

Retail Clients Want to Vote for Paris

Analysis of retail clients' preferences regarding the use of shareholder rights on climate resolutions

March 2020

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ABOUT: 2° Investing Initiative (2DII) is a not-for-profit think-tank working to integrate long-term risks and societal goals into financial markets. With offices in Paris, London, Berlin and New York, 2DII engages a global network of over 50 partners and members, including financial institutions, investment researchers, asset managers, policymakers, research institutions, academics and NGOs. Our work primarily focuses on three pillars of finance – metrics and tools, investment processes, and financial regulation.

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EXECUTIVE SUMMARY

Retail investors want to invest sustainably

Retail investors are the largest holders of financial assets in the EU – European households owned 30% of total financial assets at the end of 2017.

The profile of votes cast at the last European Parliament elections demonstrate that many citizens support environmental objectives through political voting. Similarly, our research shows that the vast majority of retail investors wish to have a positive impact with their money. According to our 2019 survey results, when asked how they would respond to ethical, social, or environmental concerns with their investments, 85% opted to take action. Most of this group favoured continued engagement with the company through voting as the best means to address those concerns.

Survey respondents expressed particular support for climate resolutions that require companies to set targets aligned with the goals of the Paris Agreement.

We estimate that between 20-40 million European citizens would vote in support of the Paris Agreement with their money.

When considering European share ownership through pension funds, that number increases to roughly 100 million.

But they can't "vote with their wallets"

Yet this level of retail investor support is not reflected in the votes cast. Our sister paper, [Passing the Baton](#), identified that climate resolutions receive approximately 20% of shareholder support when voted on at general meetings. Moreover, retail investors de facto systematically support "anti-Paris" management when voting for management at AGMs.

Structural barriers such as unequal voting rights and intermediation in the investment chain prevent retail investors' voting preferences being acted upon. Voting power is concentrated at a tier of the investment chain that is far-removed from retail investors – primarily at the asset manager level. The exercise of voting power at this tier of the investment chain bears little to no resemblance to retail investors' voting preferences. This means that ordinary consumers' preferences, especially on climate issues, end up being ignored.

Recommendations

This problem of misaligned voting practice must be addressed both as a question of consumer protection and democratic accountability and control, as well as a critical step to achieving the Paris Agreement. We have developed a number of preliminary recommendations for consideration:

Clarify existing requirements relating to the suitability assessment and provision of investment advice

This is to ensure that investment advisors are clear that retail investor voting preferences should be considered in order to have carried out an adequate suitability assessment.

Join the dots between the suitability assessment and the increased disclosure requirements relating to voting behaviour and voting policies for financial intermediaries.

This will empower retail investors to make informed decisions in selecting financial products.

Thinking bigger

However, properly taking into account retail investor preferences may involve more than a static suitability assessment. Ideally, it should become an ongoing process that can take consumers' preferences into account in real time. Financial product innovation in the fintech space, notably through e.g. live preference collection and implementation in proxy voting practice, could bring about a systemic shift in the ability of retail investors to express voting preferences on an ongoing basis.

Next steps

We are releasing our research outputs as a Discussion Paper in anticipation of the European Green Deal and other forthcoming regulatory developments which will have a significant impact in this area. These include delegated acts under MiFID and the Insurance Distribution Directive (IDD) in relation to incorporating sustainability preferences in the suitability assessment.

We will continue to monitor these developments with a view to incorporating stakeholders' comments and updating this paper later in the year.

1 INTRODUCTION

Climate-related shareholder resolutions have seen dramatic growth this decade, but broader support is still limited.

Mainstream investors and commercial banks have started to communicate impact-related pledges at an organizational level. There is a growing number of investor climate pledges (i.e. Net Zero Asset Owner Alliance etc.) that set long-term climate targets. One critical avenue for pursuing the necessary actions to meet these targets involves climate-related shareholder resolutions, which engage and hold investees accountable on climate related issues. Such resolutions and wider Paris-aligned engagement with investee companies is evolving into a critical part of the impact investing framework.

The Climate Action 100+ initiative, a coalition of investors with over \$30 trillion in assets under management and focused on driving climate actions across the largest emitters in the world, is testament to the increase in the quality and quantity of climate stewardship by investors.

However support for climate resolution still averages about 20% when voted on at general meetings.

Retail investors are the largest holders of financial assets in Europe (see *Profile of retail investment in the EU*) but currently play a minor role in corporate governance of listed companies (Balp 2018; Payne 2009; Schenker et al Undated etc.).

In the European context, this minor role is despite measures in the 2017 Commission Action Plan setting out a strategy for retail financial services (COM/2017/0139) and recent reforms to the Shareholder Rights Directive (2007/36/EC) to assist individual participation in capital markets.

At the same time, retail investors are key to achieving the objectives in the Commission's 2018 Sustainable Finance Action Plan (SFAP) which aims to reorient capital towards sustainable investment. The SFAP leverages the fact that retail investors increasingly want to invest sustainably and contains measures to enable retail investors to express their sustainability preferences and find financial products matching those sustainability preferences.

Against this backdrop the relevance of retail investors to climate resolutions is overlooked.

Using analysis of the profile of results from the last European Parliament elections and 2DII's survey programme, this paper seeks to understand retail investor voting preferences (as a subset of broader retail investor sustainability preferences) and whether they would support climate resolutions.

The paper then analyses the barriers to retail investor voting preferences being acted upon. It puts forward recommendations to address these barriers so that votes cast in relation to financial capital provided by retail investors reflects their voting preferences for climate resolutions.

WHAT DOES IT MEAN FOR RETAIL INVESTORS TO "VOTE FOR PARIS"?

Our concept of retail investors "voting for Paris" refers to financial institutions exercising voting rights on climate resolutions in accordance with the voting preferences of retail investors who have invested capital through a financial product. While individual retail investors who have direct shareholdings are entitled to vote their shares, in most cases individual investing is via financial institutions which are the legal or beneficial owners of the shares. Therefore it is the financial institution which is entitled to exercise voting rights attached to those shares. As a result, throughout this paper we use the term *retail investor voting preferences* to depict how a retail investor would vote on climate resolutions if given the opportunity. Meanwhile, where investment has occurred through a financial product, the financial institution (as the owner of the shares) has *voting rights*. Voting for Paris therefore refers to financial institutions exercising voting rights on climate resolutions in accordance with retail investor voting preferences on supporting the Paris Agreement. We suggest that the suitability assessment (required to be carried out in the investment advice process) should reveal information on retail investor voting preferences. These retail investor voting preferences should then operate as a constraint on how financial institutions exercise their voting rights. This focus on the suitability assessment is a crucial corollary to other work relating to ESG preferences of pension beneficiaries. Investments covered by suitability assessments represent a growing percentage of the household portfolio (see Profile of retail investment in the EU).

BACKGROUND: PROFILE OF RETAIL INVESTMENT IN THE EU

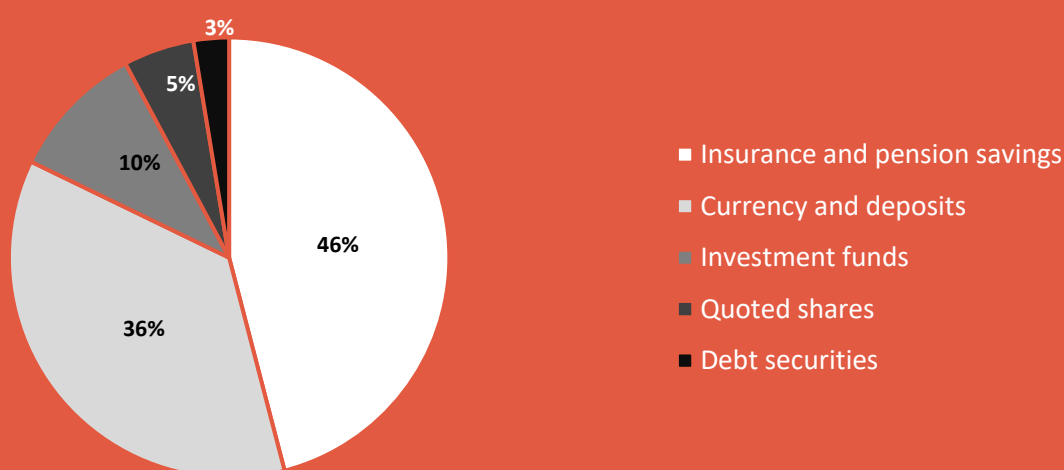
Retail investors are individual, non-professional investors who buy and sell securities or invest in financial products (such as investment funds, pensions or insurance products).

This paper focuses on retail investors in the EU, who are the largest holders of financial assets. European households held €29.1 trillion of liquid financial assets at the end of 2017. Total financial assets held by European investors at the end of 2017 reached €96.8 trillion. Therefore, households own 30% of total financial assets in Europe (Efama, 2019). Households in United Kingdom, Germany, France and Italy account for most household financial asset ownership in Europe (Efama, 2019).

Household portfolio

The composition of the average household portfolio of financial assets has slowly changed over time. Households invested 8% of their income on average between 2007 and 2018, in comparison to the average household savings rate of 11% (ECB, 2019). At the end of 2017, insurance and pension savings accounted for the largest share (46%) in the average EU household portfolio, followed by currency and deposits (36%) and investment funds (10%). Quoted shares and debt securities accounted for 5% and 3%, respectively (Efama, 2019).

FIG. 1.1: RETAIL INVESTMENT IN DIFFERENT CATEGORIES OF FINANCIAL ASSET (SOURCE: EFAMA, 2019)



2017 was a record year in terms of net acquisitions by households (€687 billion), including net purchases of investment funds (€132 billion), insurance and pension products (€297 billion) and currency and bank deposits (€340 billion). Debt securities recorded net withdrawals for the sixth consecutive year (€70 billion). Quoted shares also had net withdrawals (€12 billion) (Efama, 2019).

Household investment through investment funds and insurance and pension products is increasing, while investment through direct ownership of listed shares is decreasing.

The amount of household investment through investment funds has consistently increased since 2011, rising from €1.6 trillion in 2011 to reach €2.9 trillion in 2017 (Efama, 2019).

Households are not only investing directly in investment funds but also indirectly through their contributions to occupational and personal pension plans, which tend to hold a growing share of their assets in investment funds (Efama, 2019). When taking this indirect ownership through pension funds into account, Efama estimate that indirect holding of investment funds by European households is 27.4% (as opposed to 10% referred to above and in FIG 2.6 which relates to direct investment in investment funds) (Efama, 2019).

2 RETAIL INVESTORS WOULD VOTE FOR PARIS

2.1 CITIZENS SUPPORT ENVIRONMENTAL OBJECTIVES THROUGH POLITICAL VOTING

A range of surveys demonstrate the importance of environmental issues at the last European Parliament elections

A survey by IpsosMori across 11 European countries conducted prior to the election shows that environmental protection and leadership on climate action are key issues for a large majority of voters. The survey covered Denmark, Italy, Spain, Czech Republic, Poland, Slovakia, Austria, Belgium, France, Germany and the Netherlands (with 2,000 respondents in each country) (ECF 2019).

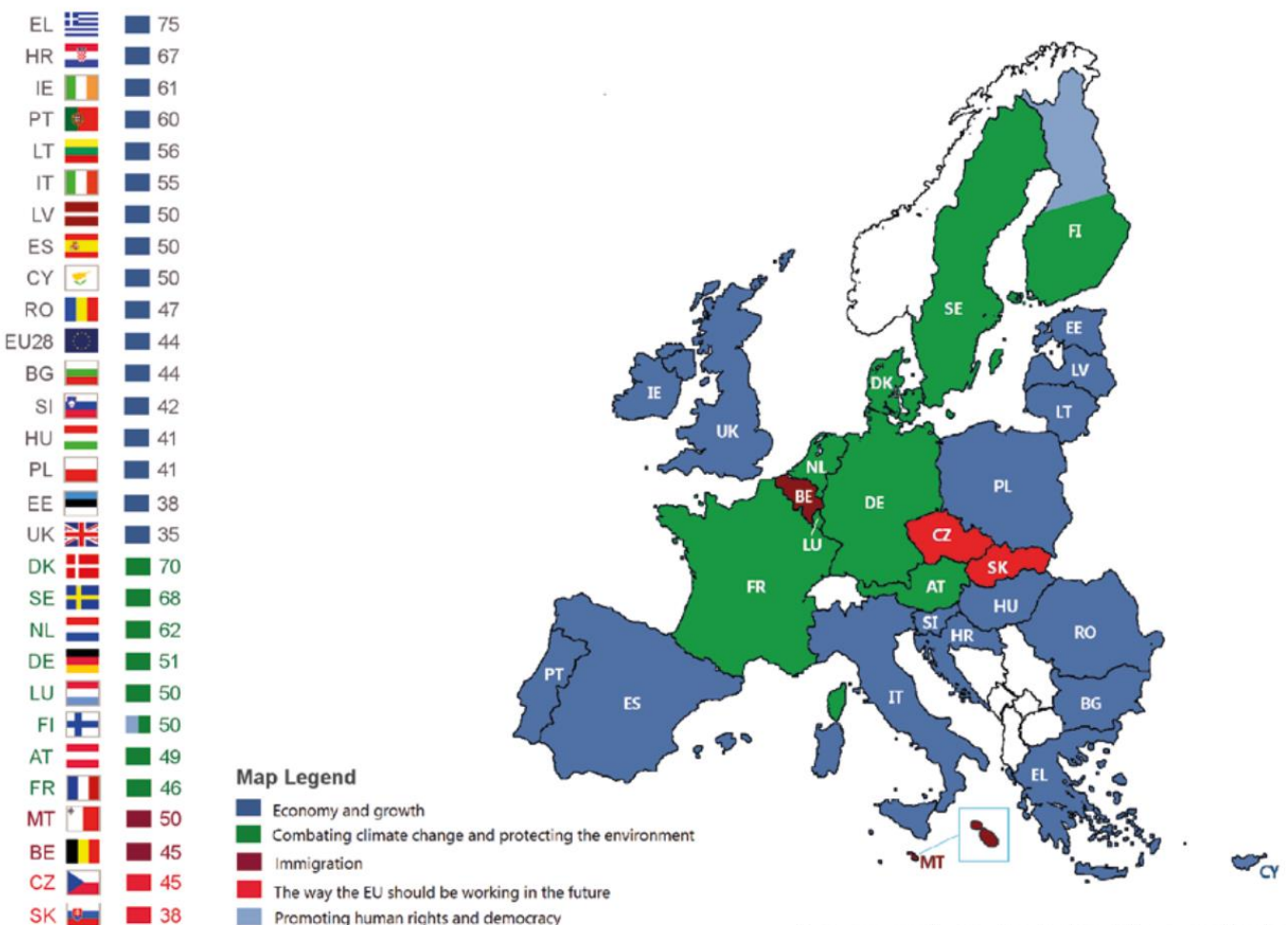
77% of potential voters identify global warming as an important criteria when deciding who to vote for in the European Parliament elections. This view is shared by young potential voters.

When deciding which party to vote for, 73% of citizens want a party that will make the EU a global leader in fighting climate change and 82% want a party that will force the most polluting companies to improve environmental performance. In addition, specific expectations may vary across countries – for example, protecting against extreme weather events is identified as necessary in Italy and Spain.

These findings are consistent with other voter surveys, many of which identify environmental issues as the primary determinant of voting choices.

According to a survey by Eurobarometer (2019), 37% of voters identified combatting climate change and protecting the environment as the main reason to vote. This ranks behind economy & growth and ahead of immigration. In 8 EU countries, climate change actually ranked first as the primary determinant of voting choice (see FIG. 2.1 below).

FIG. 2.1: IN 8 COUNTRIES, CLIMATE CHANGE AND PROTECTING THE ENVIRONMENT WAS THE PRIMARY DETERMINANT OF VOTER CHOICE (Source: 2DII)



Base: respondents who declared they voted in the EE19, 51% of the sample
Source: Eurobarometer 2019 (91.5), QG7T

In practice, political voting appears largely consistent with voter preferences in terms of support for the Paris Agreement.

At the last European Parliament elections, roughly 85% of votes (including the United Kingdom) went to political parties that implicitly or explicitly support the Paris Agreement.

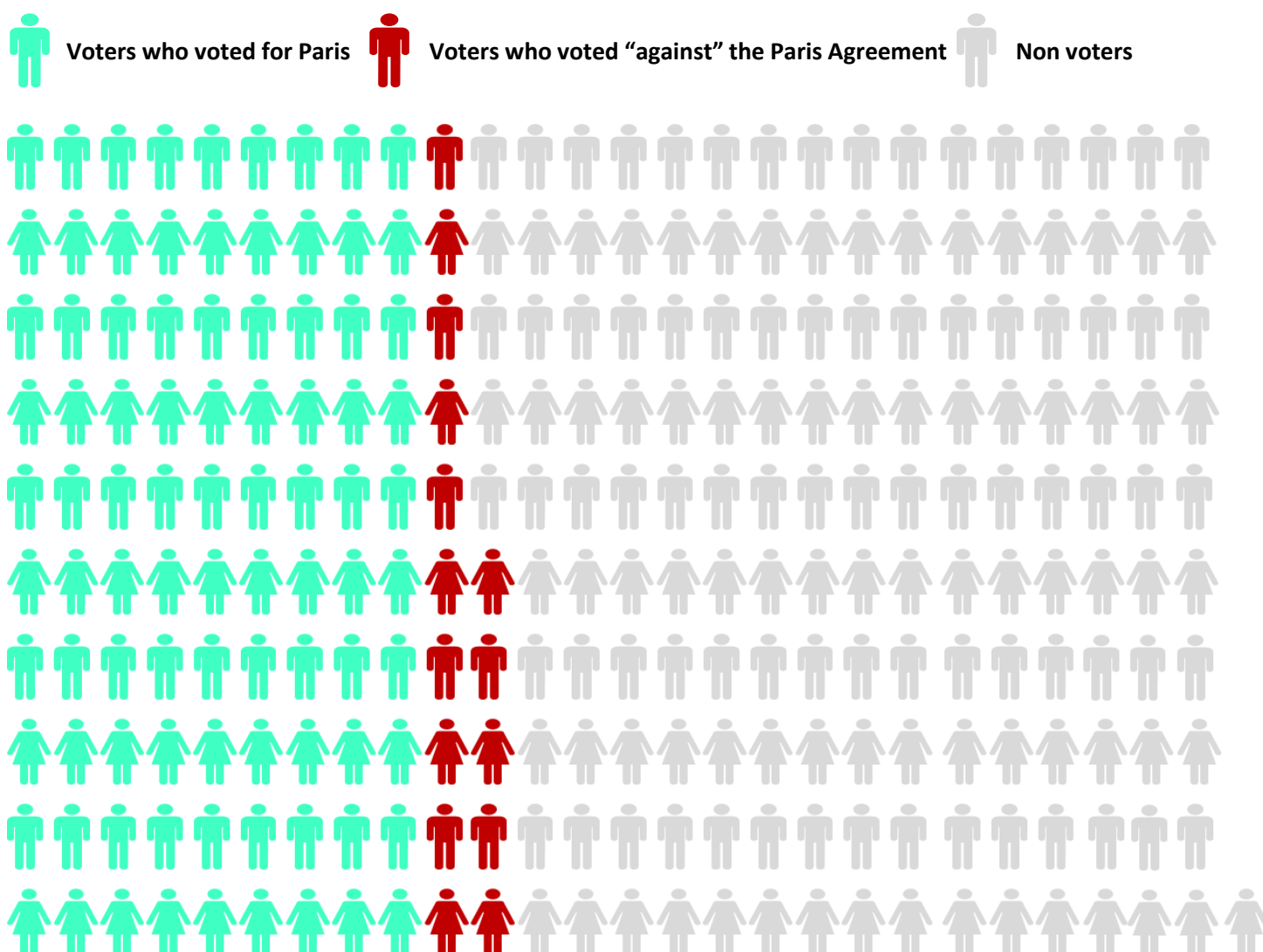
A rough estimate of voting behaviour in 2019 suggests that 180 million Europeans voted for political parties that support the Paris Agreement. This is out of the 210 million Europeans who voted and the roughly 410 million Europeans who were eligible to vote.

Of course, it is important not to overstate this finding. It is difficult to capture the exact position of individual political parties in relation to the Paris Agreement. There are a number of political parties in Europe that pay lip service to the Paris Agreement but may not support its actual implementation.

In addition, despite apparent voter preferences, it is not 100% clear how instrumental the Paris Agreement was in voting choices. The analysis here is represented as a binary choice between voting for the Paris Agreement or against it. In practice environmental preferences or objectives may be nuanced and graded on a scale. If it was simply a question of voting for the Paris Agreement, the Green parties (as the primary proponents of environmental issues in Europe) would presumably have received the 85% of votes. Voters nuance their view and consider a balance of issues, the environment being one of them.

Saying that however, while not all political parties are equal champions of the environment and may compromise more or less environmental objectives with other objectives, on the whole the political consensus is that at least the minimum standard of lip-service support for the Paris Agreement should be upheld.

FIG. 2.2: SUPPORT FOR THE PARIS AGREEMENT AT THE 2019 EUROPEAN PARLIAMENT ELECTIONS
(Source: 2DII)



2.2 CITIZENS ALSO SUPPORT THE PARIS AGREEMENT FOR THEIR INVESTMENTS

A host of surveys demonstrate that retail investors want to have ‘impact’ with their money in terms of supporting sustainability objectives – climate change being chief among them.

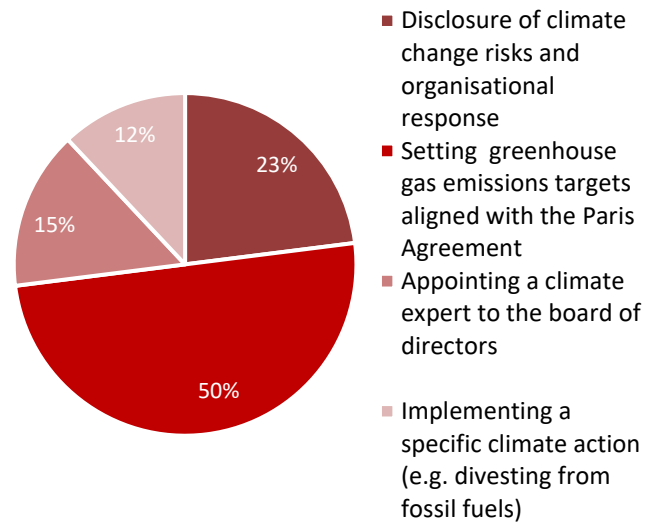
The literature review undertaken shows that between half and two thirds of retail investors are interested in investing their capital in products with environmental or social impact. According to the Natixis “Mind Shift” study, which questioned over 7,000 people in 22 countries, this trend is particularly pronounced among young people (Natixis 2017).

Most results relate to stated preferences and therefore need to be interpreted with care. However, an interesting experiment in the Netherlands (Bauer et al. 2018) shows an astonishing overlap between these preferences and those articulated by clients who were aware that choices would have real consequences for their fund management.

2Dii has commissioned a series of surveys in France and Germany that support and build on these findings. FIGS 2.3 and 2.4 cover results from this program of surveys between February and November 2019. We consider these results to be preliminary findings and further detail on these results (and others) and their interpretation is available in our forthcoming report [*Having an Impact*].

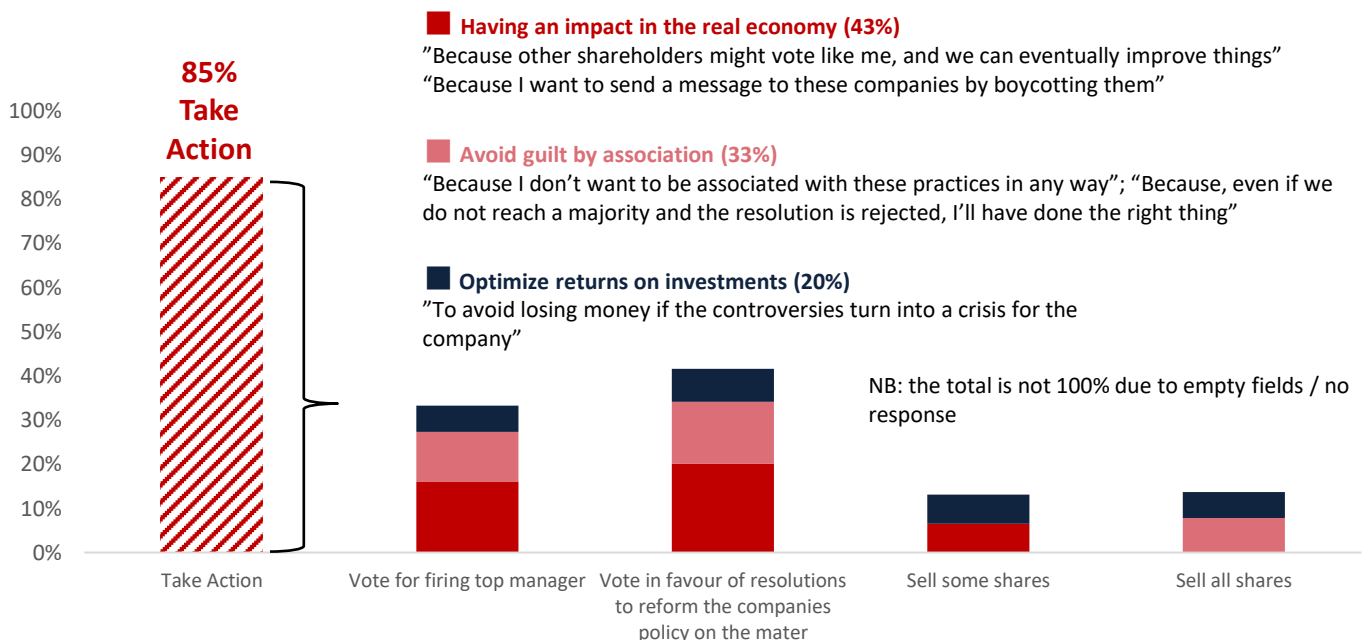
When asked how they would respond to ethical, social or environmental concerns with their investments, 85% opted to take action (see FIG 2.4). Most of this group preferred continued engagement with the company through the exercise of voting power (over partial or complete divestment) as the means by which to address those concerns.

FIG. 2.3: PREFERRED CATEGORIES OF CLIMATE RESOLUTION FOR RETAIL INVESTORS (2DII/SPLendid RESEARCH, 2019)



For specific insights on retail investor voting preferences on climate issues, we asked which climate resolutions retail investors would be most likely to support. The most popular resolution was requiring a company to set targets for greenhouse gas emissions in line with the Paris Agreement. 50% of retail investors selected this as their preferred resolution (see FIG 2.4).

FIG. 2.4: MOST RETAIL INVESTORS PREFER VOTING/ENGAGEMENT AS A RESPONSE TO ETHICAL, SOCIAL OR ENVIRONMENTAL CONCERNS WITH INVESTMENTS (2Dii/SPLendid RESEARCH, 2019)

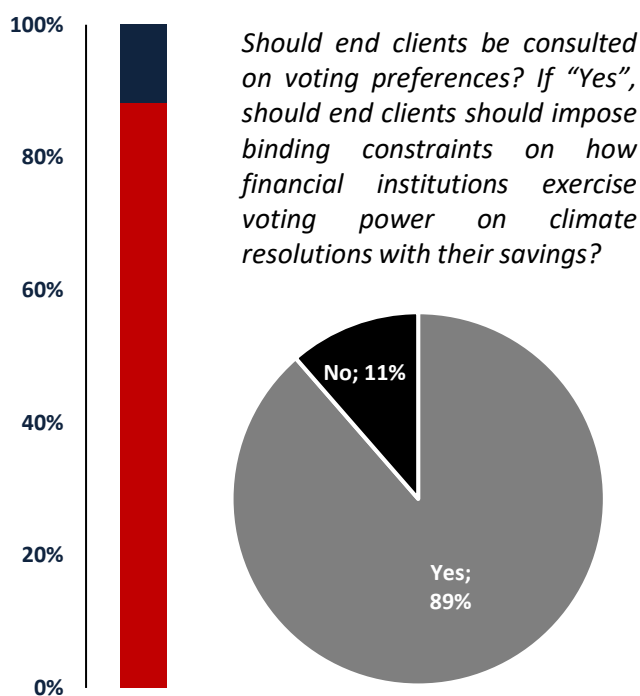


2.3 RETAIL INVESTORS WOULD VOTE FOR PARIS WITH THEIR MONEY

Citizens believe that they should be consulted on voting in the context of shareholder engagement.

An overwhelming majority of the 2,000 survey respondents in France in Germany (88%) thought that financial institutions should consult their end clients on their voting preferences (see FIG 2.5 below). In turn, 89% of this majority group thought that end client preferences should impose binding constraints (in relation to the end client's money) on how financial institutions exercise voting power on climate resolutions.

FIG. 2.5: SHOULD END CLIENTS BE CONSULTED ON VOTING PREFERENCES (2DII/SPLENDID RESEARCH, 2019)



Enfranchising European citizens in this way would have concrete implications in terms of the votes cast in relation to climate resolutions.

Exact statistics do not exist on how many European citizens could be classified as retail investors who invest in the stock market. In addition, the definition of retail investors is not necessarily consistent across different data sets. As shown in *Profile of retail investment in the EU*, a retail investor can invest capital in a variety of different ways.

In the UK, 2.2 million people are subscribed to a Stocks & Shares ISA account, which includes both investing in individual stocks as well as investment funds (Barton, 2020). This number is likely to be comprehensive, but not complete. Scaled to European level, and assuming some investments through other channels, it would assume that around 3-5% of EU citizens are directly or indirectly invested in listed equity as retail investors.

In Germany, a recent study suggests 10 million people own shares either directly or through funds (Cunnen, 2019). That would imply an ownership rate of closer to 12%. A study in France by the French Market Authority suggests roughly 3.7 million French citizens (~6%) own shares (Fay, 2017), although it is unclear whether this number extends to funds and direct ownership or not.

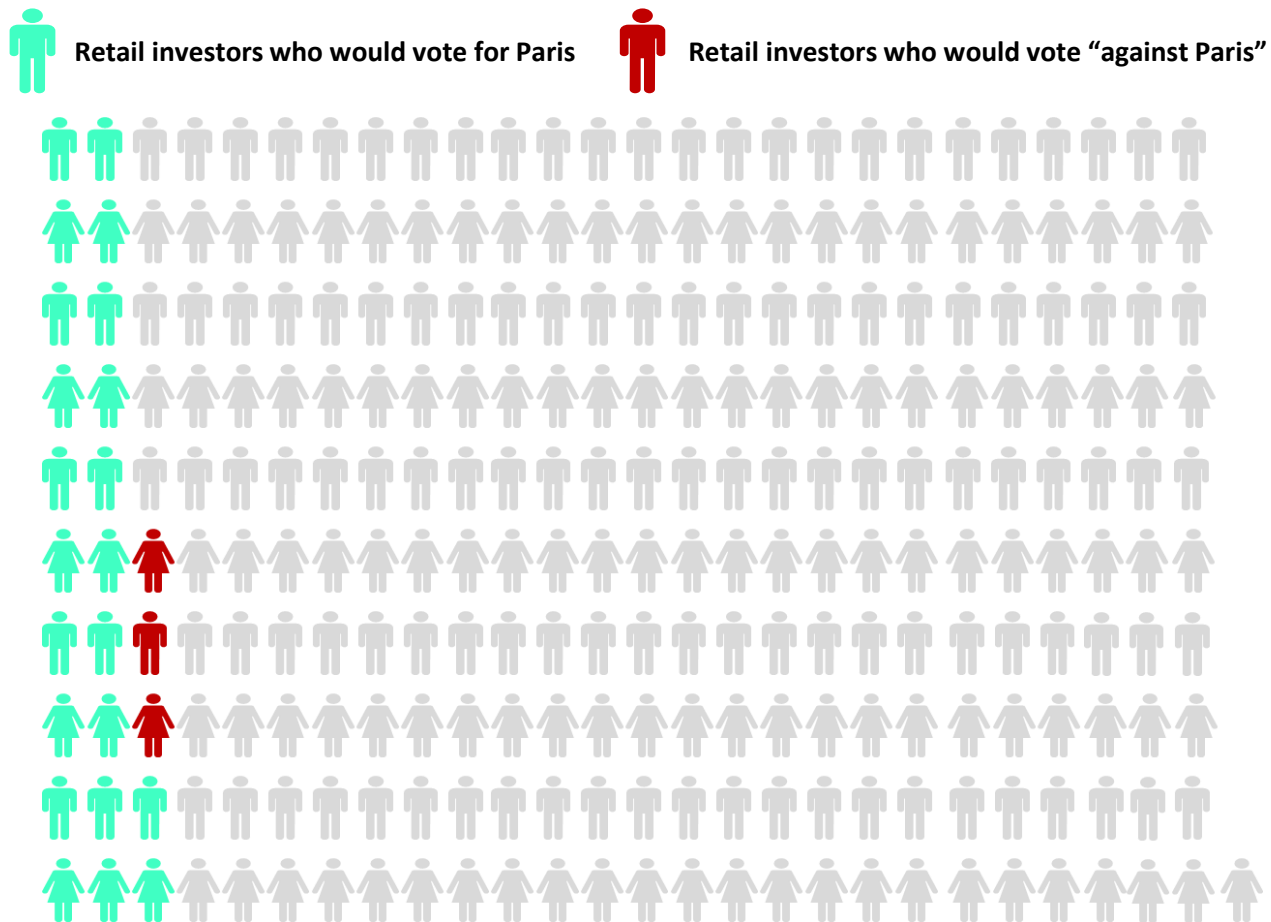
These figures suggest the UK statistic for ISA investment is a likely understatement, given that it is not unreasonable to assume rates would be similar in all countries. However it is worth highlighting that share ownership in most European countries with less deep capital markets is likely less than that figure.

Similarly, exact data on who would vote for Paris is unclear, although reference points (support for environmental issues in politics, survey data from 2DII) suggest that a 70-85% range seems reasonable.

Assuming anywhere between 5-10% of Europeans own shares and 70-85% support Paris Agreement resolutions, these ranges would suggest that roughly 20-40 million European citizens would vote for Paris (see Fig. 2.6 on next page).

When considering European share ownership through pension funds, that number increases to roughly 100 million.

FIG. 2.6: UP TO 40 MILLION RETAIL INVESTORS – AROUND 85% OF RETAIL INVESTORS - WOULD IF ASKED VOTE FOR PARIS WITH THEIR MONEY (2DII/SPLENDID RESEARCH, 2019)



2.6 IN PRACTICE, RETAIL INVESTORS UNWITTINGLY VOTE AGAINST PARIS

By supporting the management of companies that are not aligned with the Paris Agreement, as is the case for the overwhelming majority of companies, retail investors de facto vote against the Paris Agreement.

Almost if not all European citizens that own shares also own shares of companies that are “not aligned with Paris”.

There is no good database on what companies are Paris-aligned, but only about 400 companies out of +40,000 listed companies tracked in analysis by 2° Investing Initiative have a science-based target. Preliminary analysis by 2° Investing Initiative suggest only about 10-20% of companies in key climate-relevant sectors can be considered to be on a ‘Paris-aligned trajectory’.

By extension, it is safe to assume that all retail investors at least once and for typically diversified investors in upwards of 80-90% of cases vote for management misaligned with Paris. The box on the next page provides some context as to who this is contextualized from a legal perspective.

Of course, in practice there is probably at least one case every Parliament sitting where the majority if not all MPs “vote against Paris” implicitly or explicitly in some form. There are multiple issues at stake when voting for company management and the arbitrage of those issues and the balance of risks is not clear. If we think about politics, only about a third of citizens see environment as the “primary reason” or issue, which would suggest that for example the majority of voters would not disqualify a politician for voting “against Paris” implicitly in various settings and in balancing issues.

When taking explicit climate resolutions into account, research by 2Dii shows that “Vote for Paris” resolutions only receive about 20-25% support.

These resolutions are still limited, although growing significantly in size over the past years. In practice, this implies that of all the retail investors invested in companies exposed to these resolutions, roughly 60% were forced to ‘vote against Paris’ against their will (the difference being those who actually voted for it and those who would have voted against it anyway).

These findings raise major issues with regard to questions of fiduciary duty, suitability of products, and the broader democratic oversight and accountability in capital markets.

BACKGROUND: SHAREHOLDER ROLE IN CORPORATE GOVERNANCE

Corporate law is predicated on the foundational concepts that a company exists as a separate legal entity which is owned by those holding title to shares in that company. Corporate governance models have converged towards a shareholder primacy model to understand the purpose of a corporation. This means that the basic operational aim for a company is to maximise shareholder value (although there are different interpretations of the concept of maximising shareholder value).

Directors' duties are conceptualised as duties to the company (under UK law for example, directors must promote the success of the company for the benefit of shareholders as a whole). But it is the shareholders who enforce these duties on behalf of the company. Shareholder oversight of director decision making is therefore a cornerstone of the corporate governance model.

Shareholders have several rights to assist them with this oversight function. Shareholders will typically have rights to access information in respect of the company, and certain company decisions (e.g. directors' remuneration, significant corporate transactions etc.) are subject to shareholder approval.

Corporate governance rules and shareholder rights are typically covered in national legal frameworks. However, a degree of harmonisation is provided in the EU by the Shareholder Rights Directive (SRD) which applies to companies with their registered office in a Member State and shares being traded on EU-regulated markets.

Shareholder rights are expressed through voting at general meetings and procedural provisions to get items on the meeting agenda.

Shareholders may propose resolutions to be voted on at the general meeting. These may relate to any issue of concern for a shareholder about the business of the company. Exercising the right to propose shareholder resolutions is subject to meeting a minimum threshold requirement which is typically set in national legislation. Further, the legal effect of a shareholder resolution may vary depending on the precise formulation and the jurisdiction.

The goal of a shareholder resolution is to influence company decision making. Indeed, the process of filing a shareholder resolution often involves a dialogue between the shareholder and the company beforehand. Many companies seeking to avoid an issue getting on the agenda for the general meeting will try to allay shareholder concerns in bilateral negotiations. In the US, the rate of withdrawals of shareholder proposals has increased over the last few years as companies voluntarily implement their own reforms. Indeed, the most commonly omitted proposals are seen in the social and environmental policy area (Tonello, 2018). There may be a number of factors contributing to this trend including increased efforts to engage key shareholders, voluntary implementation of the requested change etc.

Even where shareholder resolutions are not legally binding, if they receive significant support at general meeting, it sends a clear signal that the current company policy is not beneficial to shareholder interests (and absent any change shareholder oversight may be escalated).

In the climate context, within the general intent of ensuring climate issues are assimilated into director decision making, shareholder resolutions have covered increased disclosure of climate risks facing the business, appointing climate experts to the board, and more recently setting targets for greenhouse gas emissions reductions in line with the Paris Agreement.

A sister paper, *Passing the Baton*, dissects the current dynamic on resolutions and sets out a classification framework to make the world of climate resolutions intelligible and useful to the public.

3 WHO GETS TO VOTE?

3.1 WHO HOLDS THE POWER?

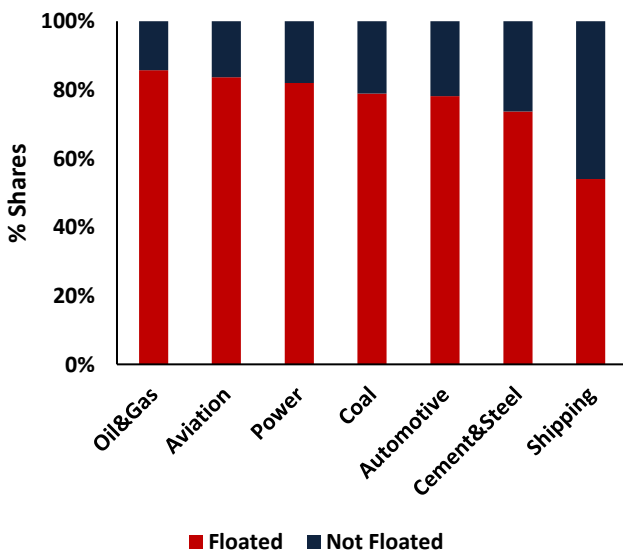
Outside financial markets, most voting systems at least aspire to treat voters equally. Shareholders, on the other hand, can have unequal rights.

Through a variety of mechanisms, private equity or company insiders may concentrate their ownership of companies on share-classes with “super-voting” rights, giving them an outsized influence on company affairs. While these rules and structures may mitigate the chance of hostile take-overs or external parties unduly influencing company affairs, investors seeking to engage companies on climate change may have the deck stacked against them.

For investors, the problems begin with the limited universe of a company’s free-float shares issued in capital markets. Non-listed shares are most often held by connected parties and governments. Companies included in the MSCI world on average floated 80% of their equity on financial markets. Across sectors, shipping companies had the lowest proportion (with 54% of equity listed) and oil & gas had the highest proportion (with 86% of equity listed).

Disregarding other factors, securing management support is often critical for a resolution to succeed. When factoring different share-classes and voting rights, a shareholder proposal may be supported by the majority of shareholders, but not receive the majority of votes.

FIG. 3.1: MSCI WORLD - LISTED SHARES BY SECTOR
(SOURCE: AUTHORS AND BLOOMBERG)



Institutional ownership has amassed a dominant share of capital in equity markets.

Ownership is increasingly concentrated in a small number of institutional investors, who have allocated capital to equity markets faster than the issuance of new shares (OECD, 2018). The OECD (2018) found the largest institutional owners hold on average more than 50% of a company’s capital.

Therefore a small minority of shareholders with majority ownership exercise an outsized influence on corporate governance and the outcomes of resolutions. This of course impacts negatively on the minority ownership of retail investors.

Compared to institutional owners, Brav, Cain, & Zytneck (2019) find that retail investor shareholders are more sensitive to investee financial performance; heterogenous in their voting patterns; and significantly less likely to support management backed proposals.

In contrast, the largest institutional owners overwhelmingly support management backed proposals and systematically vote against climate resolutions (ProxyPulse, 2019).

On climate issues, investors like BlackRock and Vanguard prefer to engage in private discussions with management (Aspin, 2018). These closed-door meetings are not accessible nor necessarily reflective of retail investors’ interests. In some sense, they mirror the ‘influence’ disparity in democracies between those with financial means and those without.

Even if retail investors represent the largest block of shareholders, a single institutional investor will likely still have more overt and discrete influence over management. The transaction costs of organising minority shareholders and engaging management are significant. A majority institutional shareholder faces no such barriers.

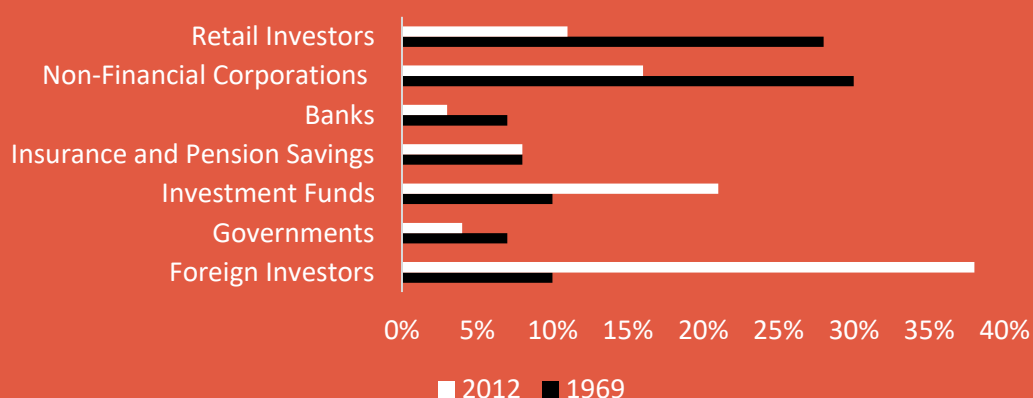
Compared to other forms of engagement, resolutions represent a significantly more democratic process. When voting on a resolution, shareholders with the same viewpoint must only exercise their voting shares to organize around a shared agenda.

BACKGROUND: OWNERSHIP STRUCTURE OF LISTED FIRMS

A 2013 study on behalf of the European Commission in relation to the share ownership structure of European listed companies reveals that the profile of share ownership has changed dramatically between 1970 and 2012.

- The proportion of listed shares owned by investment funds increased from less than 10% in the 1990s to 21% in 2012.
- The proportion of listed shares owned by households was divided by almost three from 28% to 11%.
- Governments and banks held the smallest proportion of listed shares (with 4% and 3% respectively).
- The relative weight of foreign investors more than quadrupled from 10% in 1975 to 45% in 2012 (Observatoire de l'Épargne Européenne, INSEAD OEE Data Services, 2013).

FIG. 3.2: OWNERSHIP OF EQUITY IN THE EU (SOURCE: OEE, 2013)



This study notes a general trend over the 25 years preceding the date of the study of a dramatic decrease of the weight of individuals in the share ownership of European companies. The most recent ECB figures relating to the profile of share ownership of European listed companies states that households directly own 9% of issued shares (ECB, 2019).

3.2 FURTHER COMPLICATIONS FOR RETAIL INVESTORS

Retail investor voting is also hindered by a number of market and policy developments.

Financial markets have evolved since formalising of the administrative and procedural formalities associated with shareholder rights. This has resulted in a significant gap between the reality of modern market transactions and the legal anachronisms reflected in legislation.

Throughout the EU and elsewhere, retail investors have moved away from owning direct shareholdings in listed companies.

Retail investors are now commonly offered packaged financial products as a means of investing financial capital instead of shares or other corporate securities (see *Profile of retail investment in the EU*).

The EU financial framework has encouraged this indirect holding of shares and other securities by retail investors. The Markets in Financial Instrument Directive (now repealed and recast in **MiFID II**), Directive on Undertakings for Collective Investment in Transferable Securities (**UCITS**), Insurance Distribution Directive (**IDD**) and Institutions for Occupational Retirement Provision (now replaced by **IORP II**) enable financial institutions ‘to offer an ever-widening range of mutual funds, insurance-based investment products, and pension schemes’ (Balp 2018).

These financial products mean that individual investing in the majority of cases is via a financial institution which is the legal or beneficial owner of the shares. Therefore, it is the financial institution which has the power to exercise voting rights attached to those shares.

In addition, investors now generally invest through a chain of intermediaries (the investment chain).

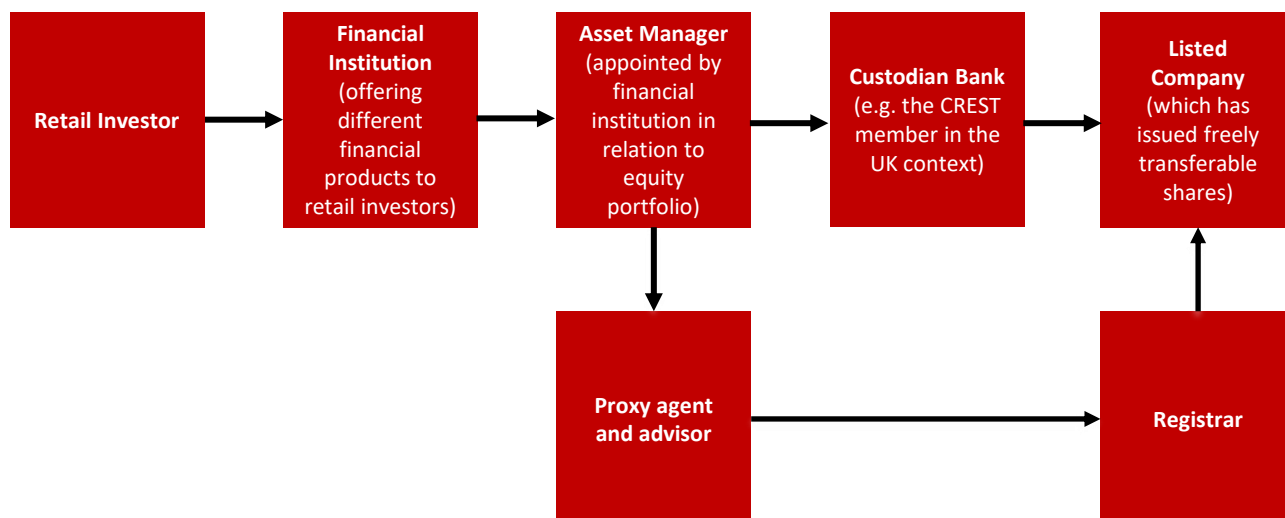
Intermediation can exist in the investment chain for both investments which comprise a direct shareholding in issued shares and those which comprise an indirect link (through being invested in a financial product). Dematerialisation of shares also plays a role here. In the UK, dematerialisation means shares exist as entries in a centralised registry known as CREST. This confers legal title on the entity named in the register (known as a CREST member). CREST members are typically intermediaries who may hold the securities on behalf of their own customers, who form a second tier. These second-tier customers may, in turn, hold on behalf of their own clients. In this manner there is a chain of intermediaries with each intermediary holding the shares on behalf of the lower tier intermediary.

The exact intermediaries involved in the investment chain for any investor or financial product may vary. Intermediaries in a typical investment chain may include (some or all of) the following: asset owner, asset manager, custodian and proxy agent/advisor. (see FIG. 3.3 below).

Of course, it is important to flag that many of these trends have been designed with the interest of the retail investor in mind. Rather than requiring more expensive investments in individual shares leading to lower risk diversification, funds and other financial products create new possibilities. However, they also come at a cost.

Despite being entitled to the ultimate economic benefit attaching to the shares, a retail investor is not the shareholder for company law purposes.

FIG. 3.3: A “TYPICAL” INVESTMENT CHAIN (SOURCE: AUTHORS)



Consequently these market developments disrupt retail investor voting in relation to listed companies.

Where a retail investor has invested in a financial product, it is the financial institution which is the legal or beneficial owner of the shares and has the power to exercise voting rights. Even where a retail investor has invested directly in the shares, the combined effect of dematerialisation and intermediation in the investment chain means it is extremely difficult to exercise voting rights attached to those shares.

Further, in both of the above share ownership models, consolidation along the investment chain means that voting rights are concentrated at a tier of the investment chain far removed from retail investors (most likely at the asset manager level). Consolidation may occur in various ways:

- Intermediaries pooling securities they hold for lower tier intermediaries in a single account and exercising the attached voting rights as a single block. This occurs where the contract with a higher tier intermediary includes standard terms and conditions which permit consolidation of voting rights rather than offering a bespoke arrangement; or
- An intermediary such as an asset manager coordinating voting across different funds operated by that asset manager. This means that the voting power that the funds traditionally retained is now coordinated by the parent asset manager.

This concentration of voting power at a higher tier of the investment chain means that retail investors may be effectively ‘excluded from making any decision concerning the management of their investments, including voting’ (Balp, 2018).

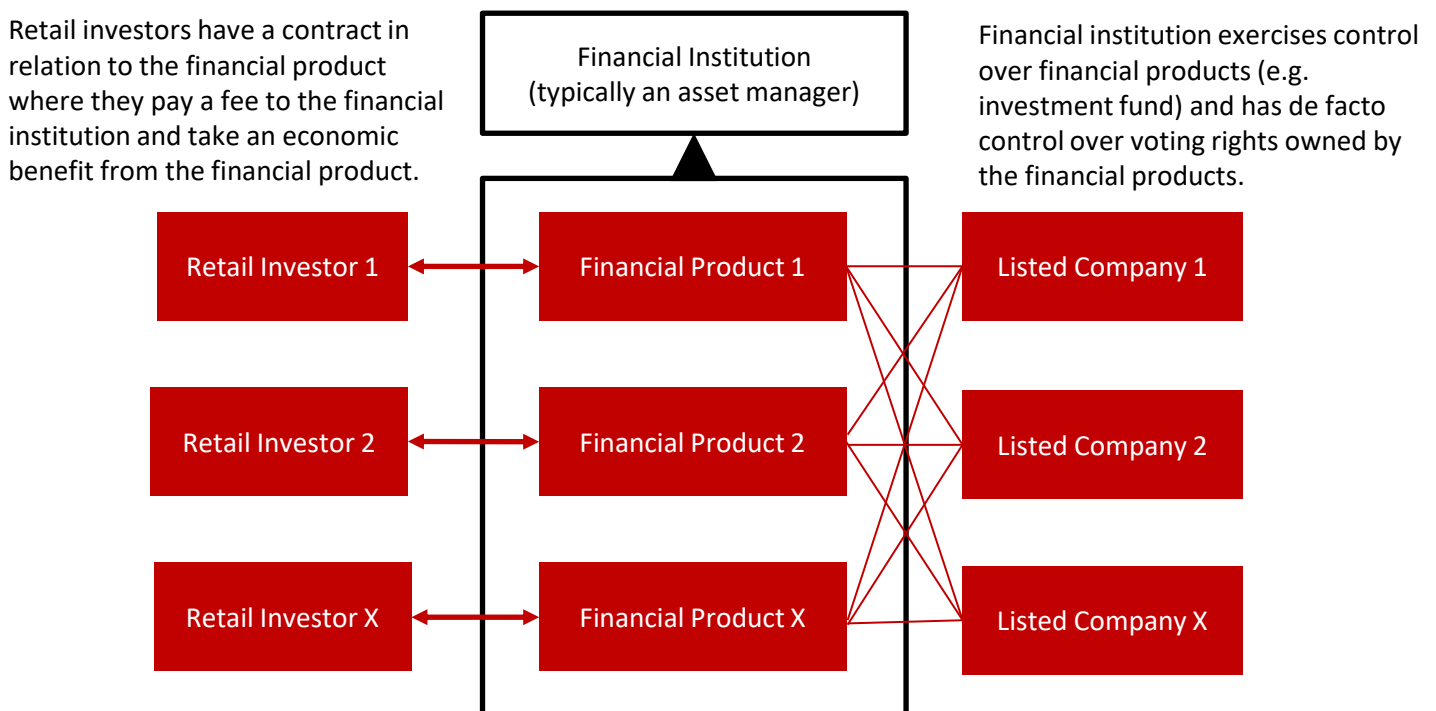
3.3 SUMMARY

The above identified structural barriers (unequal voting rights and market developments relating to intermediation etc.) inhibit retail investor voting in relation to listed companies.

The practical reality of modern financial markets is that voting power and decision-making is concentrated at a tier of the investment chain far removed from retail investors. The exercise of voting power at this tier of the investment chain bears little resemblance to retail investor voting preferences.

In relation to climate issues, retail investor voting preferences are lost in transmission along the investment chain so that the voting behaviour of institutional investors does not reflect these retail investor voting preferences.

FIG. 3.4: CONCENTRATION OF POWER IN THE INVESTMENT CHAIN (BASED ON SHENKER ET AL UNDATED)



Financial product (e.g. investment fund) is the legal owner of shares in the listed company (albeit possibly through a chain of intermediaries) and can exercise voting rights.

BACKGROUND: KEY REGULATORY & LEGAL FRAMEWORKS

Where a retail investor has invested through a financial product, as a matter of law the retail investor does not have any voting rights in relation to issued shares which trace back to the financial product. In light of this, the question arises as to whether a financial institution providing a financial product is constrained to exercise voting power in accordance with retail investor voting preferences.

MiFID II is key legislation in this regard as it articulates investment firms' overarching duty to act in their (retail investor) clients' best interests (Art 24, MiFID II). To satisfy this overarching duty, MiFID II requires investment firms to ensure that the financial products they offer to retail investors are compatible with their investment objectives. It identifies a procedure whereby the investment firm collects information about a client and assesses whether a financial product is suitable. This is known as the suitability assessment.

In order to assess the suitability of financial products for a retail investor, MiFID II states that: 'the investment firm shall obtain the *necessary information* regarding the client's or potential client's [...] *investment objectives*' (Art 25(2) MiFID II). A delegated regulation then specifies that: '[t]he information regarding the investment objectives of the client or potential client shall include, where relevant, information on the length of time for which the client wishes to hold the investment, his preferences regarding risk taking, his risk profile, and *the purposes of the investment*' (Art 54(5) Delegated Regulation (EU) 2017/565).

In addition, ESMA has produced guidelines to clarify the application of certain aspects of MiFID II suitability requirements (the **ESMA Guidelines**). The current ESMA Guidelines advise that 'it would be a good practice for firms to consider non-financial elements when gathering information on the client's investment objectives, and [...] collect information on the client's preferences on *environmental, social and governance factors*' (ESMA 2018, para. 28).

Therefore, each of the primary legislation, delegated legislation and accompanying guidance indicates that the suitability of any financial product must be assessed against investment objectives which are not solely financial in nature but should be understood to include the purpose of any investment and can cover ESG factors.

Financial regulators have conducted enforcement action against investment advisors who have failed to conduct adequate suitability assessments. In addition, the recent FCA Feedback Statement FS19/6 states that it 'will challenge firms where we see potential greenwashing and take appropriate action to prevent consumers being misled' (FCA 2019).

4 ADDRESSING THE DEMOCRATIC DEFICIT

4.1 OVERVIEW

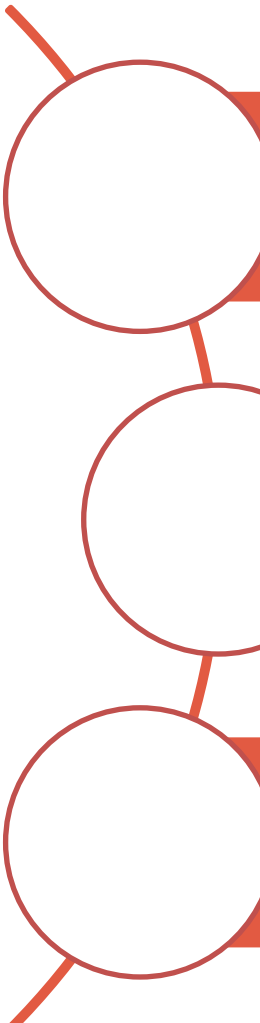
This section outlines key levers available to allow retail investors to vote for Paris.

Our focus is on improvements to the suitability assessment procedure required under MiFID. All investment firms must ensure that the financial products they offer to (retail investor) clients are compatible with their investment objectives. The suitability assessment is the procedure by which investment firms ensure that their financial product recommendation is compatible with these investment objectives (see *Key regulatory and legal frameworks*).

The suitability assessment is carried out at the “entry point” for a lot of financial capital from retail investors. It is the point at which decisions are made in relation to the constraints imposed on how the retail investor’s financial capital is invested (i.e. what is done with the money).

Our recommendations build on the view that retail investors want to have an impact with their money, and the emerging understanding that retail investors generally consider engagement with company management and the use of voting rights (i.e. the primary tool in impact investment) as the best means of achieving impact.

We recommend clarification of existing requirements relating to the suitability assessment and provision of investment advice. This is to ensure that investment advisors are clear that retail investor voting preferences (as a subset of retail investor sustainability preferences) should be considered in order to have carried out an adequate suitability assessment. Further, based on a holistic view of the surrounding regulatory framework, we also recommend joining the dots between the suitability assessment procedure and recent disclosure requirements relating to voting behavior and voting policies for financial intermediaries. This is to ensure this information reaches retail investors so they can take informed decisions about the best financial products to invest in to meet their investment objectives.



Clarify that the suitability assessment should address retail investor voting preferences (on climate resolutions and broader ESG resolutions) to achieve investment objectives

Provide guidance to ensure that voting behaviour of financial intermediaries in the investment chain for a financial product is addressed in the suitability assessment

Ensure that disclosure on engagement policies by financial intermediaries is based on simple frameworks to facilitate intuitive understanding by retail investors

Recognise the key role of proxy advisors for voting administration and provide guidance to ensure proxy voting policies are addressed in the suitability assessment

4.2 CLARIFY THE MANDATE

The overarching objective of the suitability assessment is to elicit necessary information (ESMA Guidelines, para. 32). The determinants of what is necessary are varied and include whether the financial instruments are complex or risky, the length of time the client is prepared to hold the investment, the nature of the service to be provided etc. (ESMA Guidelines, para. 34-43). In particular, '[i]nformation to be collected will also depend on the needs and circumstance of the client' (ESMA Guidelines, para. 42).

If we link this understanding of necessary information to our analysis in Section 2 of this paper, it is difficult to conceive of circumstances where a suitability assessment has been adequately carried out if it has not elicited information on voting preferences.

A clear conclusion from our survey programme is that retail investors want to have a demonstrable impact with their money. Retail investors generally consider engagement with company management and the use of voting rights as the best means of achieving impact and a significant number would vote for Paris with their money.

Therefore, these retail investor objectives can most clearly be interpreted in terms of voting preferences which need to be transmitted along the investment chain. In this context an adequate suitability assessment must elicit information on these retail investor voting preferences.

Nevertheless, the current failure of suitability assessments to cover anything other than pure financial information (as identified by 2DII in *Non-Financial Message in a Bottle*), led the Commission to propose reform of the investment advice process. Under the package of initiatives contained in the SFAP, the Commission has:

- published draft delegated acts amending MiFID II and IDD to clarify that investment firms should carry out a mandatory assessment of sustainability preferences during the suitability assessment; and
- invited ESMA to include guidance on sustainability preferences in new ESMA Guidelines.

We are currently waiting for the final delegated regulation under MiFID in order to assess what changes this will bring about. But first signs are that these developments could create additional confusion. In the latest draft of the delegated regulation, sustainability preferences are defined as whether the investment strategy should integrate either of two types of financial product – (1) those that have an objective of sustainable investment and (2) those that promote environmental or social characteristics. Both of these categories of financial product are established and defined in the Disclosure Regulation (Regulation (EU) 2019/2088). At this stage, it is not clear how different elements of an investment strategy (e.g. engagement, voting and other elements of the investor toolkit) determine which category a financial product belongs to. This creates uncertainty as to which definition any given financial product might fall under. And of course, this uncertainty causes confusion in relation to how to understand the concept of sustainability preferences in the suitability assessment (since sustainability preferences are defined by reference to these categories of financial products).

To address this confusion, the upcoming changes to the ESMA Guidelines are of paramount importance. It is clear that comprehensive guidance in relation to sustainability preferences and other non-financial objectives is required in order to assist financial institutions carry out a suitability assessment – and this guidance should address voting preferences.

Compared to the core investment objectives traditionally elicited by the suitability assessment, the situation with sustainability preferences and non-financial objectives is very different. They are more diverse, are likely to vary from one retail investor to another and may not correlate to other investment objectives (meaning it is very difficult to create standard client profiles). Furthermore, investment firms have little or no experience in relation to gathering this new category of information. Therefore, absent any detailed guidance, use of the suitability assessment is likely to be highly variable (and dependant on factors such as the age, level of education and culture of the individual carrying out the suitability assessment).

RECOMMENDATION 1:

Clarify that the suitability assessment should address retail investor voting preferences (on climate resolutions and broader ESG resolutions) to achieve investment objectives

4.3 REINFORCE ACCOUNTABILITY

The Disclosure Regulation controls the paradigm for the requirement to consider sustainability preferences in the suitability assessment.

As set out in previously, the concept of sustainability preferences will correspond with the Disclosure Regulation. In addition, the Disclosure Regulation introduces new requirements which increase transparency around financial intermediary voting behaviour. But there is currently a disconnect between this increased transparency around financial intermediary voting behaviour and the information which reaches retail investors. Linking up information on financial intermediary voting behaviour with the information which reaches retail investors (during the suitability assessment) is a further lever to ensure financial intermediary voting behaviour better reflects retail investor voting preferences.

The Disclosure Regulation sets out harmonised rules on transparency regarding the integration of sustainability risks and consideration of adverse sustainability impacts, in the provision of sustainability-related information on financial products (Art 1). It applies to financial market participants (**FMPs**) and therefore applies to similar types of organisation as MiFID II (although the precise applicability may vary).

Where FMPs consider principal adverse impacts of investment decisions on sustainability factors, they shall publish and maintain on their websites ‘a statement on due diligence policies with respect to those impacts, taking due account of their size, the nature and scale of their activities and the types of financial products they make available’ (Art 4(1)). Alternatively they must provide clear reasons for not doing so where they do not consider these impacts.

This information shall include summaries of engagement policies (Art 4(2)). This requirement in the Disclosure Regulation links to the Shareholder Rights Directive, which requires institutional investors and asset managers – on a comply or explain basis – to develop an engagement policy which is available free of charge on their website and describes how they ‘conduct dialogues with investee companies [and] exercise voting rights and other rights attached to shares’ (Art 3g(1) SRD). Furthermore, they shall ‘publicly disclose how their engagement policy has been implemented, including a general description of voting behaviour, an explanation of the most significant votes and the use of the services of proxy advisors. They shall publicly disclose how they have cast votes in the general meetings of companies in which they hold shares’ (Art 3g(1)(b) SRD).

FMPs should also include ‘reference to their adherence to responsible business conduct codes and internationally recognised standards for due diligence and reporting and, where relevant, the degree of their alignment with the objectives of the Paris Agreement (Art 4(2)).

FMPs are also required to include in pre-contractual disclosures descriptions of how sustainability risks are integrated into investment decisions and the result of the assessment of likely impacts of sustainability risks on the returns of financial products (Art 6(1)). These obligations are imposed on a whole range of providers of financial products – AIFMs, insurance undertakings, IORPs, UCITS management companies, investment firms and more (Art 6(3)). For these FMPs, there is also a requirement to disclose how a financial product considers principal adverse impacts on sustainability factors (Art 7(1)).

These numerous requirements relating to voting behaviour, degree of alignment with the Paris Agreement and impact will result in a wealth of information being disclosed. This information is key to retail investors being able to make informed decisions about which financial products to invest in.

However, this information is not put to good use by ensuring this information reaches retail investors (e.g. the mechanism for disclosure is not linked to the flow of information to retail investors through the suitability assessment and the key information documents). In addition, much of this information is likely to be disclosed in a manner which is not amendable to differing levels of financial literacy by retail investors.

RECOMMENDATION 2:

Provide guidance to ensure that voting behaviour of financial intermediaries in the investment chain for a financial product is addressed in the suitability assessment

Ensure that disclosure on engagement policies by financial intermediaries is based on simple frameworks to facilitate intuitive understanding by retail investors

CASE STUDY: JOINING THE DOTS ON DISCLOSURE AND PROXY VOTING POLICIES

The website for ISS contains a large number of house voting policies for this proxy advisor. There are house voting policies split by three geographic regions: Asia-Pacific; Europe, the Middle East & Africa; and Americas. Within these geographic categories there may be individual voting policies for specific countries. In addition, there are specialty policies which include Socially Responsible Investment Proxy Voting Guidelines, Sustainability Proxy Voting Guidelines and Faith-Based Proxy Voting Guidelines.

A financial institution may either adopt one of these voting policies or alternatively develop its own bespoke voting policy with ISS. In either case, the voting policy is subject to (or following the implementation phase will shortly be subject to) disclosure requirements.

However, on the face of the information available to retail investors during the suitability assessment and in key information documents, there is nothing to indicate what voting policies are operative in the investment chain associated with the financial product. If this information was in fact available to retail investors, this would mean that their ability to select financial products which match their voting preferences was greatly improved.

4.4 DRAW THE LINKS

The role of proxy agents and advisors is often critical to the administration of investor votes at general meetings.

Existing market practice is such that institutional investors often appoint a proxy agent to manage the voting process and pass votes to the custodian or registrar.

In addition to proxy agents, institutional investors may also make use of proxy advisors to advise, and in some cases make recommendations, on voting. In practice, the same organisation will often offer both proxy agent and proxy advisory services. Proxy advisory firms are required to disclose on an annual basis the 'essential features of the voting policies they apply for each market' (Art 3j(2) SRD).

Our interviews with proxy agents and advisors indicate that these organisations are often appointed at the portfolio level. This means that they are entitled to cast votes in relation to all shares held by the portfolio, and it is up to the appointing institutional investor to inform the proxy about portfolio holdings (normally by way of daily update). The appointing institutional investor may sign up to the voting policies of the proxy. This may either be a house voting policy, a speciality voting policy (e.g. climate related or faith based) or a custom voting policy developed by the institutional investor. Whatever voting policy is chosen, this will then govern the votes cast on behalf of the institutional investor.

Proxy agents and advisors are subject to disclosure obligations in relation to voting policies, but this information is not put to good use by transmitting this information to retail investors.

We see two possible avenues to address this. First, the suitability assessment could be used to define the voting policy associated with a financial product (subject to appropriate aggregation of voting preferences by retail investors subscribed to the product). This voting policy would then operate as a standing instruction to the proxy in relation to all votes cast in relation to shares linked to the financial product. While current practice reveals that proxies are appointed at the portfolio level, with suitable organisational processes on behalf of the financial institution offering the product, the mandate could also be segregated at financial product level.

Second, with better information the suitability assessment could be used to select or deselect a financial product based on the voting policy operated by the parties in the investment chain associated with that financial product.

RECOMMENDATION 3:

Recognise the key role of proxy advisors for voting administration and provide guidance to ensure proxy voting policies are addressed in the suitability assessment

5 THINKING BIGGER

The recommendations set out previously are readily achievable within the current regulatory framework for investment advice and disclosure of sustainability and voting behaviour by financial intermediaries.

Taken together they would mean that retail investors are furnished with more information about the voting behaviour of financial intermediaries in the investment chain associated with a financial product. And capturing information on retail investor voting preferences during the suitability assessment will mean that financial products are matched appropriately (i.e. financial products are selected or deselected on the basis of whether they match voting preferences).

These recommendations should go some way towards encouraging financial product innovation. But ultimately these recommendations describe a static expression of retail investor voting preferences – which occurs at the point of receiving investment advice but with no obligation to return to it later. This means that the suitability assessment can gather information on the general principles for retail investor voting preferences – but not information in relation to specific resolutions filed at companies on an ongoing basis.

Given the evolving landscape of climate resolutions – the question remains as to whether this is enough? Financial capital may be tied up for many years once invested, but an expression of voting preferences now may not capture the nuances of climate resolutions filed in 2025. Therefore what scope is there for ongoing consultation of retail investors as to their voting preferences? We set out below several blueprints for how ongoing consultation as to retail investor voting preferences might be achieved – together with case studies of existing market practices.

OPTION 1

There are examples of financial institutions tailoring financial products towards the preferences of the collective of clients subscribed to that financial product by ongoing consultation. An example is USS (the main pension scheme for the UK higher education sector with assets under management of 68 billion pounds) which conducts two annual surveys (the member perception survey and the engagement and action survey) covering the active member base.

Ongoing annual consultation such as this could in principle be used by other financial product providers to request information on how the intermediary should vote the shares owned by that financial product.

It is easy to conceptualise this mechanism being used to provide an annual refresh of the voting policy for a financial product. Due to the fact that there is usually some annual correspondence required between the financial intermediary and the beneficiary (although this paper does not analyse the regulatory requirements in this regard) it would be relatively easy to have an additional circular to gather information on voting preferences and shape the voting policy accordingly. Indeed in the UK, savers at building societies will be used to receiving annual circulars in relation to voting at the building society annual general meeting.

ISS conducts an annual *Global Benchmark Policy Survey* as part of its annual global benchmark policy development process. The results are used to update the draft voting policies which are released for public comment before they are finalised.

While in principle, the survey is open to all to respond to, given ISS' business model (provider of corporate governance and responsible investment solutions to financial market participants) retail investors do not feature significantly among survey respondents. However there is no reason why similar surveys could not be carried out by financial institutions at the financial product level to inform the voting policy of the parties in the investment chain associated with that financial product.

Option 1 falls short of consulting on climate resolutions as and when they appear on the agenda for a general meeting. What options are there to facilitate this continual consultation as to retail investor voting preferences?

OPTION 2

Developments in fintech and other technology clearly have a role in relation to facilitating an interface between a financial product provider and the subscribers to that product. Online access to a client area for the financial product could be used to notify retail investor clients of upcoming general meetings and shareholder resolutions and collect retail investor voting preferences.

The precise operational procedures for this would require careful design to accommodate retail investor behavioural tendencies and how the financial product aggregates individual retail investor voting preferences and votes accordingly.

OPTION 3

Another option might be to designate a third party responsible for collecting retail investor voting preferences and filing votes on behalf of the financial product.

This is not a significant conceptual leap from existing market practice in relation to proxy agents and advisors. These organisations are already appointed to manage the administration and communication infrastructure of votes at general meetings. An arrangement such as this is analogous but would require consultation with a different set of stakeholders (retail investors subscribed to the financial product) to collect their voting preferences and subsequently vote accordingly at the general meeting.

Indeed with industry growth in relation to ESG data providers and the increase in civil society organisations involved in corporate oversight or sustainable finance, there is scope for a wide range of different types of organisation to be appointed as the third party (beyond the current hegemony of a few organisations in the proxy agent/advisor space).

These options would bring about a significant shift in the ability of retail investors to express their voting preferences on an ongoing basis.

The options relate more to the scope for financial product innovation rather than changes to the regulatory framework to mandate ongoing consultation by financial intermediaries. But in light of the current profile of retail investor voting preferences, and the lack of financial products presently available that meet these retail investor voting preferences, there is a clear imperative for financial product innovation. These options simply reflect a different degree of innovation – and indeed may be a point of competitive differentiation by financial product providers.



Tumelo was created to engage investors on issues they care about at companies they own. In doing so, it helps financial institutions engage their clients so they can better serve people and protect our planet.

Tumelo provides investors full transparency over their underlying holdings in a portfolio. That way investors know what companies they own through their investments.

Tumelo is appointed by the financial product provider (e.g. pension fund) and provides an online platform which informs investors about upcoming meetings and shareholder votes for companies in the portfolio.

Through the Tumelo platform, investors are connected to real-world issues they care about at the companies they own. Using a tagging and filtering system, investors can find the topics that speak to them and make their voice heard through passing real-time voting preferences to the stewardship team at the investment firm who can then decide how to vote.

The Tumelo platform therefore provides a communication interface between different parties in the investment chain – retail investor, financial product provider and investment firm casting votes at general meeting. While the investment firm is free to decide how to vote upon receipt of voting preferences, by providing transparency Tumelo will hold stewardship teams in investment firms to account.

6 THE WAY FORWARD

In the climate context, a significant number of retail investors would vote for Paris. But these retail investor voting preferences are lost in transmission along the investment chain so that the voting behaviour of institutional investors does not reflect them. There is a significant gap between retail investor voting preferences and support for climate resolutions at general meetings.

This is partly attributable to the current framework for the suitability assessment not taking due account of these retail investor preferences and the surrounding architecture for disclosure failing to ensure that relevant information (on voting policies and otherwise) reaches retail investors. This paper sets out a number of recommendations to address these shortcomings. The requirement to gather all necessary information for the purposes of the suitability assessment is a complex obligation and will require development of granular technical guidance to assist firms. Ensuring that standardised information around voting behaviour and voting policies also feature in the suitability assessment and key information documents is also key to ensuring retail investor voting preferences are properly addressed.

Ultimately however, it may be that the era of a static suitability assessment is drawing to a close. In light of the year on year fluidity of ESG resolutions generally, and climate resolutions in particular, it may be the case that properly taking account of retail investor voting preferences requires ongoing consultation outside of the existing architecture for the suitability assessment.

Annex: SUMMARY OF LITERATURE ON RETAIL INVESTOR NON-FINANCIAL PREFERENCES

(1)	Gutsche et al, 2017	Characterizing German (Sustainable) Investors	1001 representative German respondents	Link 1
(2)	Bauer et al, 2018	Get real! Individuals prefer more sustainable investments	3256 respondents (field experiment)	Link 2
(3)	Natixis, 2016	Mind shift: getting past the screens of responsible investing	7100 respondents, 22 Countries	Link 3
(4)	MorganStanley, 2017	Sustainable Signals: new data from the individual investor	1000 respondents USA	Link 4
(5)	Schroeders, 2017	Global Perspectives on sustainable investing	22000 respondents 30 countries	Link 5
(6)	Wisdom Council, 2017	Insights: responsible investing	1000 respondents	Link 6
(7)	Arabesque, 2017	The investing enlightenment	600 institutional investors 759 individual investors	Link 7
(8)	Wisdom Council/ UKSIF, 2017	Attitudes to Ethical and Sustainable Investment and Finance in the UK	1000 respondents UK	Link 8
(9)	HLEG, 2018	Financing a Sustainable European Economy	-	Link 9
(10)	EU, 2018	Distribution systems of retail investment products across the European Union	-	Link 10
(11)	University of Cambridge 2019	“Walking the talk: Understanding consumer demand for sustainable investing”	2000 respondents USA	Link 11
(12)	DFID UK, 2019	Investing in a better world	2000 respondents	Link 12
(13)	Audirep/AMF	The French and responsible investing	1000 respondents, France	Link 13

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