

# RESPONSIBLE INVESTING IN FINLAND – MARKET STUDY 2019 SUMMARY



**Finnish responsible investing  
is driven by values but hindered  
by insufficient ESG data.**

# RESPONSIBLE INVESTING IN FINLAND – MARKET STUDY 2019 SUMMARY

Responsible investing has continued to strengthen its position in global financial markets. Since the last study on Responsible Investing in Finland by Finsif in 2017, the amount of capital managed by organisations committed to the Principles of Responsible Investment (PRI) has increased almost 50% to USD 89 trillion globally.

The respondents highlighted alignment with organizational values as the main motivation for responsible investing. This suggests that ESG is increasingly seen as a prerequisite of investment activities, instead of a burdensome label to be stamped on activities ex post. However, more traditional factors like better risk and reputation management are still considered to be key motivations and benefits of responsible investing. Positive impact is seen as the biggest opportunity by almost half of the respondents, gaining over double the support of improving return-risk ratio.

**Responsible investment approaches used have experienced a few significant developments.**

Firstly, ESG integration overtook exclusion as the most popular strategy. Secondly, the popularity of positive screening has skyrocketed, although it is still used by less than half of respondents. Impact investing has also seen a significant rise in popularity. Respondents mainly communicate about ESG verbally with their stakeholders. PRI reporting and web pages are the next popular ways to communicate about ESG.

**The biggest perceived challenges of responsible investing are comparability and the lacking quality and availability of ESG data.** Uncomparability is an issue that covers all ESG data from reporting the significance of sustainability matters in a company's decision-making to environmental footprint. Interestingly, despite development in the field, respondents are less confident about the sufficiency of their responsible investing capabilities than in 2017.

Responsible investing continues to grow and strengthen its position in Finland.

Creating positive impact is seen as the biggest opportunity of responsible investing, above improving risk-return ratios.

Inconsistency and lack of comparability in ESG data and reporting is the biggest obstacle for responsible investing.

Only one fifth of respondents have included responsibility in compensation schemes.

The majority of the respondents consider the forthcoming EU sustainable finance regulation important or very important.