

Fixed Income: ESG Tops the Agenda

We surveyed 700 global investors to envision the Future State of Fixed Income. Here's one of our key findings, what it may mean for you, and how to play it.

ESG Integration Emerges as a Top Priority

What are FI Investors Prioritising in the Next 12 Months?

Despite the market backdrop, ESG — not managing the effects of inflation and rising rates — emerged as the top priority for institutional investors globally.



ESG Policy Foundations First

Policy Frameworks a Top Priority for ESG

Ensuring all fixed income strategies meet the ESG threshold criteria set out in policy frameworks was chosen most often as a top priority (**36%**). Since some investors do not have such frameworks, actually developing an internal ESG policy framework in the first place followed closely at **30%**.

What are investors top priorities for incorporating ESG in their fixed income portfolio over the next 12 months?

- 01 Ensure All Strategies Meet the ESG Criteria in Our Policy Framework (36%)
- 02 Develop Our Own Internal ESG Policy Framework (30%)
- 03 Focus on Climate/Carbon-Reduction Strategies (28%)

Paris Alignment Emerges as Clear Leader

When it comes to the preferred ESG-integration approach, Paris alignment has finally crystallized as a clear leader. With **46%** of survey respondents looking to benchmark portfolios against Paris-aligned benchmarks. Science-based transition targets (**34%**), ESG tilting (**34%**) also remain favoured approaches

How to Play It

Reflect ESG in Your Investment Plan

Our survey shows that ESG has primacy even over recent market events and concerns. Given its importance and increasing growth trajectory, we believe that all fixed income investors should have an investment plan in place that reflects their longer-term ESG values, targets, and objectives.

Consider Climate

Climate is, for the foreseeable future, the single-most important topic within ESG, making it critical that investors determine how they will reflect climate-related aims, whether in their allocation or selection and inclusion decisions.

Proceed from Paris

The mass movement toward Paris alignment reflects a starting point for investors to begin their ESG integration discussions. As more investors establish a climate framework to guide investment policy, we would expect to see further consolidation here.



Discover more on this key survey finding.

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Marketing Communication

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Important Information

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Full details including demographic breakdown.

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The returns on a portfolio of securities which exclude companies that do not meet the portfolio’s specified ESG criteria may trail the returns on a portfolio of securities which include such companies. A portfolio’s ESG criteria may result in the portfolio investing in industry sectors or securities which underperform the market as a whole.

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