

Eurosif study shows marked growth in responsible investment

The fifth annual Sustainable and Responsible Investment Study from the European Forum for Sustainable Investment (Eurosif) has outlined strong market growth, primarily driven by demand from institutional investors.

The study, which is written by Eurosif with support from Amundi, Axa Investment Managers, Nordea and Pictet, says that an increasing number of investors across Europe are adopting responsible and sustainable investment strategies – some of which are implemented side-by-side.

These include sustainability-themed (investments encouraging sustainability), environmental, social and governance (ESG) and impact investment (focusing on the social or environmental difference that can be made by investing).

“The study shows the continuing sophistication of a fast evolving market as several players are adopting multiple responsible investment strategies, often in combination”, said Francois Passant, executive director at Eurosif.

“This sophistication also highlights the need for enhanced transparency and clarification of practices.

“It also surely supports our conviction that socially responsible investment (SRI) has the potential to bring some answers to the growing concern by society and policy-makers about reconciling finance with long-term, sustainable growth.”

The study outlines how the UK’s SRI market is dominated by institutional investment, which holds a 97% share compared to the 3% made up by retail investment. But the UK market’s influence in the global SRI industry is strong, with 13% of all signatories of the UN-backed Principles for Responsible Investment (PRI) coming from the UK. Only the US boasts more.

Engagement and voting – the practice by which investors seek to effect institutional shifts towards ESG issues – is by far the largest UK market, account for £825.8 billion in 2011. Integration – a strategy that sees conventional finance incorporating ESG issues – is a fast mover, increasing in stature by over £170 billion since 2009 to be worth £582.4 billion in 2011.

The Eurosif study reported that dedicated sustainability-themed investments continued to grow in the UK, and by 2011, were valued at £7.5 billion.

Across Europe, it was norms-based screening – the screening of investments against international standards – that was the fastest-growing SRI strategy, growing 137% from 2009-2011 to boast €2.3 trillion assets under management (AuM).

Meanwhile, institutional investors were picked out as the main driver of growth across the European SRI sector, after increasing its share of the industry by 2% in two years, so that now 94% of all European SRI strategies are implemented by them.

The study also found that nearly half of Europe's total AuM now have committed policies to exclude companies involved in manufacturing certain weapons.

(Source: Blue & Green Tomorrow)

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