



RESPONSIBLE INVESTING IN FINLAND – MARKET STUDY 2017

Responsible investing has strengthened its position worldwide. During the last decade, the interest towards responsible investing has grown in Finland. Finsif's market study explores the practices of responsible investing among the Finnish investing community.



Globally one fourth of all professionally managed assets are responsibly invested. During the last decade, responsible investing has established its position among the investor community in Finland. As the importance of responsible investing is growing, concrete knowledge about the current state of tools and practices used in responsible investing is needed. To fill a gap in previous studies on the topic, this study is directed to institutional investors in the Finnish investment community and maps their current practices and views of responsible investing. Questions in the study are tailored for the Finnish market, therefore aiming to give the reader an adequate overview of the current state of responsible investing in Finland.

The study shows that responsible investing is practiced at different levels among Finnish institutional investors and that the sector contains both frontrunners and beginners. Among frontrunners, responsible investing has evolved from a separate function to a strategic starting approach for all investment practices. Many organizations have integrated responsible investing practices into their everyday work through policies, responsibilities, training and analysis tools. Reporting on performance on a yearly basis is also common.

The challenges of responsible investment come down to the intangible nature of responsible business and its connection to financial performance. The benefits of responsible investment are difficult to quantify and value in economic terms. The intangible character of responsible business issues is also reflected in the quality of data available for investors to use in their analysis. This makes it challenging to establish standardized way to analyze investment targets and therefore slows down the expansion of this investment approach. Regardless of its challenges, responsible investing is seen as a competitive advantage and a way to increase returns in the long term. Many see that the main benefit of responsible investing is the possibility to impact investment targets and thereby play a role in re-directing cash flows to support sustainable development.

Frontrunners are moving from only excluding the worst performers towards best-in class screening and ESG-integration.

Responsible investing enables better risk and reputational management and thereby increases returns in the long term.

In a world where short term results are the norm, the intangible benefits of responsible investing are difficult to demonstrate.

Responsible investment is practiced on many different levels in Finland.