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GLOBAL SUSTAINABLE INVESTMENT ALLIANCE GSIA

GLOBAL SUSTAINABLE INVESTMENT ALLIANCE ISSUES SECOND INTERNATIONAL ASSESSMENT OF THE SUSTAINABLE INVESTMENT LANDSCAPE

Global sustainable investing assets grew 61% from 2012 to 2014 to reach $21.4 trillion

WASHINGTON, DC, Feb. 24, 2015 —The global sustainable investment market has grown substantially in both absolute and relative terms, according to *The Global Sustainable Investment Review 2014*, a report released today by the Global Sustainable Investment Alliance (GSIA).

- The report reveals that global sustainable investing assets have risen 61%, from US $13.3 trillion at the outset of 2012 to US $21.4 trillion at the start of 2014, and
- As a result, the assets employing sustainable investing strategies have risen from 21.5 percent to 30.2 percent of the professionally management assets across in the regions covered.

The *Global Sustainable Investment Review 2014* is a collaboration between members of the Global Sustainable Investment Alliance and the Japan Social Investment Forum.

This is the second report to collate the results from the market studies by regional sustainable investment forums from Europe, the United States, Canada, Australia, Asia (ex Japan) and Japan after the inaugural 2012 review was published in early 2013.

Sustainable investing, also known as responsible investing, is an investment approach that considers environmental, social and governance (ESG) factors in portfolio selection and management. The 2014 review, like its predecessor, measures sustainable investments in all asset classes, from public equities and fixed income to hedge funds, microfinance and impact investments.

The majority of the identified global sustainable investment assets discussed in the *Review*— 64% —are in Europe. Together, Europe, the United States and Canada account for 99% of global sustainable investing assets identified in the *Review*.

Other key findings include:

- The most common sustainable investing strategy used globally is **negative/exclusionary screening**, affecting US$ 14.4 trillion in assets.
- **ESG integration**, the systematic and explicit inclusion by investment managers of ESG factors into traditional financial analysis, is the second most prominent strategy in asset terms, affecting US$12.9 trillion.
- **Corporate engagement and shareholder actions**, the use of shareholder power to influence corporate behavior, including through communicating with senior management and filing shareholder proposals, is the third most prominent strategy, affecting US$7.0 trillion.
- Negative screening is the largest strategy in Europe, while ESG integration now dominates in the United States, Australia/New Zealand and Asia in asset-weighted terms. Corporate engagement and shareholder action is the dominant strategy in Canada.

- **Impact investing** is a small but vibrant segment of the broader sustainable investing universe in all the markets studied. GSIA defines impact investing as targeted investments, typically made in private markets, aimed at solving social or environmental problems.
- Sustainable investing represents a significant share of the market not only in Europe, where more than half of professionally managed assets practice an ESG strategy, but also in Australia, the United States and Canada, where its share of the market ranges from 17 to 31 percent.
- Although sustainable investing is not practiced on the same scale in Asia, the growth of interest in investment products that address sustainability challenges such as climate change and resource efficiency is likely to continue.
- In many of these markets, public policy and regulatory changes are underway that could increase the level of corporate disclosure on various environmental, social and governance factors and support shareholder engagement.

Simon O'Connor, the CEO of the Responsible Investment Association Australasia said: "the *Global Sustainable Investment Review 2014* – the most comprehensive report into the global responsible investment sector - shows a period of huge growth in responsibly managed assets across the globe. The surge in interest that RIAA has been mapping here in Australasia is mirrored in most major markets around the world."

"The two key drivers here are rapidly growing client demand for these products, as well as the increasing understanding that environmental, social and governance issues are ever more critical drivers of investment value."

"Members of the public globally are recognizing that their savings can be put to work to deliver a strong, sustainable economy and society, whilst securely growing their retirement nest eggs, and are increasingly asking this of their investment managers. We anticipate this trend to only strengthen as a key driver of continued growth in responsible investment markets, ever more firmly establishing responsible investment as the benchmark of good investment practice".

About the Global Sustainable Investment Alliance

To learn more about the GSIA, visit our website at www.gsi-alliance.org.

The Global Sustainable Investment Alliance is comprised of the seven largest sustainable investment membership organizations in the world: Association for Sustainable & Responsible Investment in Asia (ASrIA), Eurosif (European Sustainable Investment Forum), Responsible Investment Association Australasia (RIAA), Responsible Investment Association (RIA) Canada, UK Sustainable Investment and Finance Association (UKSIF), US SIF: The Forum for Sustainable and Responsible Investment, and Vereniging van Beleggers voor Duurzame Ontwikkeling (VBDO) in the Netherlands.

The mission of GSIA is to deepen the impact and visibility of sustainable investment membership organizations at the global level. Our vision is a world where sustainable investment is integrated into financial systems and the investment chain and where all regions of the world have coverage by vigorous membership based institutions that represent and advance the sustainable investment community. The GSIA has its current Secretariat office at Eurosif in Brussels.

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