

ESG gathers momentum amid a pandemic

Below are the key findings of the 2020 Federated Hermes ESG Survey. The first Federated Hermes ESG survey of U.S. financial advisors, high-net-worth individuals and families and institutional investors finds a significant majority of all three segments incorporating environmental, social and governance (ESG) considerations into their investment decisions.

1 Covid-19 ignites interest in ESG



Scrutinizing "S"

The pandemic has put a spotlight on health care and pay inequalities as well as working conditions. Investors are taking a closer look at their investments' social risks.

Governance and Environmental Still Rule: 46% of those surveyed believe the governance factor is "very important" while 88% find importance in environmental factors.



90%

With nine out of 10 advisors being asked about ESG, a majority of advisors are considering responsible investing when making recommendations to their clients.

ESG risk evaluation is becoming a key part of investment programs.

2 Investors are becoming more sophisticated about ESG



Negative to Positive

Investors and advisors have moved away from negative screening (exclusion), and instead are focusing on positive screening (inclusion), with 52% of advisors and 74% of institutions implementing positive screening strategies.



The value of engagement

Institutional investors lead the way in understanding the value of long-term engagement with companies in which a portfolio invests.



ESG dovetails with active management

ESG knowledge and sophistication correlate to the use of active strategies—48% of institutional respondents said active strategies are their primary way of accessing ESG investments.

3 The future of ESG: reading the tea leaves



Is fixed-income the next frontier?

ESG investing is firmly established within equity strategies, but fixed-income lags despite growing ESG options within the asset class. Is fixed-income ESG poised to take off?



Outcomes beyond performance

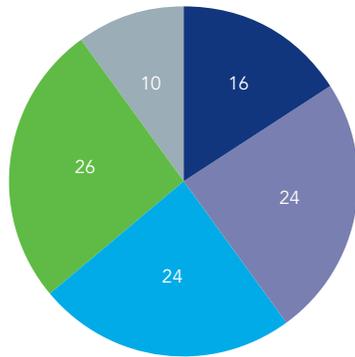
Responsible-investing credentials are catching up to returns in what investors prioritize when considering new investments. Seventy percent of advisors cited responsible investing credentials as an important consideration after overall performance history.

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About the survey

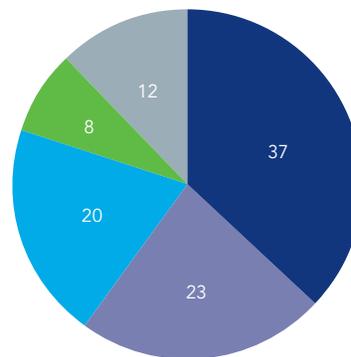
The 2020 Federated Hermes ESG Investing Survey is a survey of U.S. investment professionals (institutions, financial advisors, and high-net-worth individuals) with input on investment portfolios regarding their views on responsible investing and consideration of environmental, social, governance (ESG) factors. An anonymous, online survey of a respondent panel provided by Phronesis Partners was fielded between June 1, 2020, and July 9, 2020, to 50 institutional asset owners with more than \$500 million in assets under management, including foundations, endowments, public defined benefit plans, corporate defined benefit plans, and insurance general accounts; 102 financial advisors and wealth managers with client assets under management (advisement) of more than \$25 million, including registered investment advisors (RIAs), broker-dealer, bank and insurance-affiliated advisors, as well as consultants; and 100 high-net-worth individuals and families with investable assets (excluding primary residence) of more than \$1 million, including family offices, private client advisors and multifamily offices.

Institutions by type (%)



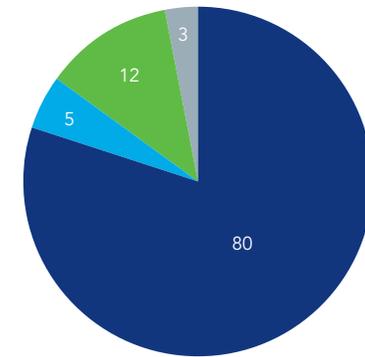
- Corporate Defined Benefit Plan
- Public Defined Benefit Plan
- Endowment
- Foundation
- Insurance General Account

Advisors by type (%)



- Registered Investment Advisor (RIA)/Independent
- Broker-Dealer
- Bank-Affiliated
- Insurance-Affiliated
- Consultant

High-net worth investors by type (%)



- Individual Investor
- Private Client Advisor
- Family Office
- Multi-Family Office

There is no guarantee that considering ESG risks will be a successful investment approach. Investing involves risks including possible loss of principal.

The complete 2020 Federated Hermes ESG Investing Survey is available on FederatedInvestors.com/2020ESGInvestingSurvey.