action AUM (CAD billions)



Key Differences:

- Asset managers (90%) and those with a formal ESG program (90%) are more likely to be using corporate engagement for more than 50% of their RI AUM.

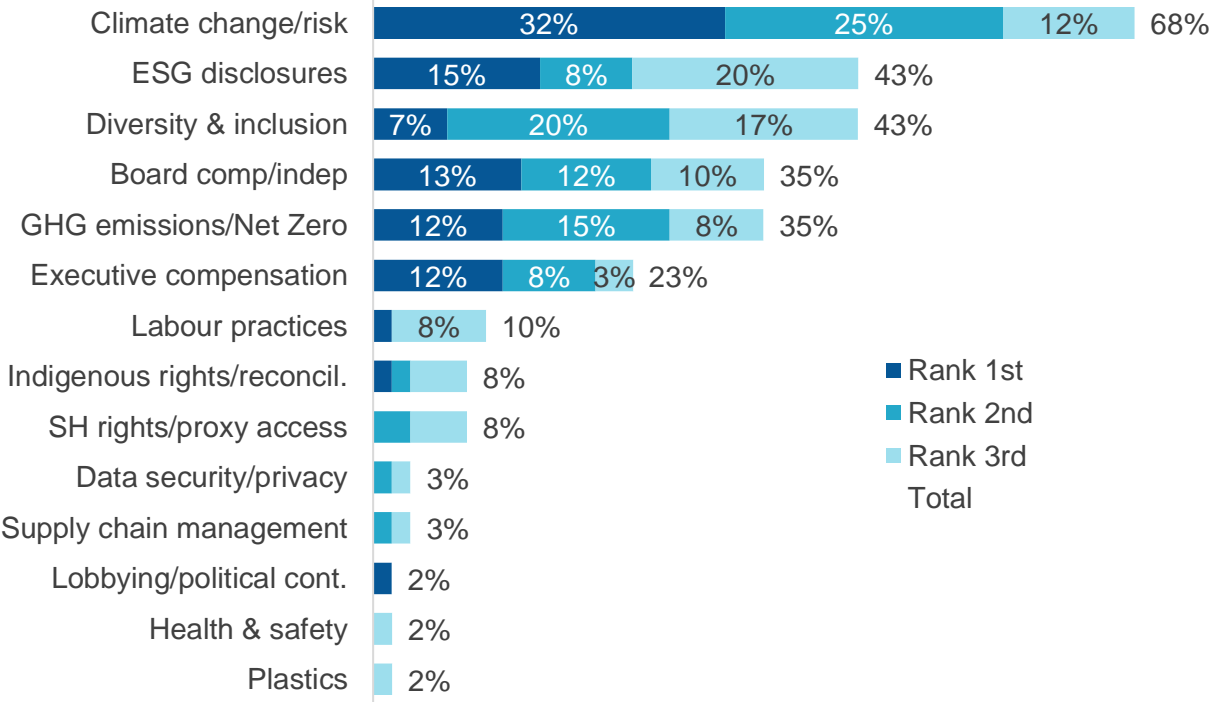
RI Strategies | Corporate Engagement/Action cont'd...

Q17E: (n=91) Which of the following responsible investment strategies do you use?
Q18E: (n=49) What percentage of your RI are invested using each strategy? Calculation: total internal RI AUM (\$) x % in strategy and then sum all values for that strategy.

RI Strategies | Corporate Engagement/Action

Climate change/risk (68%) is the most common ESG issue in organizations' engagement program.

Top Engagement Issues



No Significant Differences.

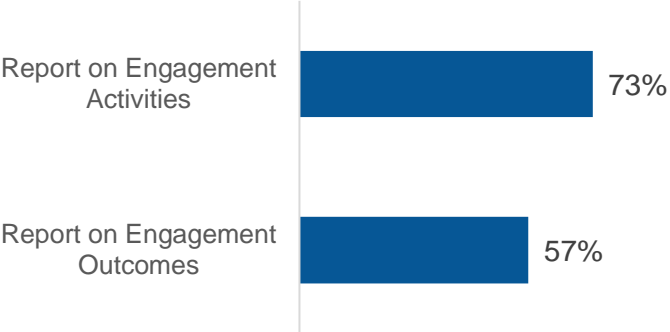
RI Strategies | Corporate Engagement/Action cont'd...

Q21: (n=60) What were the three most common ESG issues in your engagement program in 2021?

RI Strategies | Corporate Engagement/Action

Of those using corporate engagement/action, more than seven in ten (73%) respondents say they report on engagement activities, while nearly six in ten (57%) report on outcomes. Climate change/risk (68%) is the most common ESG issue in organizations' engagement program.

Engagement Reporting among users



	Total	Report on engagement activities	Report on engagement outcomes	RI policy statement	ESG integration program	Shareholder engagement policy	Guidelines for proxy voting
<i>% saying yes</i>							
Report on engagement activities	73%	-	97%	75%	79%	84%	79%
Report on engagement outcomes	57%	76%	-	59%	63%	70%	62%

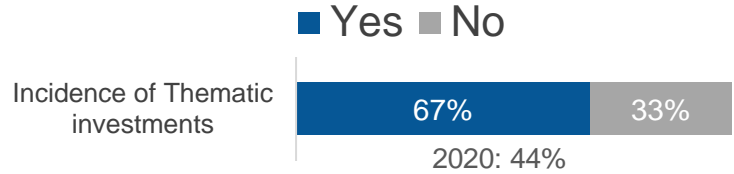
Significantly higher vs. Total

Additional Key Differences:

- Organizations measuring their carbon footprint are more likely to say they are reporting on both engagement activities (85%) and engagement outcomes (65%).

RI Strategies | Thematic (ESG) Investments

Two-thirds of respondents say their organization is using Thematic (ESG) Investments as part of their RI strategy. Of those using this strategy, an average of 39% of their total RI AUM is invested using it.



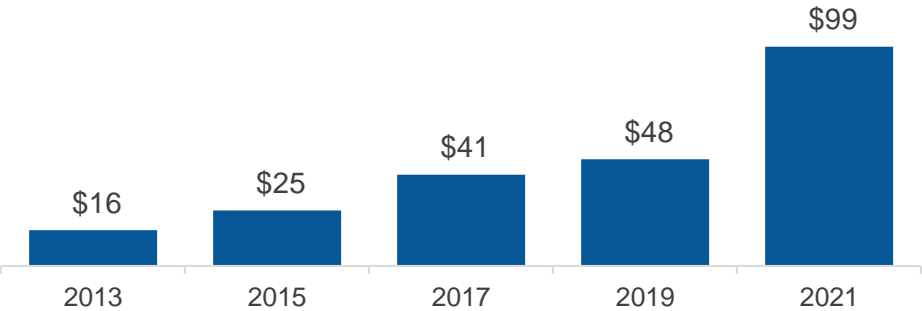
Of those using **Thematic (ESG) Investments**, on average

39% 2020: 25%

of their total RI AUM is invested using this strategy.

median: 14%

Thematic ESG Investment AUM (CAD billions)



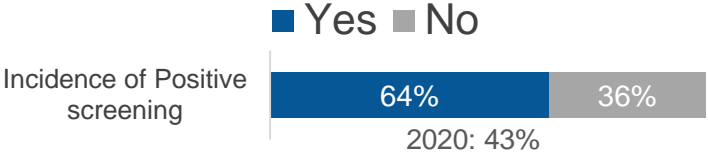
Key Differences:

- RIA non-members (62%) are more likely to be using Thematic Investments for more than 50% of their RI AUM.

Q17D: (n=89) Which of the following responsible investment strategies do you use?
Q18D: (n=39) What percentage of your RI are invested using each strategy? Calculation: total internal RI AUM (\$) x % in strategy and then sum all values for that strategy.

RI Strategies | Positive Screening

Positive screening total assets under management rises in 2021 to \$43 billion.



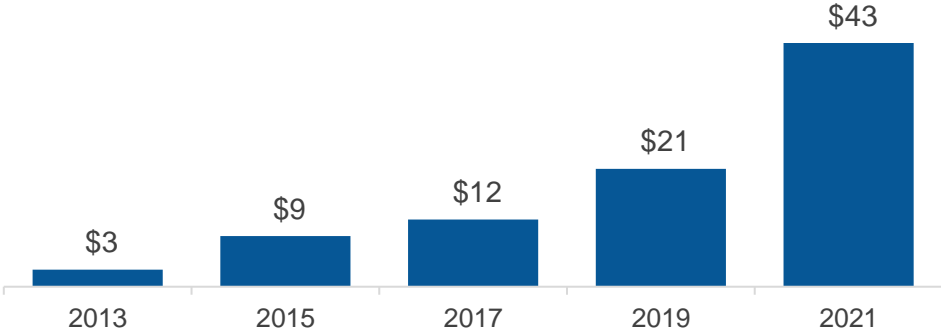
Of those using **Positive Screening**, on average

55% 2020: 50%

of their total RI AUM is invested using this strategy.

median: 50%

Positive Screening AUM (CAD billions)



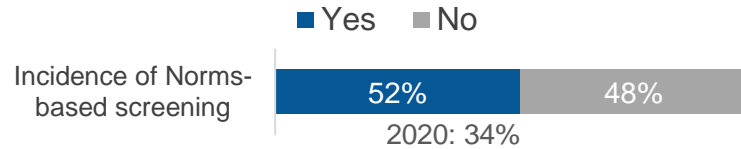
Key Differences:

- Organizations with 100% of their AUM in RI (73%) are more likely to be using positive screening for more than 50% of their RI AUM.

Q18B: (n=38) What percentage of your RI are invested using each strategy? Calculation: total internal RI AUM (\$) x by % in strategy and then sum all values for that strategy.

RI Strategies | Norms-based Screening

Norms-based screening assets under management declines in 2021 to \$284 billion.

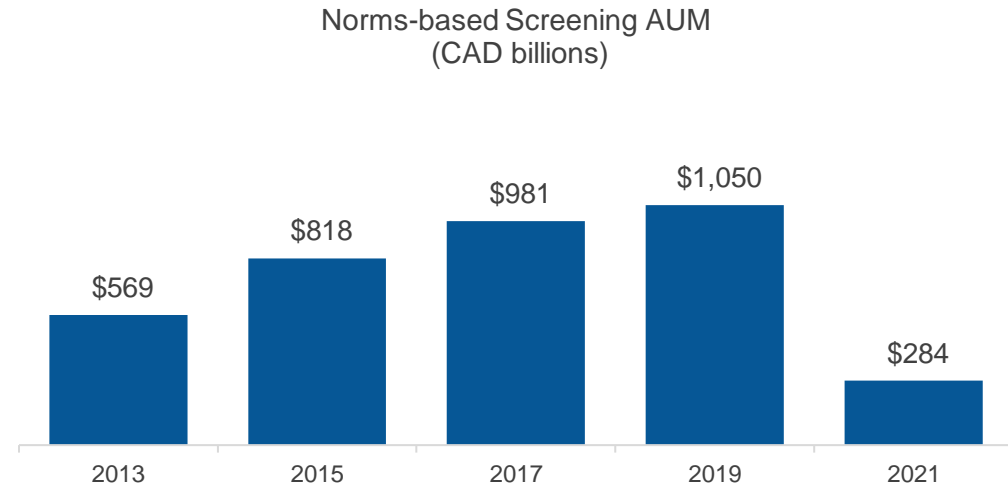


Of those using **Norms-based Screening**, on average

76% 2020: 83%

of their total RI AUM is invested using this strategy.

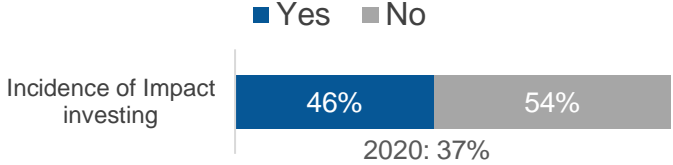
median: 100%



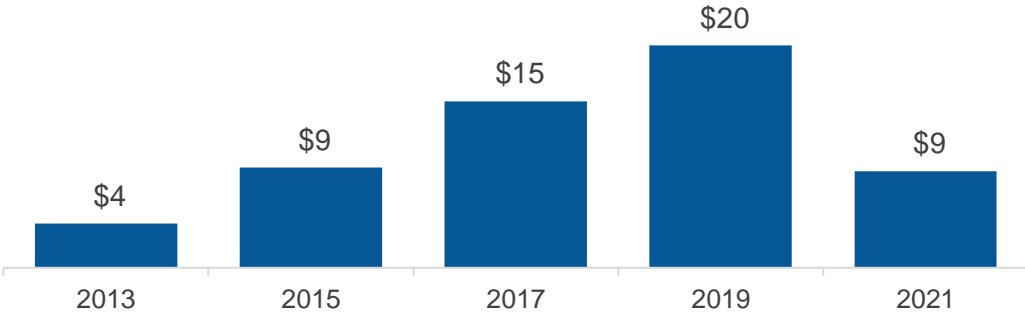
*No Key Differences - small sample sizes

RI Strategies | Impact Investing

Impact investing assets under management declines in 2021 to \$9 billion.



Impact Investing AUM (CAD billions)



Of those using **Impact Investing**, on average

45% 2020: 25%

of their total RI AUM is invested using this strategy.

median: 15%

*No Key Differences - small sample sizes

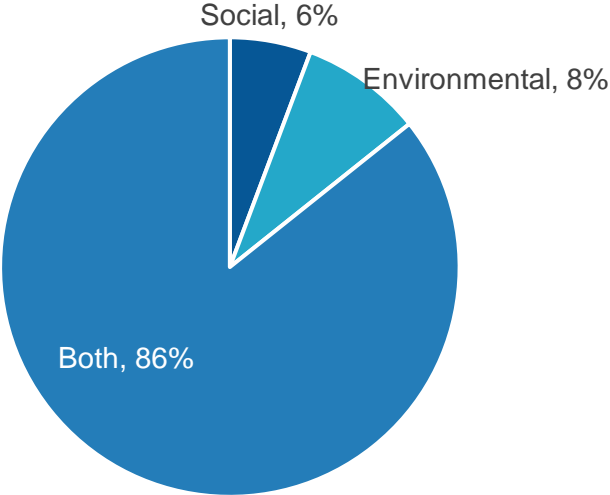
RI Strategies | Impact Investing cont'd...

Q18G: (n=24) What percentage of your RI are invested using each strategy? Calculation: total internal RI AUM (\$) x by % in strategy and then sum all values for that strategy.

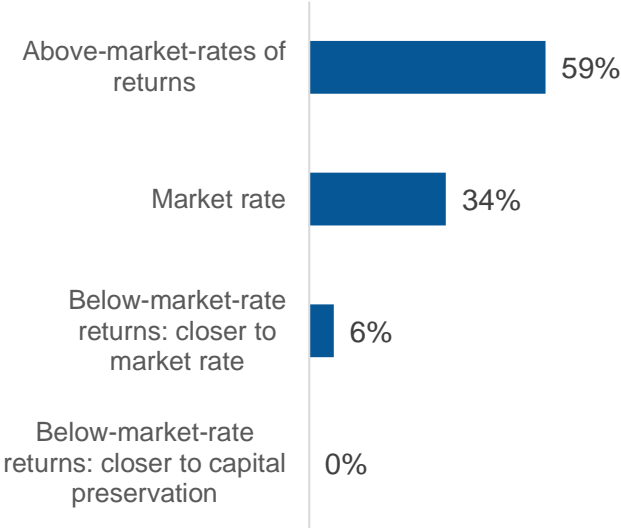
RI Strategies | Impact Investing

Of those using impact investing, more than eight in ten (86%) say they focus on both environmental and social impacts.

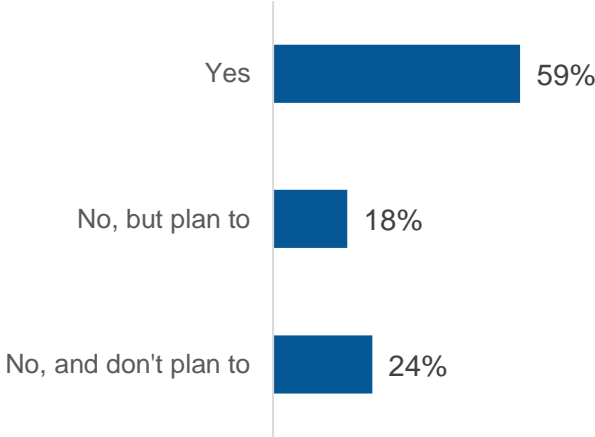
Primary Impact Objective



Target Returns



Impact Public Equities



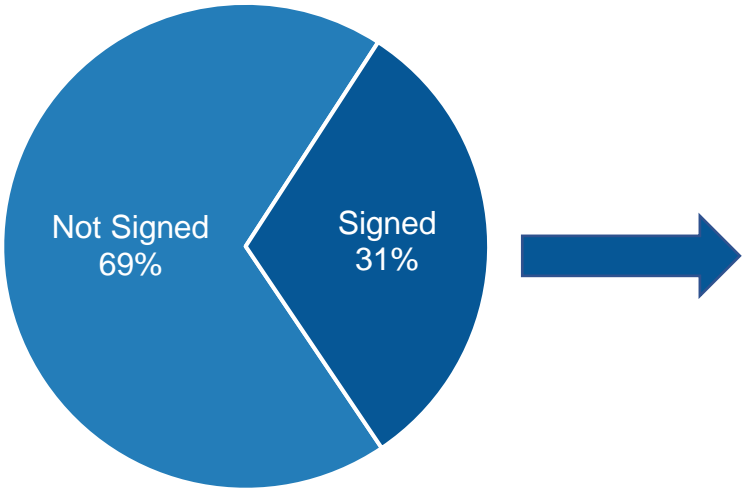
Q23: (n=35) Which is your primary impact objective: [New Question in 2022] AND Q24 : (n=34) Does your organization seek to generate impact in public equities? [New Question in 2022] AND Q25: (n=32) How would you characterize the target financial returns you principally seek with your impact investments? [New Question in 2022]

GREENHOUSE GAS (GHG) TRACKING & TARGETS

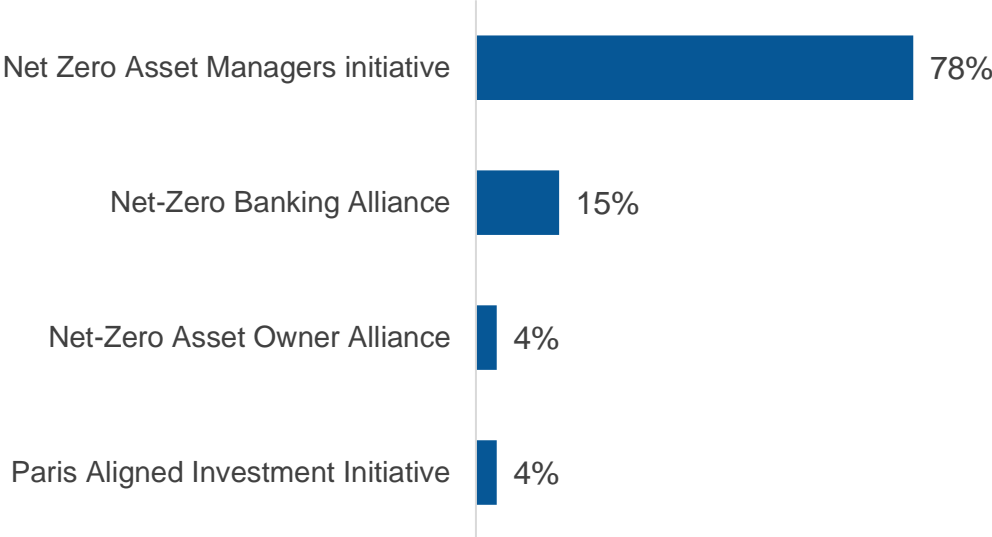
GHG Tracking & Targets | GFANZ Alliances

Three in ten (31%) respondents have signed on to one of the GFANZ alliances. Among those who have signed, eight in ten have signed the Net Zero Asset Managers initiative. More than one in ten (15%) have signed the Net Zero Banking Alliance.

Signed GFANZ Alliance: Overall



Organization’s GFANZ Alliance commitment (n=27)

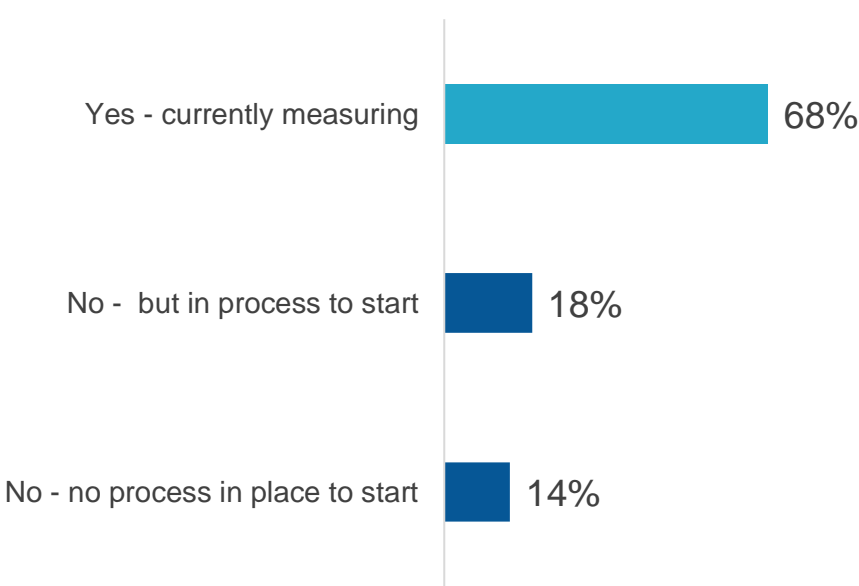


Q30: (n=86) Has your firm signed onto one of the GFANZ alliances? [New Question in 2022]

GHG Tracking & Targets | Portfolio Carbon Intensity

Seven in ten (68%) respondents' firms are currently measuring the carbon intensity of their portfolios, and an additional two in ten (18%) do not currently measure but are in the process to start. Organizations who report on engagement activities and outcomes are more likely to say they measure the carbon intensity of its portfolio.

Measuring of carbon intensity of portfolio



	Total	Report on engagement activities	Report on engagement outcomes	Org has RI policy statement	Org has formal ESG program
Yes – currently measuring	68%	91%	89%	71%	74%

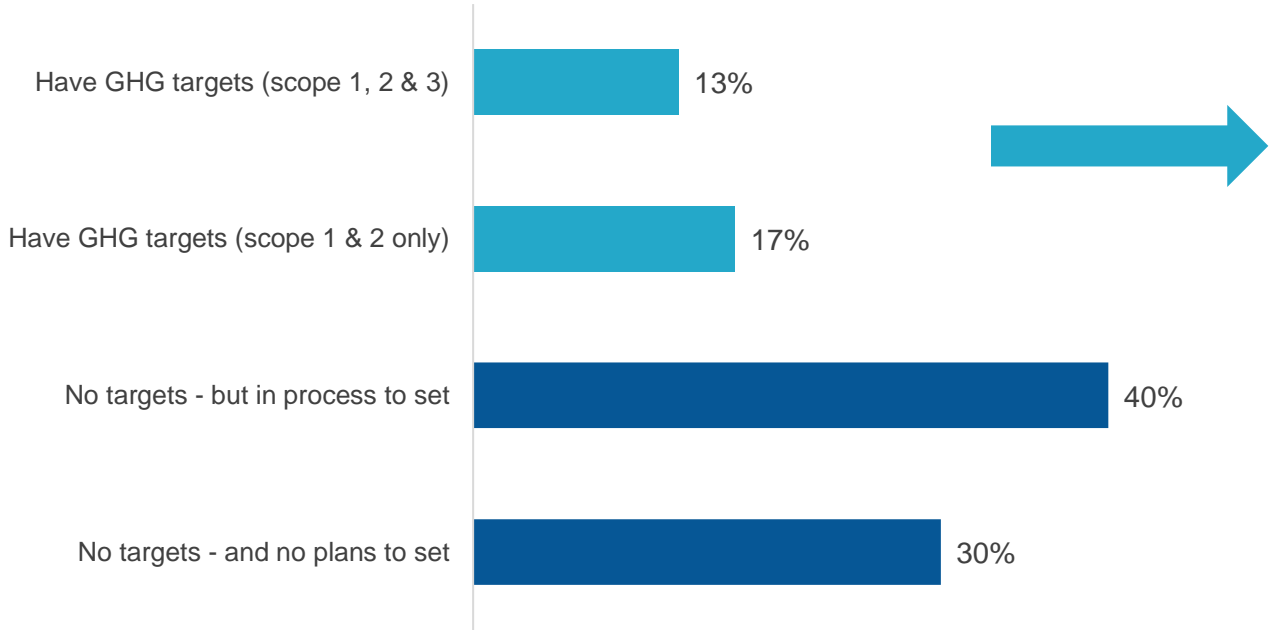
Significantly higher vs. Total

Q31: (n=87) Does your firm currently measure the carbon intensity of its portfolio, or is it in the process of doing so?

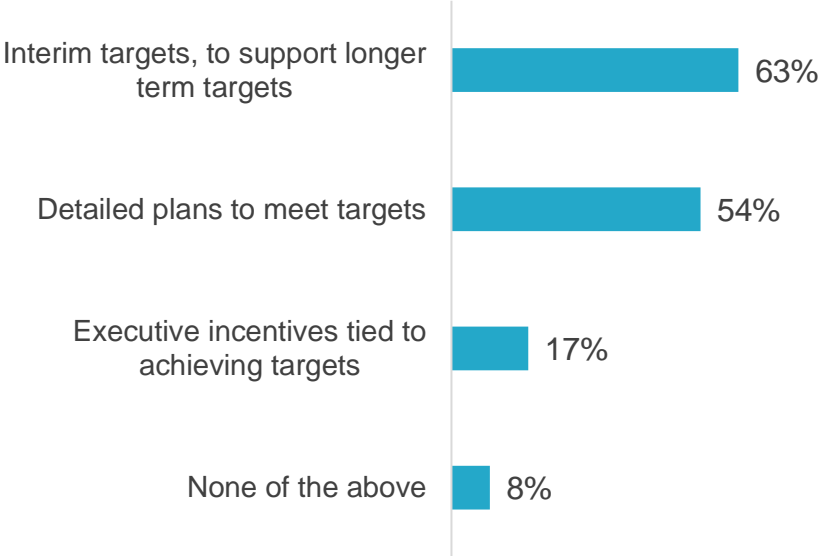
GHG Tracking & Targets | GHG Targets

Three in ten respondents (30%) say they have GHG reduction targets including more than one in ten (13%) who have targets for scope 1, 2 and 3 emissions.

Organization has GHG reduction targets for investments



Company Targets *(Among those who have GHG targets)*



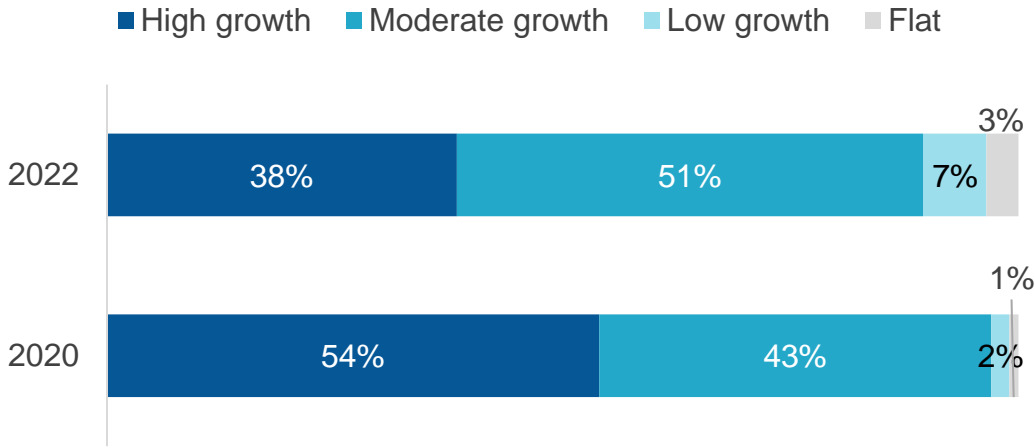
Q32: (n=84) Does your organization currently have greenhouse gas (GHG) emissions reduction targets for its investments? AND Q33: (n=24) Does your organization have:

THE FUTURE OF RI

The Future of RI | Growth Expectations

Half of respondents (51%) say that they expect moderate growth in responsible investments over the next two years. In contrast, in 2020, half of respondents (54%) said they expected high levels of growth.

RI anticipated growth over next two years



	Total	% of AUM in RI			Policies			
		<10%	10%-<100%	100%	RI Policy	ESG Program	SH engagement	Proxy Voting
Net: High & Moderate	90%	75%	96%	94%	93%	94%	96%	95%
High	38%	33%	50%	29%	40%	39%	42%	42%
Moderate	51%	42%	46%	65%	53%	55%	54%	53%
Low	7%	21%	-	3%	4%	3%	2%	3%
Flat	3%	4%	4%	3%	3%	3%	2%	2%

Significantly higher vs. Total

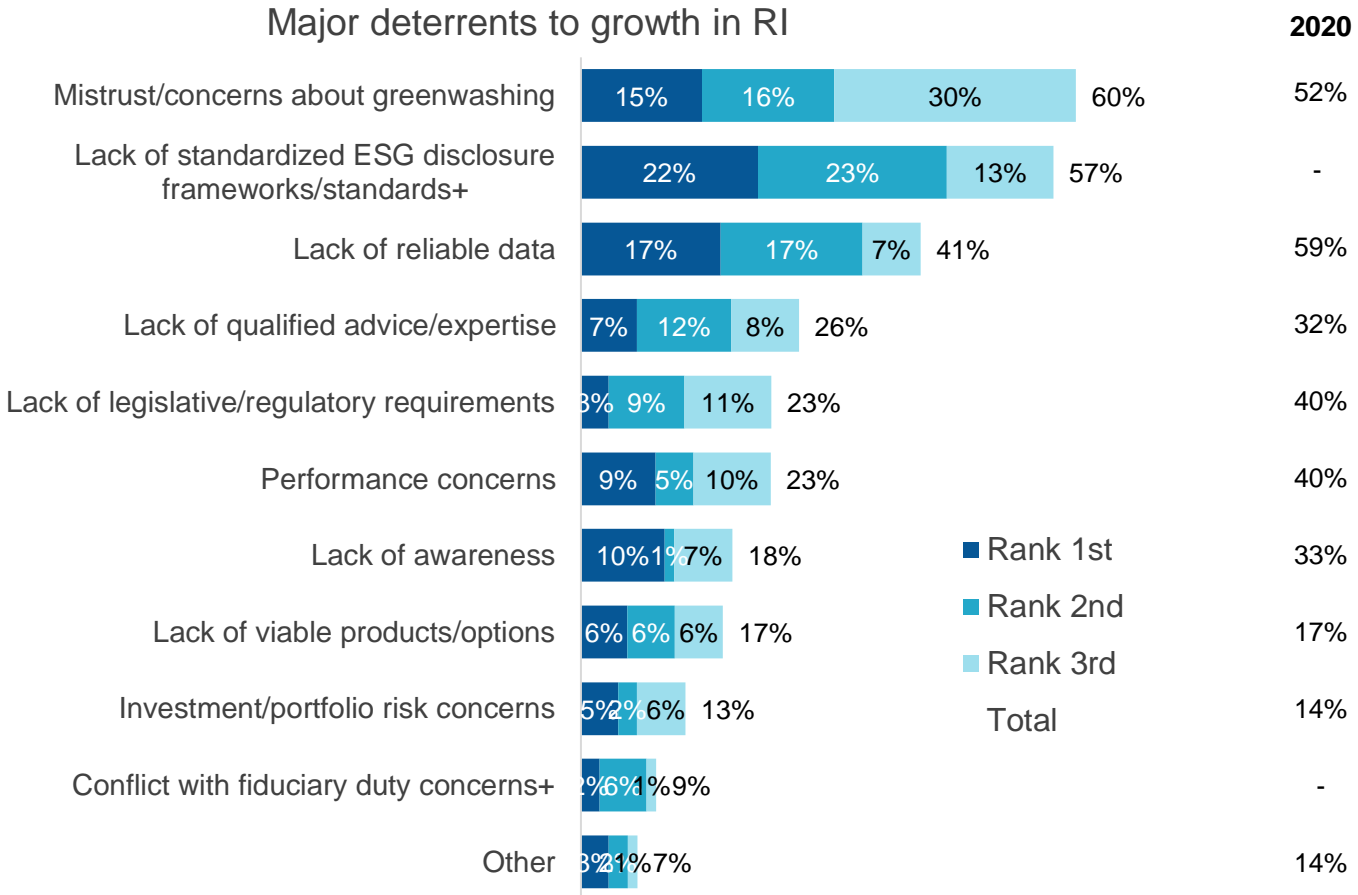
Key Differences:

- Those who are measuring carbon (45%) and those who report on engagement activities (50%) and outcomes (56%) are more likely to say they expect high growth.
- There is no difference between the RIA members and non-members expectations of growth.

Q35: (n=86) What level of growth in responsible investment (RI) are you anticipating in the next two years?

The Future of RI | Deterrents to Growth

Overall, *mistrust/concerns about greenwashing* is the most frequently mentioned major deterrent to growth in RI. *Lack of standardized ESG disclosure frameworks/standards* is most often ranked first (22%), followed by *lack of reliable data* (17%) and *concerns about greenwashing* (15%).

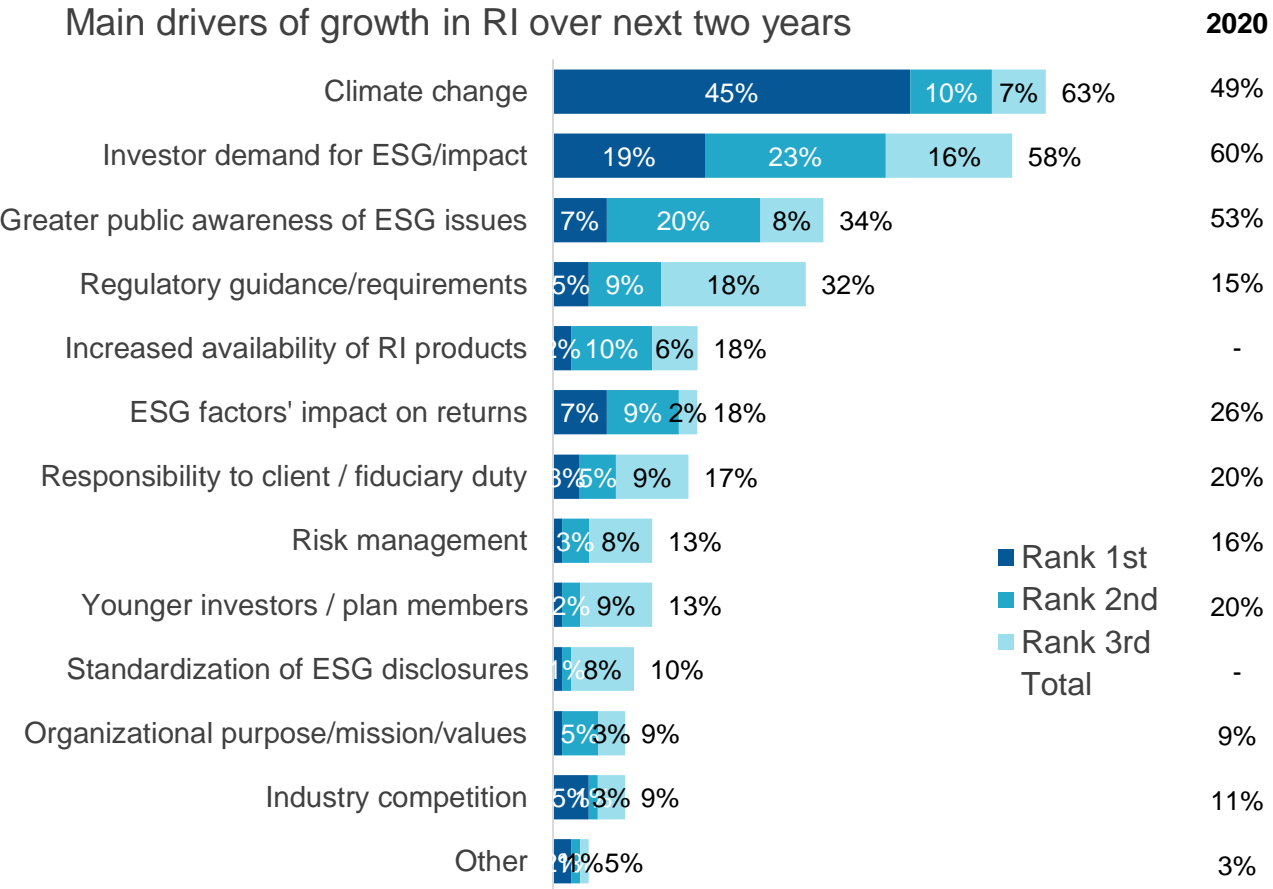


Key Differences:

- Respondents with 100% of their AUM as RI are more likely to say *lack of reliable data* (55%).

The Future of RI | Drivers of Growth

More than four in ten (45%) respondents rank climate change 1st as the main driver of growth in RI over the next two years, significantly higher than in 2020 where 25% ranked it as the top driver. Climate change is followed by investor demand for ESG/impact (19%), greater public awareness of ESG (7%) and ESG factors' impact on returns (7%).



- Key Differences:**
- Respondents with 100% of their AUM as RI are more likely to say *climate change* (78%)
 - Respondents with <10% of their AUM as RI are more likely to say *regulatory guidance/requirements* (54%)

PROFILES

Profile | RIA Members

RIA members see some differences compared to other organizations, most notably they are more likely to rank *lack of standardized ESG disclosure frameworks/standards* as the top deterrent to RI growth, while *risk management* is a top three driver of RI growth. RIA members are more likely to be using ESG investments and show higher usage for climate change related E dimensions as well as supply chain management and indep. directors and SH rights.

More likely to have 10% to <100% of AUM in RI (35%)

More likely to have 0% institutional client in RI AUM (28%) or have >50% of individual clients in RI AUM (46%)

RI Strategies

- More likely to be using Thematic (ESG) investments (74%)
- More likely to report on engagement activities (80%)
- More likely to seek to generate impact in public equities (71%) ** n=21

n= 75

Why ESG?

- To fulfill fiduciary duty among top three reasons (55%)

E GHG (92%)
 CC mitigation (92%)
 CC adaptation (84%)
 Water solutions (63%)

S Modern slavery (65%)
 Supply chain mgmt. (67%)
 Controversial weapons (65%)
 Just transition (57%)
 Selling practices (45%)

G Executive pay (73%)
 Indep. directors (75%)
 SH rights (75%)
 Bribery & corruption (71%)
 Supply chain risk (63%)
 Global risk (55%)
 Tax avoidance (49%)
 Political contributions (47%)

Frameworks and Norms

More likely to be using:

- GRI (41%)
- GRESB (32%)
- PRI (91%)
- UN Conv. on cluster munition (43%)
- Prohib. cluster munitions act 2014 (26%)



Growth Deterrents

More likely to:

- rank *lack of standardized ESG disclosure frameworks/ standards* (27%) as 1st
- say *lack of awareness* is in top 3 deterrents (25%)



Growth Drivers

More likely to:

- rank *risk management* (17%) in top three

Profile | Organizations with 100% AUM in RI

Organizations which have all of their AUM in responsible investments are more likely to be asset owners and more likely to have considered ESG factors *to fulfill mission, purpose or values*. These organizations rank *lack of reliable data* as the top deterrent to RI growth and rank *climate change* as a top three driver of RI growth. They are more likely to be relying on UN norms and have not signed one of the GFANZ alliances.

More likely to be asset owners (35%)

More likely to have a higher proportion of institutional client AUM in RI (69%)

Why ESG?

- To fulfill mission, purpose or values (28%)

ESG

No significant differences in ESG issues considered

n= 54

Asset Allocation

Higher incidence of:

- private equities / VC (35% using)
- private debt (33%)
- money market (39%)
- real estate (29%)
- infrastructure (29%)

A higher proportion on average of RI in

- private equities / VC (12%)
- infrastructure (6%)

Frameworks and Norms

More likely to be using:

- UN guiding principles on business & human rights (43%)
- UN Declaration on rights of indigenous people (37%)

More likely to say they are NOT signed on to one of the GFANZ alliances (81%)

More likely to expect moderate growth in RI over next 2 years (65%)



Growth Deterrents

More likely to:

- rank *lack of reliable data* (29%) as 1st



Growth Drivers

More likely to:

- rank *climate change* (78%) in top three

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APPENDIX

RESPONDENTS - 2022 AND 2020

ACM Advisors Ltd.
Addenda Capital
AGF Investments
AIMCo
Alliance Bernstein
AlphaFixe Capital
Amundi Canada
Beutel, Goodman & Company
BMO Global Asset Management
British Columbia Investment Management Corporation
Canada Post Corporation Pension Plan
CC&L Infrastructure
CIBC Asset Management
Coast Funds - Coast Conservation Endowment Fund
Foundation
Connor, Clark and Lunn Investment Management
Crestpoint Real Estate Investments Ltd.
Desjardins Investments Inc.
Federated Hermes
Franklin Resources, Inc.
Genus Capital
Gestion FÉRIQUE
Global Alpha Capital Management
Hillsdale Investment Management
iA Clarington Investments
IG Wealth Management

Inspirit Foundation
Jarislowsky Fraser
Kindred Credit Union
Mackenzie Investments
Manulife Investment Management
National Bank Investments
NEI Investments
North Growth Management Ltd.
Northern Trust Asset Management
Northleaf Capital Partners
OMERS
Orbis Investments
Pacifica Partners Inc.
Pictet Asset Management
Rally Assets
RBC Global Asset Management
Russell Investments
STATE STREET GLOBAL ADVISORS
TD Asset Management
University of Toronto Asset Management Corporation (UTAM)
Value Partners Investments
WC Kitchen Family Foundation
William Blair Investment Management, LLC

RESPONDENTS – NEW IN 2022

1832/Dynamic Funds/Scotia Global Asset Management
Active Impact Investments
ATB Investment Management Inc
Aviva Investors
Beneva
BMO Private Wealth
Bridgehouse Asset Managers
Capital International Asset Management (Canada), Inc. (This is the legal entity name in Canada for the brand Capital Group)
Central 1 Credit Union
CIBC Asset Management
ClearBridge Investments, LLC
Deetken Impact
Desjardins Global Asset Management
Développement international Desjardins
Equality Fund
Fidelity Investments Canada
Forum Asset Management
Guardian Capital LP
Honeytree Investment Management
Justwealth
Letko, Brosseau and Associates
Libro Credit Union
MD Financial Management

Meridian Credit Union
Middlefield Group
Montrusco Bolton Investments Inc.
Munro Partners
Ninety One
Picton Mahoney Asset Management
Purpose Investments
RGP Investments
SLGI Asset Management
Sprucegrove Investment Management Ltd.
T. Rowe Price Associates, Inc.
TMA
Trans-Canada Capital
Triasima Portfolio Management
University Pension Plan
Vancity
Vanguard Investments Canada Inc.
Waratah Capital Advisors
Youth Social Innovation Capital Fund

RESPONDENTS – DESK RESEARCH 2022

SLC Management

BlackRock Asset Management Canada Limited

CI Global Asset Management

IMCO (Investment Management Corporation of Ontario)

Caisse de dépôt et placement du Québec (CDPQ)

Sprott Asset Mgmt

Horizons ETFs

Tangerine

ONE Investment

La Caisse d'économie solidaire Desjardins

Pender Fund

The United Church Of Canada Pension Plan

Cypress Capital Management Ltd.

Batirente

The J.W.McConnell Family Foundation

Encasa Financial Inc.

EdgePoint Wealth Management

The United Church of Canada

New Market Funds

Evol

CAAT Pension Plan

Canada Pension Plan Investment Board

HOOPP

Ontario Teachers' Pension Plan

OPTrust

Public Sector Pension Investment Board

INDUSTRY AUM

RI Market Share Calculation

The sum of all professionally-managed assets in Canada is estimated at \$6.45 trillion. This calculation is based on proprietary data provided by the Canadian Institutional Investment Network, and publicly available data from the Investment Funds Institute of Canada (IFIC) and the Organization for Economic Cooperation and Development (OECD). The table below summarizes the calculation.

<u>Total Asset Manager AUM (CAD millions):</u>	<u>\$4,680,766</u>
Total Pension AUM - OECD Pension Markets in Focus*	\$2,160,876.0
Less Asset Manager Pension AUM - CIIN	\$1,279,137.9
<u>Net Pension AUM</u>	<u>\$881,738</u>
IFIC Total AUM - Mutual Funds and ETFs	\$2,424,000
Less Asset Manager Mutual Funds and ETFs AUM - CIIN	\$1,533,208
<u>Net IFIC AUM</u>	<u>\$ 890,792</u>
<u>Total AUM (CAD millions)</u>	<u>\$6,453,295</u>

DEFINITIONS

Q17

- 1 Negative/exclusionary screening**
Exclusion of certain sectors, companies, countries or practices from a portfolio, typically based on ethical or values-based criteria. For example, excluding product categories (e.g., tobacco, weapons), company practices (e.g., animal testing, corruption) or controversies.
- 2 Positive screening**
Inclusion of certain sectors, companies or practices into a portfolio based on specific ESG criteria. For example, including companies with positive ESG performance compared to industry peers (also referred to as best-in-class screening).
- 3 Norms-based screening**
Screening out investments that do not meet minimum standards of business practice or issuer practice based on international norms and conventions such as those issued by the UN, ILO, and OECD.
- 4 Thematic (ESG) investments**
Investments that specifically target ESG themes such as women in leadership, clean technology, alternative energy, cybersecurity, etc.
- 5 Corporate engagement & shareholder action**
Using shareholder power to influence corporate behaviour, including through direct corporate engagement (i.e., communicating with senior management and/or boards of companies), filing or co-filing shareholder proposals, and proxy voting that is guided by comprehensive ESG guidelines.
- 6 ESG integration**
Explicitly and systematically embedding ESG issues into traditional financial analysis. With ESG integration, the portfolio manager combines ESG data together with traditional financial metrics when assessing a company's value.
- 7 Impact investing**
According to the Global Impact Investment Network, impact investments are investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return. They can be made across asset classes, and target a range of returns from below market to market rate, depending on the investor's strategic goals.