New Study: UK leads Europe in sustainable and responsible investment

- UKSIF welcomes rapid growth in key sustainable investing strategies
- Integrating environmental, social and governance factors into investment decisions has grown by 76% in the UK compared with 60% in Europe overall.
- €2.2 trillion of UK assets exclude harmful industries such as tobacco and arms second only to Switzerland (€2.3trn)
- The largest single style/country combination is engagement and voting in the UK which is practised in respect of €2.84trn

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The UK is the frontrunner in Europe for sustainable and responsible investment (‘SRI’) according to data published earlier this week by Eurosif, Europe’s sustainable and responsible investment membership organisation.

Eurosif found that across Europe more investors are considering environmental, social and governance factors (‘ESG’) when taking investment decisions, and that this practice is particularly well developed in the UK. For instance, ‘ESG integration’, the policy of actively considering the impact of environmental, social and governance factors in investment decisions has grown by 76% in the UK compared with 60% in Europe overall.

Simon Howard, CEO of the UK Sustainable Investment and Finance Association said:

“These data will come as no surprise to those who know UK sustainable finance. The drive and innovative flair of the UK’s experts in this area is clear.

“The study confirms the irresistible logic of sustainable investment: that money should be managed considering risks such as climate change, and exploiting positive trends such as recycling.

“UKSIF and its members have pushed this issue up the political agenda, and Government and regulators are now pursuing a policy environment that pushes investment to areas where, as this report shows, the UK has outstanding skills.”

The news comes as the UK’s Government and regulators step up efforts to manage ESG risks and promote sustainable finance. Earlier this month UK Government changed pension regulations to require schemes to consider ESG factors. The UK’s Prudential Regulation Authority is consulting on requiring banks and insurers to identify a senior executive to take charge of managing climate change risks, and the Financial Conduct Authority is consulting on measures to boost green finance products and improve the management of climate-related financial risks.

Notes to editors

The study is Eurosif’s eighth biennial look at the state of European sustainable and responsible investment (“SRI”). The data suggests the UK is the leading European market:
‘ESG integration’, the practice of actively considering the impact of environmental, social and governance factors in investing decisions, is the fastest growing style of SRI in the UK and Europe. Between 2015 and 2017 UK growth was 76%, compared with 60% in Europe. The UK manages €2.0 trillion of assets in this way, more than twice the quantum in the second country, Germany.

€2.84 trillion of UK managed assets are voted at annual general meetings on sustainability grounds. This is the largest sum practising a single strategy in any single country in the study. From an already high base in 2015, the practice grew in the UK by 11% to 2017.

The UK manages €2.2 trillion of assets using exclusions, the practice of excluding selected types of business (e.g. alcohol or tobacco) from investment portfolios. This total is second only to Switzerland (€2.3 trn).

Whilst country totals for assets can’t be produced for methodological reasons, the size of the UK’s position in ESG integration, voting and exclusions makes it almost certain that the UK is Europe’s largest market for SRI by some margin.


The Prudential Regulation Authority’s consultation ‘Enhancing banks’ and insurers’ approaches to managing the financial risks from climate change’ is available here: https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2018/cp2318.pdf?la=en&hash=8663D2D47A725C395F71FD5688E5667399C48E08

The Financial Conduct Authority’s discussion paper ‘Climate Change and Green Finance’ is available here: https://www.fca.org.uk/publication/discussion/dp18-08.pdf

About Eurosif

Eurosif is the leading pan-European sustainable and responsible investment (SRI) membership organisation. Eurosif works as a partnership of Sustainable Investment Forums (SIFs) from the UK, France, Germany, Holland, Italy and Spain. SIF members include institutional investors, asset managers, financial services, index providers and ESG research and analysis firms.

About UKSIF

We are a membership organisation for those in the finance industry committed to growing sustainable and responsible finance in the UK.

Our vision is a fair, inclusive and sustainable financial system that works for the benefit of society and the environment.

UKSIF was created in 1991 and has 240+ members and affiliates include financial advisers, institutional and retail fund managers, pension funds, banks, research providers, consultants and NGOs. For more information about UKSIF, please visit www.uksif.org.

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